TRUE LEAF MEDICINE INTERNATIONAL LTD.
(the "Company", "True Leaf", "we", "us", "our")

July 28, 2017

MANAGEMENT DISCUSSION & ANALYSIS

This Management's Discussion & Analysis ("MD&A") has been prepared by management and should be read in conjunction with the audited consolidated financial statements of the Company together with the related notes thereto for the year ended March 31, 2017. The consolidated financial statements have been 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"). All amounts are stated in Canadian dollars unless otherwise indicated.

FORWARD LOOKING STATEMENTS

This MD&A contains certain statements related to industry scope and state, production, revenue, expenses, plans, development schedules and similar items that represent forward-looking statements. Such statements are based on assumptions and estimates related to future economic and market conditions. Such statements include declarations regarding management's intent, belief or current expectations. Certain statements contained herein may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts but are forward-looking statements. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties; actual results may differ materially from those indicated by such forward-looking statements. Some of the important factors, but certainly not all, that could cause actual results to differ materially from those indicated by such forward-looking statements are: (i) that the information is of a preliminary nature and may be subject to further adjustment , (ii) the possible unavailability of financing, (iii) start-up risks, (iv) general operating risks, (v) dependence on third parties, (vi) changes in government regulation, (vii) the effects of competition, (viii) dependence on senior management, (ix) impact of Canadian economic conditions, and (x) fluctuations in currency exchange rates and interest rates.

OVERVIEW

The Company was incorporated on June 9, 2014 under the *Business Corporations Act* (British Columbia) ("BCBCA") and has three wholly-owned subsidiaries, being True Leaf Investments Corp. ("TL Investments"), which was incorporated on March 26, 2014 under the BCBCA, True Leaf Medicine Inc. ("TL Medicine"), which was incorporated on July 4, 2013 under the BCBCA, and True Leaf Pet Inc. ("TL Pet"), which was incorporated on November 18, 2015 under the BCBCA. The Company's registered office is Suite 200, 1238 Homer Street, Vancouver, BC V6B 2Y5. On July 18, 2016 the Company incorporated a new subsidiary in Luxembourg, True Leaf Pet Europe LLC Sàrl ("TL Pet Europe"), for business expansion of TL Pet operations into Europe. TL Pet Europe is 98% owned by TL Pet, with the remaining 2% being owned by the newly appointed operations manager in Luxembourg.

On May 23, 2014, TL Investments completed a share exchange with TL Medicine and the sole shareholder of TL Medicine in which TL Investments issued 25,000,000 common shares valued at $1,250,000 to that shareholder for all of the outstanding common shares of TL Medicine. The share exchange constituted a reverse takeover, with the sole shareholder of TL Medicine acquiring a control position in TL Investments.

On February 2, 2015, the Company completed a plan of arrangement which constituted a reverse takeover, with the shareholders of TL Investments acquiring a control position in the Company (the “Plan of Arrangement”). As a result of the Plan of Arrangement, the consolidated financial statements have been presented as a continuation of TL Medicine. On February 9, 2015, the Company began trading on the Canadian Securities Exchange (the “CSE”) under the symbol “MJ”, and on July 20, 2017 the Company began trading on the OTC Market Group’s OTCQB® Venture Market under the ticker symbol “TRLFF”.

The Company, through TL Medicine, is seeking to become a licensed producer of medical marijuana under Canada’s *Access to Cannabis for Medical Purposes Regulations* (“ACMPR”) program administered by Health Canada. As at March 31, 2017, the Company does not have a license with the ACMPR and no products are in commercial production or use. The Company will be required to satisfy additional obligations in order to qualify including the completion of a compliant facility on a parcel of leased land in Lumby, British Columbia. There is a significant risk that the Company will not receive an ACMPR license, thus rendering the Company unable to proceed with its business model. The Company continues to work diligently to comply with all of the requirements of Health Canada.

As the Company awaits approval of its license application from Health Canada, it is looking at new opportunities with hemp-based nutrition for pets. TL Pet and TL Pet Europe has entered the Canadian, US and European natural pet product market with a product line consisting of hemp functional chews and supplemental products for pets.

