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

On February 27, 2018

MANAGEMENT DISCUSSION & ANALYSIS

This Management’s Discussion & Analysis (this “MD&A”) has been prepared by management and should be read in conjunction with the condensed interim consolidated financial statements of the Company together with the related notes thereto for the nine-month period ended December 31, 2017, as well as our audited consolidated financial statements and accompanying MD&A 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. 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

CORPORATE BACKGROUND

The Company was incorporated on June 9, 2014 under the *Business Corporations Act* (British Columbia) ("BCBCA") and has four 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 head office located at 32-100 Kalamalka Lake Road, Vernon, BC V1T 9G1. 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 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".

OUR BUSINESS

The Company is a quality of life cannabis company for people and their pets focused on becoming a licensed producer of medical cannabis under Canada's *Access to Cannabis for Medical Purposes Regulations* ("ACMPR") program and expanding the sale and distribution of the Company's natural remedy products for pets.

Medical Cannabis Business

The Company, through TL Medicine, is seeking to become a licensed producer of medical cannabis under Canada's *Access to Cannabis for Medical Purposes Regulations* ("ACMPR") program administered by Health Canada.

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 December 31, 2017 the Company has approval from Health Canada to build its grow facility and has completed the security clearance stage, but does not have a license with the ACMPR and no products are in commercial production or use.

The Company has not been granted an ACMPR license and will be required to satisfy additional obligations in order to qualify, including the completion of a compliant facility on a parcel of land owned by the Company (as of the date of this report) in Lumby, British Columbia. The Company will construct its medical cannabis grow facility at this property. 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.

Pet Business

While True Leaf waits for Health Canada to approve its application for a license to produce and distribute medical cannabis 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.

Established in 2015, True Leaf Pet Inc also manufactures and distributes hemp-focused products for the pet industry. The Company launched the True Hemp™ pet supplement line in Canada, the United States, and Europe, becoming one of the first hemp-based pet product lines to be marketed worldwide.

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 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 readying the product line for markets in North America and Europe by fine-tuning the labelling, marketing materials and formulations to ensure they are compliant in all markets.

Capital Markets

In February 2017, the Company filed an offering statement on Form 1-A together with certain other offering materials with the United States Securities and Exchange Commission (the "SEC") in order to undertake a Regulation A+ crowdfunding campaign. In subsequent months, the Company responded to the SEC's comments on the offering materials, and on November 21, 2017 the SEC issued a notice of qualification for the offering statement.

The use of Regulation A+ allowed the Company to offer and sell its common shares to public retail investors as well as traditional accredited and institutional investors. The Company engaged Boustead Securities, LLC Member: FINRA/SIPC ("Boustead"), as lead underwriter in connection with the Regulation A+ crowdfunding campaign, which commenced November 2017 and closed for non-Canadian investors on January 22, 2018. The offering raising $10,000,000 in gross proceeds, consisting of 14,285,715 common shares of the Company at a purchase price of $0.70 per share. On the same terms as the Offering, the Company closed a concurrent Canadian private placement on January 24, 2018 of 5,788,078 common shares raising an aggregate total of $4,051,655.

True Leaf is the first Canadian-listed company to conduct a successful Regulation A+ offering.

STRATEGIC OUTLOOK

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

1. 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.

2. Complete 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.

(Expressed in Canadian dollars)

STRATEGIC OUTLOOK (continued)

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 cannabis.
   c. Increase its patient customer base through marketing campaigns.
   d. As demand for the product increases, seek to expand production capacity and increase expenditures on research and development.

