The following management discussion and analysis ("MD&A") of the financial condition and results of operations of PreveCeutical Medical Inc. ("PreveCeutical" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2018. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the period presented, are not necessarily indicative of the results that may be expected for any future period.

This MD&A should be read in conjunction with the condensed consolidated interim financial statements, including the notes thereto, of the Company for the three months ended March 31, 2018 and 2017 and the audited consolidated financial statements for the year ended December 31, 2017.

The accompanying condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017.

These condensed consolidated interim financial statements, together with the following MD&A, are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as potential future performance.

Results are reported in Canadian dollars unless otherwise noted.

For the purposes of preparing this MD&A, management, in conjunction with the Company's board of directors (the "Board of Directors"), considers the materiality of information. Information is considered material if:

(i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of PreveCeutical's common shares;

(ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or

(iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Management is responsible for the preparation and integrity of the condensed consolidated interim financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the condensed consolidated interim financial statements and this MD&A, is complete and reliable.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian and U.S. securities laws. All statements, other than statements of historical fact, included herein including, without limitation, statements regarding the Company's future cash requirements; general business and economic conditions; the proposed use of the proceeds of the private placements completed by the Company; the proposed research and development services to be provided by UniQuest (as defined below), the details of the Company's

FORWARD-LOOKING STATEMENTS (Continued)

research programs, the anticipated business plans of the Company regarding the foregoing, the timing of future activities and the prospects of their success for the Company, and the Company's ability and success in executing its proposed business plans, are forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Often, but not always, forward looking information can be identified by words such as "pro forma", "plans", "expects", "may", "should", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", "potential" or variations of such words including negative variations thereof, and by discussions of strategy or intentions Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward-looking statements. Such risks and other factors include, among others, the ability of the Company to obtain sufficient financing to fund its business activities and plans, the inability of the Company or UniQuest to, among other things, complete the Company's research programs as planned, the inability of the Company to obtain any required governmental or regulatory approvals (including Canadian Securities Exchange (the "CSE") approval), permits, consents or authorizations required as well as those factors discussed under the heading "Risks and Uncertainties". Other factors such as general economic, market or business conditions or changes in laws, regulations and policies affecting the biotechnology or pharmaceutical industry, may also adversely affect the future results or performance of the Company.

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance and that actual results are likely to differ, and may differ materially and adversely, from those expressed or implied by forward-looking statements contained in this MD&A. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and such beliefs, estimates and opinions may prove incorrect. For the reasons set out above, investors are cautioned against attributing undue certainty or placing undue reliance on to forward-looking statements.

DATE

This MD&A reflects information available as at May 29, 2018.

CORPORATE STRUCTURE

Name, Address and Incorporation

PreveCeutical Medical Inc., formerly Carrara Exploration Corp., was incorporated under the *Business Corporations Act* (British Columbia) on December 15, 2014.

The Company's head office is located at 1177 West Hastings Street, Suite 2200, Vancouver, British Columbia, V6E 2K3, Canada and its registered and records office is located at 1040 West Georgia Street, Suite 1170, Vancouver, British Columbia, V6E 4H1, Canada.

Security Listings

PreveCeutical's securities are listed on the CSE. Prior to the reverse takeover transaction (detailed below), with 1050962 B.C. Ltd., formerly PreveCeutical Medical Inc. (hereinafter referred to as "0962"), the Company was trading under the symbol CAA. Following the transaction, the Company resumed trading on CSE on July 12, 2017, under the symbol PREV.

CORPORATE STRUCTURE (Continued)

Security Listings (Continued)

In addition, the Company has its common shares listed for trading on the Frankfurt Stock Exchange under the symbol "18H" and on OTCQB venture marketplace under the symbol "PRVCF".

PreveCeutical made an application to have its securities listed on the TSX Venture Exchange (the “TSX-V”) as a Tier 2 issuer on September 25, 2017, and was conditionally accepted on April 9, 2018.