On December 30, 2016, the Company completed an asset purchase agreement with T.L.M. Developments Ltd., a private company incorporated under the BCBCA, to purchase certain assets which make up the OregaPet product line (“OregaPet”). The acquisition of OregaPet was considered a business combination and was accounted for using the acquisition method. The OregaPet natural-remedy product line aligns perfectly with the Company’s “Quality of Life” focus and the addition of 10 new items is expected to give the Company a significant boost to its in-store presence. The Company is currently readying the product line for markets in North America and Europe by fine-tuning the labelling, marketing materials and formulations to insure they are compliant in all markets.

In January 2017, the Company decided to undertake a Regulation A+ crowdfunding campaign and successfully submitted an application to the SEC in early February 2017. The Company answered several requests for more information from the SEC including the year-end financials which it views as the last step before approval. Subject to this, the Company plans to go live with its crowdfunding campaign sometime in August 2017.

In the spring of 2017, the Company applied to have its common shares quoted on the OTC Market Group’s OTCQB® Venture Market; the shares commenced trading in mid-July under the symbol “TRLFF”.

SELECTED ANNUAL INFORMATION

As TL Medicine is deemed to be the acquirer for accounting purposes, its assets and liabilities and operations since incorporation on July 4, 2013 are included in the consolidated financial statements at their historical carrying value. The consolidated financial statements are a continuation of TL Medicine in accordance with accounting standards.

Description	Year ended March 31, 2017 $	Year ended March 31, 2016 $	Year ended March 31, 2015 $
Total Revenues	*374,438*	*37,330*	*Nil*
Loss and Comprehensive Loss			
Total	*(1,743,050)*	*(1,039,320)*	*(2,166,805)*
Per share	*(0.03)*	*(0.03)*	*(0.07)*
Total Assets	*771,623*	*89,556*	*49,392*
Long term financial liabilities	*63,169*	*Nil*	*Nil*
Cash Dividends	*N/A*	*N/A*	*N/A*

Description	Three months ended March 31, 2017 $	Three months ended Dec 31, 2016 $	Three months ended Sept 30, 2016 $	Three months ended June 30, 2016 $	Three months ended March 31, 2016 $	Three months ended Dec 31, 2015 $	Three months ended Sept 30, 2015 $	Three Months ended June 30, 2015 $
Net Revenues	*(1,051)*	*56,084*	*33,091*	*7,242*	*11,103*	*110*	-	-
Income (loss) before other items								
Total	*(235,274)*	*(684,868)*	*(420,269)*	*(361,796)*	*(233,075)*	*(206,840)*	*(236,391)*	*(342,761)*
Net and comprehensive income (loss) for period								
Total	*(376,349)*	*(623,661)*	*(387,771)*	*(355,269)*	*(249,328)*	*(206,730)*	*(236,391)*	*(342,761)*
Per share	*(0.01)*	*(0.01)*	*(0.01)*	*(0.01)*	*(0.01)*	*(0.01)*	*(0.01)*	*(0.01)*

ACQUISITION OF OREGAPET

The purchase price allocation based on the fair value of OregaPet's assets acquired and liabilities assumed is summarized as follows:

		December 30, 2016
Purchase Price:		
Cash	$	100,000
Common Shares		100,000
Promissory Note – current		43,870
Promissory Note – long term		74,142
Total purchase price	$	318,012
Purchase Price Allocation:		
Intangible Assets	$	55,500
Inventories		267,850
Net assets acquired		323,350
Gain on bargain purchase	$	5,338

RECEIVABLES AND INVENTORY

Receivables

	March 31, 2017	March 31, 2016
	$	$ 10,259
Trade receivables	62,098	
		2,666
Goods and services tax receivable	4,081	
	$	$
		12,925
	66,179	

Trade receivables are non-interest bearing and are due within 30 days. As at March 31, 2017, the Company did not have any trade receivables that were past due. The Company's allowance for doubtful accounts at March 31, 2017 was $nil (March 31 2016 - $nil).

During the year ended March 31, 2017, revenues from the two largest customers amounted to 26.76% (2016 - 96.57%) of total sales. As at March 31, 2017, these two customers amounted to 15.53% (March 31, 2016 - 99.9%) of total trade receivables.

Inventories

	March 31, 2017	March 31, 2016
	$	$
Finished goods	92,2017	7,479
Supplies	300,701	14,099
	$	$
	392,908	21,578

During the year ended March 31, 2017, the Company wrote off $36,000 (March 31, 2016 - $2,081) associated with inventory obsolescence.