SUMMARY OF QUARTERLY RESULTS

The following table presents selected financial information for the most recent eight quarters:

Description	Three months ended Dec 31, 2017 $	Three months ended Sept 30, 2017 $	Three months ended June 30, 2017 $	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 $
Revenues	268,230	468,056	298,699	101,373	144,390	90,900	37,775	17,268
Total operating expenditures	(764,569)	(743,946)	(1,646,210)	(330,640)	(684,868)	(420,269)	(361,796)	(244,407)
Loss and comprehensive loss for period	(670,705)	(530,919)	(1,514,735)	(376,349)	(623,661)	(387,771)	(355,269)	(244,294)
Basic and diluted Loss per share	(0.04)	(0.01)	(0.03)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

RESULTS OF OPERATIONS

Three-months ended December 31, 2017 and the three-months ended December 31, 2016

During the three-months ended December 31, 2017 and up to the date of this report, the Company's strategic focus continues to be on positioning the Company for growth. Additional sales staff have been added to the TL Pet team to pursue expanded distribution and sales growth in North America and Europe. Additional expertise has been added to the TL Medicine team to assist the Company in obtaining its license to produce from Health Canada. In January 2018, the TL Medicine team formed a Medical Advisory Board ("MAB"), consisting of independent medical experts and Dr. Chris Spooner, the Company's Chief Medical Officer. The MAB will provide strategic direction to the Company in designing the Company's medical marijuana product offerings.

The Company incurred a net and comprehensive loss of $670,705 for the three-month period ended December 31, 2017 ($623,661- three-months ended December 31, 2016). Revenues were $268,230 for the three-month period to December 31, 2017 which was an 85% increase over the same period in the previous year and a decrease of 43% compared to sales for the three-months ended September 30, 2017. The slowdown this quarter was attributed to management redirecting the sales team to internal projects, including working with the US-based National Animal Supplement Council to ensure the company's product line was fully compliant and assisting with the company's $10 million crowdfunding initiative.

Overall revenues have been increasing steadily since TL Pet began operations in early 2016 with a relatively small sales team. Subsequent to December 31, 2017, the Company has refocused it's sales efforts and hired additional experienced sales personnel in order to provide aggressive sales and marketing support and grow revenue for its North American and European markets.

Some of the items included in the loss for the three-months ended December 31, 2017 were accounting and legal fees of $143,492 (December 31, 2016 - $54,393), advertising and marketing costs of $189,919 (December 31, 2016 - $112,835) and administrative and office costs of $265,525 (December 31, 2016 - $121,466). Costs incurred in connection with the public offering account for approximately $129,000 of the operating expenditures to December 31, 2017.

(Expressed in Canadian dollars)

RESULTS OF OPERATIONS (continued)

Nine-months ended December 31, 2017 and the nine-months ended December 31, 2016

The Company incurred a net and comprehensive loss of $2,716,359 for the nine-month period ended December 31, 2017, compared to a net and comprehensive loss of $1,371,718 for the nine-month period ended December 31, 2016. Sales increased to $1,034,985 from $272,276 (280% increase) for the same period in the previous year, maintaining a consistent gross profit of 37% between years. The growth in sales is a direct result of additional sales to our Canadian distributors and launching TL Pet products to new US and European distributors throughout fiscal 2018. Growth in the number of distributors and customers during the nine-month period ended December 31, 2017 reduced the concentration of revenues from the two largest customers to 29% of total sales for the nine-months ended December 31, 2017 compared to 44% for the nine-months ended December 31, 2016.

Total operating expenditures for the nine-months ended December 31, 2017 increased to $3,118,717 from $1,472,134. Costs incurred in connection with the public offering account for approximately $530,690 of the $1.6M increase and are included in: accounting and legal, administrative and office, and advertising and marketing.

Share-based compensation of $869,360 (December 31, 2016 - $314,351) also contributed to the increase in operating expenditures.

LIQUIDITY AND CAPITAL RESOURCES

The closing of private placements in which the Company raised $2,289,574 in the first quarter as well as various warrant and stock option exercises in the nine-months ended December 31, 2017 increased the ending cash position to $900,517 (March 31, 2017 - $159,575). As at December 31, 2017, the Company had working capital of $1,680,753.

Receivables

	December 31, 2017	March 31, 2017
Trade receivables	$ 108,067	$ 62,098
Goods and services tax receivable	8,165	4,081
	$ 116,232	$ 66,179

As at December 31, 2017, concentration of trade receivables with the Company's two largest customers had reduced to 11% (March 31, 2017 – 15.53%) of total trade receivables.