Share Structure

At the annual general and special meeting of shareholders of the Company held on May 14, 2018, the shareholders passed a special resolution approving the subdivision of the Company’s issued and outstanding common shares (each, a "Share") on the basis of five (5) new post-subdivision Shares for every one (1) pre-subdivision Share (the "Stock Split"). The Stock Split was approved by the Board of Directors on May 15, 2018.

The Shares began trading on an ex-distribution basis on May 23, 2018. Each shareholder of record as of the close of business on the record date, May 24, 2018, received four additional Shares for each Share held on such date.

All Share and other security numbers and exercise prices included in the condensed consolidated interim financial statements for the three months ended March 31, 2018 and this MD&A are reported on the post-subdivision basis.

Corporate Relationships

On March 12, 2018, the Company incorporated a wholly-owned private Australian subsidiary, PreveCeutical (Australia) Pty Ltd (“PreveCeutical (Australia)”), in Queensland, Australia.

DESCRIPTION OF BUSINESS

PreveCeutical is a health sciences company that develops innovative options for preventive and curative therapies utilizing organic and nature identical products. The Company intends to secure the market share through a business to business strategy with the aim to build an extensive library of intellectual properties and enter into joint venture, development and license agreements with leaders in the pharmaceutical and cannabis industries.

PreveCeutical currently has one product for sale, the CELLB9® Immune System Booster. CELLB9® is an oral solution containing polarized and potentiated essential minerals extracted from a novel peptide found in Caribbean Blue Scorpion venom.

The active potentiated ingredients in the Blue Scorpion serum appear to support health at a deep cellular level, having been used for many years across as many as 40 countries. The solution is colourless and odourless and can be administered orally. CELLB9 is produced by Samson Pharmaceuticals Inc., in its Food and Drug Administration approved facility in the United States of America.

During the three months ended March 31, 2018, PreveCeutical has entered into Research and Option Agreements (the “R&D Agreements”) and a non-binding letter of intent with UniQuest Pty Limited (“UniQuest”), Australia's leading commercialization entity, specializing in commercializing the intellectual property of the University of Queensland for various research and development (“R&D”) programs.

DESCRIPTION OF BUSINESS (Continued)

The R&D Agreements cover the development of endogenous peptides for pain and inflammation, securing the partnership described in the non-binding letter of intent signed on August 7, 2017. The Company continues to explore the potential and opportunity to enter into further research and option agreements with UniQuest and currently has the following research programs underway:

R&D Agreements

The Company's research program, stabilization of Blue Scorpion Venom ("BSV") is to develop therapeutics derived from the BSV, which is the base of the Company's initial product, CELLB9. This program aims to identify the active components (peptides) that are purported to provide immune boosting and tumour-selective painting properties, to access synthetic versions of identified peptides as an alternative to milking Caribbean Blue Scorpions, and ultimately to identify other potential therapeutic applications for the BSV and/or identified peptides. Phase one of this three-phase program, which is the identification and separation of proteins from venom sources (i.e. CELLB9) for sequencing using 1D & 2D Gel Electrophoresis, is approaching completion.

With increasing evidence of the clinical benefits presented by cannabinoids ("CBD") and recent legalization of medical marijuana across a number of jurisdictions, PreveCeutical has partnered with the University of Queensland for the development and evaluation of translatable formulations for systemic/central nervous system (CNS) delivery of CBD. This project is focused on developing a CBD based nose-to-brain delivery system that is intended to provide relief across a range of ailments including pain, inflammation, seizures and neurological disorders. Engineered soluble gels (sol-gels) present an ideal platform for achieving this aim as they are in-solution upon administration, and rapidly gelate when warming as a result of contact with mucosal tissue. The Company believes that the sol-gels will pave the way for safer and more reliable drug delivery for agents such as CBDs that are rapidly metabolized or that would benefit from direct nose-to-brain CNS delivery.