CAPITAL ASSETS

Cost:		**Website**		**Office Equipment**		**Leasehold Improvements**		**Total**
Balance, March 31, 2015	$	7,300	$	2,105	$	-	$	9,405
Additions		3,501		-		-		3,501
Balance, March 31, 2016		10,801		2,105		-		12,906
Additions		-		5,537		3,694		9,231
Balance, March 31, 2017	$	10,801	$	7,642	$	3,694	$	22,137
Accumulated depreciation:								
Balance, March 31, 2015	$	957	$	142	$	-	$	1,099
Depreciation for the year		2,698		393		-		3,091

Balance, March 31, 2016	3,655	535	-	4,190
Depreciation for the year	3,601	1,251	739	5,591
Balance, March 31, 2017	$ 7,256	$ 1,786	$ 739	$ 9,781
Net book values				
As at March 31, 2016	7,146	1,570	-	8,716
As at March 31, 2017	**$ 3,545**	**$ 5,856**	**$ 2,955**	**$ 12,356**

PLAN OF OPERATIONS

As described above, the Company, through TL Medicine, is seeking to become a licensed producer of medical marijuana under the ACMPR.

The Company received a 'Ready to Build' approval for its first licensing application in January 2014; however, issues arose with the facility location and local zoning. In March 2014, the Company secured a second location, and on April 8, 2014, the Company submitted a second licensing application. As at March 31, 2017, the Company does not have a license with the ACMPR and no products are in commercial production or use. The Company will be required to satisfy additional obligations in order to qualify including the completion of a compliant facility on a parcel of leased land in Lumby, British Columbia.

There is a significant risk that the Company will not receive an ACMPR license, thus rendering the Company unable to proceed with its business model. The Company continues to work diligently to comply with all of the requirements of Health Canada.

While True Leaf waits for Health Canada to approve its application for a license to produce and distribute medical marijuana in Canada, it is establishing a niche in the North American cannabis industry by focusing on the quality of life for pets with the True Leaf Pet brand.

The Company's short-term business objectives for the next 12 months are:

1. Successfully market and complete a minimum $5,000,000 Regulation A+ crowdfunding campaign in the USA and Canada to provide capital to the Company's two main divisions: TL Pet and TL Medicine.

2. Build market share, secure new customers and launch new products in the North American and European natural pet product market for the Company's line of innovative supplements and natural remedy products for pets.

3. Commence build-out of the Company's medicinal cannabis production facility located in Lumby, BC, in order to comply with Health Canada's requirements to become a licensed producer under the ACMPR.

The Company's long-term business objectives are:

1. For TL Pet:
   a. Carve a niche in the global pet industry as a trusted brand supplying innovative supplements and natural remedy products for pets that are sold in the pet specialty, mass-pet, veterinary and food/mass/drug market segments.
   b. Assess the feasibility of using the active ingredients of the cannabis plant to develop preventative and therapeutic products for pets as alternatives to common vet pharmaceutical products.

2. For TL Medicine:
   a. Complete construction of the medicinal cannabis facility and be approved as a licensed producer of medicinal cannabis under the ACMPR in Canada.
   b. Achieve commercial distribution of medical marijuana.
   c. Increase its patient customer base annually through its marketing campaign.
   d. As demand for the product increases, seek to expand production capacity and increase expenditures on research and development.