(Expressed in Canadian dollars)

LIQUIDITY AND CAPITAL RESOURCES (continued)

Inventories

	December 31, 2017	March 31, 2017
Finished goods	$ 459,379	$ 92,207
Supplies	365,051	300,701
	$ 824,430	$ 392,908

Product inventory increased to $824,430 to service immediate sales to US, Canadian and European customers and includes the OregaPet pet product line acquired by the Company at December 1, 2016. No provision for obsolescence has been recorded on the Company's inventory as at December 31, 2017 (March 31, 2017 – none).

Capital and Intangible Assets

The Company's capital assets consist of office furniture and equipment, leasehold improvements and the corporate website and had a net book value of $74,668 at December 31, 2017. Capital asset additions for the nine-month period ended December 31, 2017 totaled $120,665 for the purchase of office furniture and equipment and completion of leasehold improvements to accommodate growth in the Company's management and staff, consistent with the growth activities of the Company. The Company's intangible assets consist of trademarks and related costs and intellectual property which had a net book value of $41,625 at December 31, 2017. Intangible asset additions for the nine-month period ended December 31, 2017 totaled $29,478 for the protection of trademarks used in the TL Pet business.

On September 21, 2017, the Company entered into an option agreement to acquire a 40-acre property located in Lumby, B.C. for total consideration of $3,300,000 to be paid on or before December 31, 2017. During the nine-month period ended December 31, 2017, the Company paid a non-refundable deposit of $100,000 to the optionor, which was applied towards the total purchase price. The remaining balance of $3,200,000 was paid subsequent to the period ended December 31, 2017. The Company plans to build a 16,000 square foot hydroponic grow building and a 9,000 square foot building housing offices, extraction facility, laboratory and packages areas to be completed by Fall 2018.

LIQUIDITY AND CAPITAL RESOURCES (continued)

Financing activities

The Company's operations during the nine-month period ended December 31, 2017 were funded primarily by two private placements and various option and warrant exercises providing proceeds of $3,768,451 as described below.

Date	Total Proceeds	Securities Issued
May 29, 2017	$929,950	3,099,829 units at a price of $0.30 per unit, with each unit comprised of one common share and one warrant exercisable into one additional common share at a price of $0.45 per share for a period of two years.
June 12, 2017	$1,392,545	4,641,816 units at a price of $0.30 per unit, with each unit comprised of one common share and one warrant exercisable into one additional common share at a price of $0.45 per share for a period of two years.
Nine-months ended December 31, 2017	$1,114,356	2,488,759 shares issued upon the exercise of options at an average price of $0.26 per share, and 1,628,015 shares issued upon the exercise of warrants at an average price of $0.29 per share.

Public Offering subsequent to December 31, 2017

On January 22, 2018 the Company closed a Regulation A+ crowdfunding campaign, raising $10,000,000 in gross proceeds, consisting of 14,285,715 common shares of the Company at a purchase price of $0.70 per share. The Company paid Boustead $800,000 representing 8% of the gross proceeds of the aggregate offering amount and issued 857,103 agent's warrants representing 6% of the aggregate number of the securities sold in the offering. Each agent warrant is exercisable into one common share of the Company at an exercise price of $1.05, expiring November 21, 2020. The Company also paid Boustead an advisory fee of US$25,000 and offering expenses.

On the same terms as the offering, the Company closed a concurrent Canadian private placement on January 24, 2018 of 5,788,078 common shares raising an aggregate total of $4,051,655. The Canadian offering was non-brokered and no commissions or fees were paid in connection with the shares issued. An additional 76,558 common shares, valued at $53,591, were issued in connection with the Canadian offering to compensate certain Canadian investors for foreign currency transaction costs incurred as a consequence of the Company collecting a portion of subscription receipts in U.S. dollar funds for a Canadian dollar denominated share offering.

The proceeds of the offering will be used to help grow the TL Pet division, and to advance the efforts of the TL Medicine division with the goal of becoming a licensed producer of medicinal cannabis under the ACMPR.

LIQUIDITY AND CAPITAL RESOURCES (continued)

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 nine-month period ended December 31, 2017, the Company incurred a loss of $2,716,359 and earned revenues of $1,034,985 (2016 - $272,276) from TL Pet and TL Pet Europe; although, these two operations have not yet achieved profitability. Management believes that the financings which closed January 22 and January 24, 2018 will provide adequate liquidity to support the Company's operations for the ensuing 12 months.