This project's R&D requires a supply of cannabis-derived materials and ingredient information. Effective September 18, 2017, PreveCeutical entered into a strategic R&D supply agreement (the "Supply Agreement") with Aurora Cannabis Inc., a licensed producer of medical cannabis under Health Canada's Access to Cannabis for Medical Purposes Regulations. Pursuant to the terms of the Supply Agreement and as consideration for the supply of certain cannabis materials to be used in the Company's R&D programs, the Company granted the supplier 12,820,515 non-transferable options (the "Supply Agreement Options") to acquire that number of common shares in the capital of the Company.

The CBD sol-gel R&D program ("CBD Program") commenced in the third quarter of 2017 with the initial set up which included hiring researchers, procuring of equipment and other consumables and setting up the lab for the program started in the third quarter of 2017. The CBD Program team also worked on getting permits for importation of cannabis material from Canada to Australia.

Approval to acquire and use cannabis as part of this research was received from the state of Queensland, Australia Government on November 1, 2017, and the first shipment of dried cannabis plant materialwas received in late March 2018, with a further shipment received in May 2018 that is awaiting quarantine clearance. The fractioned extraction of bulk imported cannabis material is now underway, with preliminary analysis revealing the presence of CBD-based compounds, which will be correlated with high-performance liquid chromatography (HPLC) paired with proprietary cannabis potency analysis software (HPLC). Fingerprinting of plant-derived CBDs from the imported cannabis material has now commenced.

DESCRIPTION OF BUSINESS (Continued)

Smart siRNA for the Treatment of Diabetes and Obesity

This program is developing Smart-siRNAs for the treatment of diabetes and obesity and encompasses three distinct phases spanning over three years.

In this research program, through rational design and systematic evaluation, select targeted bio-responsive gene carrier-and-release systems are anticipated to deliver Smart-siRNA's to target cells. With effective gene-silencing optimized, the program aims to target the single gene implicated in both type 2 diabetes and obesity. The program expects to demonstrate that this strategy is safe and effective in appropriate preclinical (mice) models of type 2 diabetes and obesity, paving the way for broader pre-clinical safety and efficacy evaluations.

The major equipment required for these projects has been purchased by the University of Queensland. The equipment has been installed and commissioned and hiring of personnel is complete. Both the Queensland Institute of Medical Research-Berghofer (QIMR-B) and Murdoch University have their scientific personnel undergoing induction and training, being bought up to speed on the projects, and the phases that are to be undertaken in the R&D program.

Disulfide Linker Technology in Engineering Analgesic Peptides

The Company signed a non-binding letter of intent with UniQuest on August 7, 2017, for an R&D program to extend the application of the disulfide linker technology in engineering pain relieving peptides for moderate to severe pain and inflammatory conditions. This program involves peptide library synthesis, pharmacological evaluation, alongside pharmacokinetic assessment and efficacy determinations in appropriate animal models of pain and inflammation. This program may encompass either party's intellectual property, product lines or other pharmaceutical offerings that may fall within the peptide R&D program. This program, which is scheduled to commence in June 2018, will expand and expedite development of lead peptide candidates and facilitate the engagement of experienced collaborators to demonstrate proof-of-concept through pharmacological, pharmacokinetic and in vivo evaluation in models of pain and inflammation. The definitive agreement was signed on January 30, 2018. This contract was transferred from the Company to its Subsidiary effective March 12, 2018.

Management has not yet determined whether these programs have a value that is economically recoverable, and management continues to evaluate the same to assess whether additional efforts and funds should be allocated to such projects.

OVERALL PERFORMANCE

During the three months ended March 31, 2018, the Company continued to work on business development.

This included executing:

(i) the research and option agreement with UniQuest for the research program regarding Disulfide linker technology in engineering analgesic peptides derived from endogenous pharmacology;

(ii) setting up a subsidiary in Australia and transferring UniQuest's R&D contracts to the subsidiary; and

(iii) working with investors for equity funding for the Company.

OVERALL PERFORMANCE (Continued)

As products and therapies develop through the Company's programs, the Company anticipates that it will either enter into strategic partnerships to manufacture and market such products or it will license the intellectual property to other companies.