RESULTS OF OPERATIONS

Fiscal Years ended March 31, 2017 and March 31, 2016

The Company incurred a net and comprehensive loss of $1,743,050 for the year ended March 31, 2017, compared to a net and comprehensive loss of $1,039,320 for the year ended March 31, 2016. Some of the items comprising the loss for the year ended March 31, 2017 were accounting and legal fees of $288,039 (March 31, 2016 - $158,899), consulting fees of $268,591 (March 31, 2016 - $142,848), marketing and advertising costs of $403,559 (March 31, 2016 - $207,511) and administrative and office costs of $434,907 (March 31, 2016 - $181,641). We increased sales to $374,438 from $37,330 the previous year, a direct result of additional sales to our Canadian distributors and launched the TL Pet products to new US and European distributors. Our product inventory increased to $392,908 to service immediate sales to US, Canadian and European customers. The closing of private placements in which the Company raised $737,982 in the first quarter and $416,650 in the third quarter of 2017, as well as various warrant and stock option exercises in the year ended March 31, 2017 increased the ending cash position to $159,575 (March 31, 2016 - $3,737) and decreased the current liabilities to $281,651 (2016 - $619,055). We completed a debt settlement for a convertible note of $63,193 (2016 - $nil) and settled aggregate debt totaling $289,800 (2016 - $29,146) during the year ended March 31, 2017. Gross margins for the period ending March 31, 2017 were still lower than expected and associated with increased promotional and R&D costs attributed to the start-up sales phase for the hemp-based functional chews and supplemental products.

Three Months ended March 31, 2017 and March 31, 2016

The Company incurred a net and comprehensive loss of $376,349 for the three months ended March 31, 2017, compared to a net and comprehensive loss of $249,328 for the three months ended March 31, 2016. Some of the items comprising the loss for the three months ended March 31, 2017 were accounting and legal fees of $91,641 (2016 - $52,277), and consulting fees of $66,167 (2016 - $10,251). Sales decreased by 29% to $102,162 (2016 – increased by 90% to $17,268) from the previous quarter, a direct result of changing the manufacturing facility from Canada to the USA. Our product inventory decreased by $42,599 (2016 - increased by $21,578) to service immediate sales to the US and Canada.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2017, the Company had cash of $159,575 and a working capital of $352,931. The Company's operations during the year ended March 31, 2017 were funded primarily by two private placements and various option and warrant exercises as described below.

Date	Total Proceeds ($)	Securities Issued
May 11, 2016	737,982	7,028,404 common shares at a price of $0.105 per share
September 15, 2016	25,000	250,000 common shares at a price of $0.10 per share
September 15, 2016	50,000	500,000 common shares at a price of $0.10 per share
November 11, 2016	416,650	1,984,048 common shares at a price of $0.21 per share
February 24, 2017	30,000	250,000 shares at a price of $0.12 per share
March 2017	209,000	2,090,000 shares at a price of $0.10 per share

Year ended March 31, 2017	529,475	1,313,164 shares at a price of $0.15 per share, 850,000 shares at a price of $0.20 per share and 649,999 shares at a price of $0.25 per share

Going Concern

The consolidated financial statements were prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended March 31, 2017, the Company incurred a loss of $1,743,050 and earned revenues of $374,438. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional funding through private placement financings. Management is of the opinion that it does not have sufficient working capital to fund future operations and will require external financing. There is a risk that financing will not be available on a timely basis or on terms acceptable to the Company. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

The consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the financial statements.

RELATED PARTY TRANSACTIONS

During the year ended March 31, 2017, the Company:

1. Paid or accrued a total of $60,000 (2016 - $60,000) to Darcy Bomford, Chief Executive Officer, for management fees;
2. Paid or accrued a total of $30,000 (2016 - $30,000) to a company controlled by Darcy Bomford, Chief Executive Officer, for rent;
3. Paid or accrued a total of $14,271 (2016 - $9,558) to a company controlled by Darcy Bomford, Chief Executive Officer, for costs associated with supplies inventory;
4. Paid or accrued a total of $24,000 (2016 - $24,000) to Chuck Austin, Chief Financial Officer, for accounting fees; and
5. Paid or accrued a total of $7,500 (2016 - $7,500) in directors' fees to its three independent directors.

As at March 31, 2017, the Company was indebted to its Chief Executive Officer (including companies controlled by its Chief Executive officer) in the amount of $14,271 (2016 - $143,648) for management fees, supplies inventory and expenses paid on the Company's behalf, to its Chief Financial Officer in the amount of $2,000 (2016 - $14,000) for accounting fees and $7,500 (2016 - $12,060) for directors' fees and expense reimbursements to the Company's other directors. The amounts are unsecured, non-interest bearing with no scheduled terms of repayment.

On March 19, 2015, the Company granted a total of 3,750,000 stock options, 2,000,000 of which were to directors and officers of the Company having a fair value of $121,653. During the year ended March 31, 2016, the Company recognized $109,784 in share-based compensation expense associated with the stock options granted to related parties.