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 nine-month period ended December 31, 2017, the Company:

1. Paid or accrued a total of $62,500 (2016 - $45,000) to its Chief Executive Officer for management fees;
2. Paid or accrued a total of $22,500 (2016 - $ 15,000) to its Chief Executive Officer for rent;
3. Paid or accrued a total of $45,000 (2016 – 24,500) to a Director of the Company, for services provided;
4. Paid or accrued a total of $3,000 (2016 – nil) to a company controlled by a Director, for services provided.
5. Paid or accrued a total of $18,000 (2016 - $18,000) to its Chief Financial Officer for accounting fees; and
6. Paid or accrued a total of $5,625 (2016 - $5,625) in directors' fees.

As at December 31, 2017, the Company is indebted to its Chief Executive Officer (including a company controlled by its Chief Executive Officer) in the amount of $779 (March 31, 2017 - $14,271), its Chief Financial Officer in the amount of $nil (March 31, 2017 - $2,000), and $nil (March 31, 2017 - $7,500) for directors' fees. The amounts are unsecured, non-interest bearing and have no scheduled terms of repayment.

On May 29, 2017, the Company granted a total of 3,900,000 stock options, 1,400,000 of which were to directors and officers of the Company having a fair value of $284,675.

(Expressed in Canadian dollars)

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 February 27, 2018, the total number of issued and outstanding common shares was 95,269,059 and there were no preferred shares outstanding.

During the nine-month period ended December 31, 2017, the Company issued the following securities:

1. The Company issued 2,488,758 common shares pursuant to the exercise of stock options for gross proceeds of $644,579.

2. The Company issued 1,628,015 common shares pursuant to the exercise of share purchase warrants for gross proceeds of $469,777.

3. On May 29, 2017, the Company completed a private placement by issuing 3,099,829 units at a price of $0.30 per unit for gross proceeds of $929,950. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into one additional common share at a price of $0.45 per share for a period of two years. No value was assigned to the warrants issued as part of the unit offering. The Company incurred $12,474 in share issue costs associated with this financing.

4. On June 12, 2017, the Company completed a private placement by issuing 4,641,816 units at a price of $0.30 per unit for gross proceeds of $1,392,545. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into one additional common share at a price of $0.45 per share for a period of two years. No value was assigned to the warrants issued as part of the unit offering. The Company incurred $20,447 in share issue costs associated with this financing.

Warrants

As at February 27, 2018 the following warrants are outstanding:

	Number of Warrants	Exercise Price ($)	Expiry Date
Warrants	2,039,621	0.45	May 29, 2019
Warrants	3,400,616	0.45	June 12, 2019
	5,440,237		

(Expressed in Canadian dollars)

SHARE CAPITAL (continued)

Stock Options

As at February 27, 2018 the following stock options are outstanding and exercisable:

	Number of Options	Exercise Price ($)	Expiry Date
Stock options	857,145	0.19	December 12, 2018
Stock options	2,850,000	0.40	May 29, 2019
Stock options	300,000	0.45	July 18, 2019
Stock option	2,000,000	0.94	
	6,007,145		

1. 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 two years, historical volatility of 97.5%, risk-free rate of 0.76% and expected dividends of $nil.

2. On May 29, 2017 the Company granted a total of 3,900,000 stock options to directors, officers, employees and consultants that vested immediately. The stock options were valued at $793,020 ($0.203 per option) using the Black-Scholes option pricing model with the following assumptions: term of two years, historical volatility of 95.8%, risk-free rate of 0.71% and expected dividends of $nil.

3. On July 18, 2017, the Company granted 300,000 stock options to an employee that vested immediately. The stock options were valued at $76,340 ($0.254 per option) using the Black-Scholes option pricing model with the following assumptions: term of two years, historical volatility of 94.76%, risk-free rate of 1.19% 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.