For the three months ended March 31, 2018, the Company continued to focus on business development and its research programs. These programs continue to be funded by equity and debt.

As the Company's revenue income is minimal at this time, the cost of operations and meeting of commitments are currently being financed by funding from equity and debt. To ensure that the Company has funding to continue its operation, Management has taken a number steps that are outlined under Liquidity and Capital Resources section.

At March 31, 2018, the Company had a cash balance of $204,038, and working capital of $262,416 compared to balance of $104,478 and working capital of $1,066,337 at December 31, 2017. The positive balance was from debt financing, the current portion of prepayments for the R&D programs ($253,822) and the current portion of the amount for the options granted for the R&D supply agreement ($668,066). The balance of the prepayment for the R&D programs ($430,217) and the R&D supply agreement ($429,804) has been recorded as a non-current asset as a portion of the deliverables will be after twelve months. The debt is a convertible debt that is financed by the Company's related party.

SELECTED FINANCIAL INFORMATION

Year ended December 31,	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	Year Ended December 31, 2017
Revenues	$2,395	$0	$22,234
Net loss	$1,417,250	$368,214	$7,231,885
Net loss per share	$0.006	$0.002	$0.032
Cash	$204,038	$150,870	$104,478
Total assets	$2,428,429	$410,277	$2,599,660
Non-current liabilities	$2,735,164	-	$2,639,509
Total liabilities	$3,841,755	$918,261	$2,944,000
Deficit	$11,899,358	$7,787,293	$10,482,108
Shareholders' deficiency	$1,413,326	$526,616	$344,340

FINANCIAL RESULTS OF OPERATION

For the three months ended March 31, 2018, the Company continued its focus on developing its product line and identifying, reviewing and commissioning additional products for R&D and on securing additional funding for its operations.

The Company's deficit at March 31, 2018 of $11,899,358 included the costs of the reverse takeover and listing costs of $2,585,202 incurred in the year ended December 31, 2017.

The Company had a net loss of $1,417,250 for the three months ended March 31, 2018, compared to $368,134 for the three months ended March 31, 2017. Revenue for the period was $2,395, operating expenses including cost of sales were $1,342,328, compared to $360,477 in the same period for the previous year. Other expenses for the three months ended March 31, 2018 were $119,740. These included accretion expense of $72,934 for the convertible debts and financing cost of $45,935. Other expenses for the three months ended March 31, 2018 were $7,657 which were mostly for financing cost of $7,497.

The Company continues to sell its product, CELLB9, online. For the three months ended March 31, 2018, there was revenue of $2,395 from online sales with a gross profit of $1,140. There was no revenue during the three months ended March 31, 2017.

Financing costs for the three months ended March 31, 2018, was $38,438 higher than for the same period in 2017, $45,935 compared to $7,497. The Company's finance cost and accretion expenses were higher in the three months ended March 31, 2018 compared to the same period in 2017 as the Company incurred additional convertible debt to finance its R&D programs and operations. The financing costs included accrued interest for the convertible loans of $45,183 ($3,386 in the three months ended March 31, 2017). The convertible debts bear a simple interest rate of 5%. At March 31, 2018, the short-term convertible debt had a balance of $834,495 ($12,196 at December 31, 2017), including the accrued interest which was not paid during the year. The long-term convertible debt has a combined balance, including accrued interest, of $2,735,164 as at March 31, 2018. This debt is classified as long-term debt as the lenders have signed a waiver by which there will be no demand on the funds until July 31, 2019.