On December 12, 2016, the Company granted a total of 2,799,995 stock options, 1,642,875 of which were to directors and officers of the Company having a fair value of $156,025.

SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred non-voting shares without par value. As of July 28, 2017, the total number of issued and outstanding common shares was 69,657,787and there were no preferred shares outstanding.

During the year ended March 31, 2017, the Company issued the following securities:

1. The Company issued 2,813,163 common shares pursuant to the exercise of share purchase warrants for gross proceeds of $529,475.
2. On May 11, 2016, the Company completed a private placement of 7,028,404 common shares at a price of $0.105 per share for gross proceeds of $737,982. The Company incurred share issue costs of $13,292 in association with the financing.
3. On May 11, 2016, the Company issued 2,229,843 common shares at a deemed value of $0.015 per share pursuant to debt settlement agreements with various vendors. The Company settled aggregate debt totaling $234,134 through the issuance of these shares.
4. On May 11, 2016, the Company issued 601,843 common shares and 300,921 share purchase warrants pursuant to the conversion of debt and interest (see below) owing on a loan from First Pacific Enterprises Inc.
5. On September 15, 2016, the Company issued 250,000 common shares pursuant to the exercise of stock options for gross proceeds of $25,000.
6. On September 15, 2016, the Company issued 500,000 common shares pursuant to the exercise of stock options for gross proceeds of $50,000.
7. On November 11, 2016, the Company completed a private placement of 1,984,048 common shares at a price of $0.21 per share for gross proceeds of $416,650.
8. On November 17, 2016, the Company issued 231,942 common shares at a deemed value of $0.24 per share pursuant to debt settlement agreements with various vendors. The Company settled aggregate debt totaling $48,708 through issuance of these shares, incurred share issue costs of $1,744 in association with the transaction and recognized a loss on debt settlement in the amount of $6,958.
9. On December 30, 2016, the Company issued 476,190 common shares to satisfy $100,000 of the OregaPet purchase price at a deemed value of $0.21 per share.
10. On February 24. 2017, the Company issued 250,000 common shares pursuant to the exercise of stock options for gross proceeds of $30,000.
11. In March 2017, the Company issued 2,090,000 common shares pursuant to the exercise of stock options for gross proceeds of $209,000.

Convertible Debt

On October 30, 2015, the Company entered into a convertible debt agreement with First Pacific Enterprises Inc. ("First Pacific"), pursuant to which First Pacific loaned the Company a total of $60,000. First Pacific is a company controlled by the Company's Chief Executive Officer. The loan was due on April 30, 2016 and bore interest at a rate of 10% per annum. First Pacific had the right to convert all or any portion of the loan and interest into units of the Company at a conversion price of $0.105 per unit. Each unit would consist of one common share of the Company and one half of one share purchase warrant, with each full warrant exercisable into one additional common share at a price of $0.15 for a period of two years. During the year ended March 31, 2017, the Company recognized $nil (2016 - $3,187) in accretion expense associated with the liability component of the convertible debt.

The loan was converted during the year ended March 31, 2017 which resulted in the issuance of 601,842 common shares and 300,921 share purchase warrants.

Warrants

As at July 28, 2017 the following warrants are outstanding:

	Number of Warrants	Exercise Price ($)	Expiry Date
Warrants	525,000	0.15	August 11, 2017
Warrants	990,447	0.15	January 18, 2018
Warrants	300,921	0.15	May 12, 2018
Warrants	3,099,829	0.45	May 29, 2019
Warrants	4,641,816	0.45	June 12, 2019
	9,558,043		

Stock Options

As at July 28, 2017 the following stock options are outstanding and exercisable:

	Number of Options	Exercise Price ($)	Expiry Date
Stock options	175,521	0.12	February 17, 2018
Stock options	100,000	0.14	February 19, 2018
Stock options	1,385,715	0.19	February 19, 2018
Stock options	3,900,000	0.40	May 29, 2019
Stock options	300,000	0.45	July 18, 2019
	5,861,236		

On March 19, 2015, the Company granted a total of 3,750,000 stock options to directors, officers, employees and consultants that vested on July 20, 2015. The stock options were valued at $228,100 ($0.061 per option) using the Black-Scholes option pricing model with the following assumptions: term of 2 years, expected volatility of 120%, risk-free rate of 1.10% and expected dividends of $nil.