FINANCIAL INSTRUMENTS (continued)

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, 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 December 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 December 31, 2017, the Company's exposure to credit risk consists of the carrying value of cash and accounts receivable. The Company limits its credit exposure on cash by holding its deposits mainly with Canadian chartered banks. Accounts receivable consist of trade accounts receivable and other receivables. The Company mitigates the risk of default of accounts receivable by assessing the credit worthiness of customers prior to sale and shipment of inventory.

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 December 31, 2017, the Company has cash of $900,517 to settle current liabilities of $305,999. Subsequent to December 31,2017, the Company completed a public offering which raised $14,051,655 in gross proceeds, significantly mitigating the Company's liquidity risk.

FINANCIAL INSTRUMENTS (continued)

Currency Risk

The operating results and financial position of the Company are reported in Canadian dollars. The Company is exposed to currency risk arising from the translation of its European subsidiary's operations. The Company is exposed to currency transaction risk as some of the Company's financial instruments are denominated in U.S. dollars. The results of the Company's operations are subject to currency translation and transaction risks.

The Company's main risk is associated with fluctuations in Canadian dollars and euros. Assets and liabilities are translated based on the Company's foreign currency translation policy.

The Company has determined that, with other variables unchanged, the effect of a 10% increase in the Canadian dollar as at December 31, 2017:

- against the euro on its net European operations, and
- against the U.S. dollar on financial assets and liabilities, including cash, accounts receivable, accounts payables and accrued liabilities denominated in U.S. dollars

would result in a decrease of approximately $23,300 to the net loss and comprehensive loss for the nine-months ended December 31, 2017 (December 31, 2016 - $6,912). The inverse effect would result if the Canadian dollar weakened by 10% against the Euro and U.S. dollar.

At December 31, 2017, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

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. As at December 31, 2017, the Company did 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 nine-month period ended December 31, 2017, there were no new IFRS or IAS accounting standards that became effective that had a material impact on the Company's financial statements. There are however a number of new standards and amendments to existing standards effective in future periods.

CHANGES IN ACCOUNTING POLICIES (continued)

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 model

The Company has not early-adopted the 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 nine-month period ended December 31, 2017:

1. Issuance of common shares pursuant to public offering

   The Company completed a Regulation A public offering (the "Offering") raising $10,000,000 in gross proceeds. The Company closed its Offering of common shares, qualified by the U.S. Securities and Exchange Commission, with non-Canadian investors on January 22, 2018, consisting of 14,285,715 common shares at a purchase price of $0.70 per share. Boustead Securities LLC ("Boustead"), a FINRA registered broker dealer, was the lead underwriter outside Canada. The Company paid Boustead $800,000 representing 8% of the gross proceeds of the aggregate Offering amount and issued 857,103 agent's warrants representing 6% of the aggregate number of the securities sold in the Offering. Each agent warrant is exercisable into one common share of the Company at an exercise price of $1.05, expiring November 21, 2020. The Company also paid Boustead an advisory fee of US$25,000 and Offering expenses.

   On the same terms as the Offering, the Company closed a concurrent Canadian private placement on January 24, 2018 of 5,788,078 common shares raising an aggregate total of $4,051,655. The Canadian offering was non-brokered and no commissions or fees were paid in connection with the shares issued. An additional 76,558 common shares, valued at $53,591, were issued in connection with the Canadian offering to compensate certain Canadian investors for foreign currency transaction costs incurred as a consequence of the Company collecting a portion of subscription receipts in U.S. dollar funds for a Canadian dollar denominated share offering.

2. Issuance of common shares pursuant to exercise of stock options and share purchase warrants

   - The Company issued 753,821 common shares pursuant to the exercise of stock options for gross proceeds of $159,566.
   - The Company issued 2,078,985 common shares pursuant to the exercise of share purchase warrants for gross proceeds of $7756,696.

3. The Company granted a total of 2,000,000 stock options at an exercise price of $0.94 per option to directors, officers, consultants and a vendor, of which 1,200,000 options vested immediately. The balance of 800,000 options vest evenly over two years, with 25% of the options vesting each six months by February 6, 2020.

APPROVAL

The Company's Board of Directors has approved the disclosures in this MD&A as of February 27, 2018.

ADDITIONAL INFORMATION

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