Expenses for the three months ended March 31, 2018 amounted to $1,341,073 which was $981,176 higher than the three months ended March 31, 2017 ($359,897). This increase related to:

- The R&D costs for the three months ended March 31, 2018 was $381,208. These costs are for the three R&D projects with UniQuest and fees paid to the Chief Research Officer and the Chief Scientific Officer. The Company began its R&D programs in the third quarter of 2017 and as such had very little R&D costs in the three months ended March 31, 2017.
- Business development and investor relations expenses for this year were $124,142 higher than the previous year ($154,142 for the three months ended March 31,2018 compared to $30,000 for the same period in 2017). The increase is due to investor relation services required for accessing additional equity for the Company.
- Travel, meals and vehicle expenses for the three months ended March 31, 2018 was $154,088, compared to $63,242 in the same period last year, an increase of $90,846. This was due to increased travel for investor relations, research, and development activities, including travel to Australia.

FINANCIAL RESULTS OF OPERATION (Continued)

- Professional fees for the three months ended March 31, 2018 were $85,163 compared to $56,190 in the same period last year. The increase of $28,973 was mostly due to legal costs in relation to preparation for listing the company on the TSX-V and increased legal fees in relation to contracts and other agreements.
- Salary, wages and consulting increased by $152,695 from the three months ended March 31, 2018 compared to the same period in 2017 ($278,220 compared to $125,525). This increase relates to hiring consultants for publicity to garner interest in the Company and having more staff in the three months ended March 31, 2018 compared to the same period in 2017.
- Increase in rent, utilities, repair and maintenance expenses amounted to $36,945 ($46,266 this quarter compared to $9,321 for same period in the previous year). The rent expense this year was for the lease of the office space which the Company leased in April 2017, with rental payments starting in June 2017. Smaller office space was rented prior to April 2017.
- Marketing and promotion expenses increased by $25,902 from the same period in the prior year ($58,979 compared to $33,077). The Company continued with its marketing efforts in the three months ended March 31, 2018 to build its brand and to market its product, CELLB9.
- Share-based compensation for the three months ended March 31, 2018 was $143,941. This expense was for stock options issued to consultants and employees. No options or warrants were issued in the same period in the previous year.
- Amortization expense for the three months ended March 31, 2018 was $8,097. This related to the amortization of furniture, equipment and leasehold equipment acquired with the Company's move to its current offices. No amortization expense was recorded for the three months ended March 31,2017.
- The balance of the expenses for the three months ended March 31, 2018 was $30,970 compared to $42,399 for the three months ended March 31, 2017. The higher costs in the three months ended March 31, 2017 related to outsourcing of inventory management which was managed inhouse in this quarter ($10,696) and participating in more conferences and events in the three months ended March 31,2017 ($24,881). This was offset by increased insurance expenses ($10,537) and transfer agent and filing fees ($7,745) in this quarter in relation to the Company being a reporting issuer.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected financial information prepared in accordance with IFRS for each of the last eight quarters ended March 31, 2018.

	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Revenue	$2,395	$4,038	$10,394	$7,802	$-	$8,422	$15,150	$7,482
Loss for the period	$1,417,250	$2,694,048	$1,089,511	$3,080,114	$368,134	$2,018,899	$512,839	$408,909
Basic and diluted loss per share	$0.006	$0.055	$0.018	$0.126	$0.009	$0.053	$0.013	$0.013
Cash/(bank indebtedness)	$204,038	$104,478	$489,384	$2,285,821	$150,870	($47,036)	$32,855	$20,543
Working capital/(deficiency)	$262,418	$1,066,337	$981,179	$2,226,638	($521,235)	($298,731)	$8,376	$143,645
Total assets	$2,428,429	$2,599,660	$2,059,055	$3,381,506	$410,277	$207,183	$664,917	$728,932
Total liabilities	$3,841,755	$2,944,000	$2,585,671	$2,734,871	$918,261	$503,244	$253,390	$183,604
Deficit	$11,899,358	$10,482,108	$7,787,293	$6,698,549	$3,618,435	$3,250,223	$1,302,137	$790,485
Shareholders' equity (deficiency)	($1,413,326)	($344,340)	($526,616)	$646,635	($507,984)	($296,061)	$312,027	($790,485)

SUMMARY OF QUARTERLY RESULTS (Continued)

The quarterly operating results continue to meet management's expectations. The Company continues to depend on funding for its operations, including the R&D programs, from equity and debt financing.