As of March 31, 2016, these stock options had fully vested. During the year ended March 31, 2016 the Company recognized a total of $ 205,846 in share-based compensation on a pro-rata basis associated with continued vesting of the options granted.

On February 17, 2016, the Company granted a total of 500,000 stock options to consultants that vested on grant. The stock options were valued at $32,000 ($0.064 per option) using the Black-Scholes option pricing model with the following assumptions: term of 2 years, expected volatility of 103%, risk-free rate of 0.48% and expected dividends of $nil. During the year ended March 31, 2016, the Company recognized the full amount of $32,000 in share-based compensation on grant.

On February 19, 2016, the Company granted 100,000 stock options to a consultant that vested on grant. The stock options were valued at $7,495 ($0.075 per option) using the Black-Scholes option pricing model with the following assumptions: term of 2 years, expected volatility of 103%, risk-free rate of 0.45% and expected dividends of $nil. During the year ended March 31, 2016, the Company recognized the full amount of $7,495 in share-based compensation on grant.

On December 12, 2016 the Company granted a total of 2,799,995 stock options to directors, officers, employees and consultants that vested immediately. The stock options were valued at $265,917 ($0.095 per option) using the Black-Scholes option pricing model with the following assumptions: term of 2 years, historical volatility of 97.5%, risk-free rate of 0.76% and expected dividends of $nil.

FINANCIAL INSTRUMENTS

Fair Value

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The carrying value of accounts payable and accrued liabilities and due to related parties approximates their fair value because of the short-term nature of these instruments.

The fair values of cash and marketable securities are measured based on Level 1 inputs of the fair value hierarchy.

Risk

The Company is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration as of March 31, 2017:

Credit risk

Credit risk refers to the risk that another entity will default on its contractual obligations which will result in a loss for the Company. At March 31, 2017, the Company's maximum exposure to credit risk was the carrying value of cash. The Company limits its credit exposure on cash by holding its deposits mainly with Canadian chartered banks.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting future obligations with financial liabilities. The Company is exposed to this risk mainly in respect to finance future growth. As at March 31, 2017, the Company has cash of $159,575 to settle current liabilities of $281,651.

Currency risk

The Company is not exposed to any currency risk as of March 31, 2017.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risk from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. As at March 31, 2017, the Company does not have any liabilities that bear interest at rates fluctuating with the prime rate.

CHANGES IN ACCOUNTING POLICIES

New standards not yet adopted

During the year ended March 31, 2017, there were no new IFRS or IAS accounting standards that became effective that had a material impact on the Company's consolidated financial statements. There are however a number of new standards and amendments to existing standards effective in future periods.

The following may impact the reporting and disclosures of the Company:

- New standard IFRS 9 "Financial Instruments" This new standard is a partial replacement of IAS 39 Financial Instruments: Recognition and Measurement. This new standard is tentatively effective for annual periods beginning on or after January 1, 2018.
- New standard IFRS 15 "Revenues from contracts with Customers" This new standard establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service.
- New standard IFRS 16 "Leases" This new standard sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting module.

The Company has not early adopted the amended and new standards and is currently assessing the impact that these standards will have on its consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company does not have any proposed transactions.

SUBSEQUENT EVENTS

Subsequent to the year ended March 31, 2017:

1. The Company completed two private placements and issued a total of 7,741,645 units at a price of $0.30 per unit for gross proceeds of $2,322,495. Each unit consists of one common share of the Company and one share purchase warrant exercisable into one common share at a price of $0.45 for a period of two years. The Company paid a cash finder's fee of $31,091 in association with these financings.
2. The Company granted a total of 3,900,000 stock options to directors, officers, employees and consultants that vested immediately. The stock options are exercisable at a price of $0.395 for a period of 2 years.
3. The Company issued a total of 1,488,759 common shares pursuant to the exercise of stock options for gross proceeds of $270,575.
4. The Company granted 300,000 stock options to an employee that vested immediately. The stock options are exercisable at a price of $0.445 for a period of two years.

APPROVAL

The Company's Board of Directors has approved the disclosures in this MD&A as of July 28, 2017.

ADDITIONAL INFORMATION

Additional information concerning the Company and its operations is available on SEDAR at www.sedar.com.