The loss in Q1 2018, Q4 2017 and Q4 2016 includes the cost of the options granted to employees and consultants and the debt conversion costs related to the convertible debt financing. The loss in Q2 2017 includes the listing transaction cost.

LIQUIDITY AND CAPITAL RESOURCES

The Company's current revenue stream is from the sale of its product, CELLB9. The net income from revenue at this time is minimal. Until the Company starts to market additional products from its R&D programs, it continues to depend on equity and debt for funding.

As at March 31, 2018, the Company had working capital of $262,416 and cash of $204,038. As at December 31, 2017, there was a working capital of $1,066,337 and cash balance of $104,478. The increase in cash is from funds from the convertible loan.

As at March 31, 2018, the Company has two lease commitments. The Company entered into a lease with Golden Properties Ltd. for the leasing of office space starting May 1, 2017. The initial lease period is five years with an option to renew for five more years. On July 1, 2017, the Company entered into a lease agreement with Xerox Canada Ltd. for the leasing of equipment for a period of five years.

The annual commitment is as follows:

	Rent	**Equipment**	**Total**
	$	$	$
2018	121,698	4,520	126,218
2019	163,544	4,520	168,064
2020	164,184	4,520	168,704
2021	164,184	4,520	168,704
2022	54,728	2,260	56,988
TOTAL	668,338	20,340	688,678

The Company anticipates that it will continue to incur more costs, including R&D costs, than revenue into next year. The Company is in the development stage and is primarily focused on developing marketable products.

Management continues to take steps to ensure that the Company has funds to pay for its obligations and continue its operation. These include:

1. Securing investment in the Company by way of private placements. With the completion of the Transaction, the Company has broader access to equity financing. PreveCeutical is currently working on a private placement for up to 80,000,000 units described under subsequent events.

LIQUIDITY AND CAPITAL RESOURCES (Continued)

2. On July 12, 2017, the Company issued 21,000,000 common share purchase warrants entitling the holder to purchase one common share of the Company at a price of $0.10 per share on or before July 12, 2020. The exercise of such warrants is dependent primarily on the market price and overall market liquidity of the Company's securities at or near the expiry date of such warrants (over which the Company has no control), and therefore there can be no guarantee that any existing warrants will be exercised.

3. To cover any shortfall for operational funding and working capital requirements, the Company entered into a convertible credit facility agreement with Kimberly Van Deventer (former President and Director of the Company) and Stephen Van Deventer (CEO and Director of the Company) (the "Lenders") on December 9, 2016, as amended March 31, 2017 in the principal amount of $2 million. Under the terms of the agreement and waiver in respect of same dated March 31, 2018, the amount of outstanding principal and accrued interest thereon under the credit facility is convertible, after October 28, 2017, into common shares in the capital of the Company at the price of $0.10 per share (amended to $0.06 per share on April 20, 2018). The Company has drawn the full $2 million under the agreement, which bears simple interest at 5% per annum. The Lenders have signed a waiver by which there will be no demand on the funds until July 31, 2019.

4. On May 9, 2017, the Company entered into an additional convertible credit facility agreement with the Lenders in the principal amount of $1 million to be used towards the operations of the Company. Under the terms of the agreement and waiver in respect of same dated June 30, 2017, the amount of any outstanding principal and accrued interest thereon under the credit facility is convertible, after October 28, 2017, into units, each consisting of one common share in the capital of the Company and one common share purchase warrant entitling the holder to purchase one common share in the capital of the Company at the price of $0.20 per share for a period of twenty four (24) months after the issuance of the units, subject to acceleration. Funds borrowed under this agreement bear simple interest at 5% per annum and are convertible at a price of $0.10 per unit (amended to $0.06 per unit on April 20, 2018). As at March 31, 2018, the Company has drawn $900,500 under this credit facility. The amount can be further increased if required, at the election of the Company. The Lenders have signed a waiver by which there will be no demand on the funds until July 31, 2019.

5. On January 26, 2018, the Company entered into an agreement with its CEO and former President for $500,000 in the form of a convertible promissory note bearing interest at 5% per annum. The promissory note is due on demand. The principal amount and any accrued interest are convertible into common shares of the Company at the option of the Lender at $0.10 per share (amended to $0.06 per unit on April 20, 2018). The Company has drawn the full amount of $500,000 under this agreement.

6. On March 28, 2018, the Company entered into a credit facility agreement with its former President for $700,000. Under the terms of the agreement, the amount of any outstanding principal and accrued interest thereon under the credit facility is convertible into common shares of the Company at the option of the President at $0.10 per share (amended to $0.06 per unit on April 20, 2018). The Company has drawn the $470,000 under this agreement.

7. The Company is continuing to look into other funding including grants for R&D .

RELATED PARTY TRANSACTIONS

1. Management

During the three months ended March 31, 2018, compensation to management and directors included:

- Consulting fees of $30,000 paid to Dr. Harendra Parekh, PreveCeutical's Chief Research Officer.
- Consulting fees of $38,064 to Dr. Makarand Jawadekar, PreveCeutical's Chief Scientific Officer and Director.
- Consulting fees of $16,607 to Dr. Maher Khaled, the Subsidiary's Chief Executive Officer.
- Salary paid to Shabira Rajan, PreveCeutical's Chief Financial Officer and Controller in the amount of $39,000.
- Salary paid to Stephen Van Deventer, PreveCeutical's Chairman and Chief Executive Officer ("CEO") in the amount of $45,000 for services provided.
- Salary paid to Kimberly Van Deventer, PreveCeutical's past President and director in the amount of $36,000 for services provided.

2. Cornerstone Global Partnership Inc. ("CGP")

CGP is a corporation owned by the CEO and Chair, Mr. Stephen Van Deventer and Ms. Kimberly Van Deventer.

The short-term loan of $105,000 was made to the Company by CGP in January 2016 which was payable for the exclusive right and license to use CGP's property including, but not limited to trademarks, intellectual property, URL's and the use of the property on packing, promotional and advertising material associated with the business. As at March 31, 2018, $35,000 of the loan was repaid and interest in the amount of $6,954 was payable on the loan. The balance of the loan including interest at March 31, 2018 was $76,954.

3. Convertible Debentures

The Company entered into Credit Facility Agreements with Stephen Van Deventer and Kimberley Van Deventer as follows:

The Lenders include the CEO and the former President and director of the Company. The credit facility agreements were entered into to compensate for any funding shortfall in the Company's ability to cover operating costs. The initial agreement was entered into on December 9, 2016, and amended on March 31, 2018 in the principal amount of $2 million. For the three months ended March 31, 2018, accrued interest under this facility, at a 5% simple interest per annum, amounted to $23,836. The amount drawn on the credit facility at March 31, 2018, including interest was $2,104,607. This facility is categorized as long-term debt as the lenders have signed a waiver by which there will be no demand on the funds until July 31, 2019.

RELATED PARTY TRANSACTIONS (Continued)

The Company entered into a second credit facility agreement with the Lenders in the amount of $1 million on May 9, 2017, to cover additional operational costs. For the three months ended March 31, 2018, accrued interest under this credit facility, at a 5% simple interest per annum, amounted to $11,102. The amount drawn on the credit facility at March 31, 2018, including interest was $926,885. This facility is categorized as long-term debt as the lenders have signed a waiver by which there will be no demand on the funds until July 31, 2019.

The Company entered into an agreement with the Lenders in the amount of $500,000 on January 26, 2018, to cover additional operational costs. For the three months ended March 31, 2018, accrued interest under this credit facility, at a 5% simple interest per annum, amounted to $4,452. The amount drawn on the credit facility at March 31, 2018, including interest was $504,452.

The Company entered into a credit facility agreement with the former President of the Company, Ms. Kimberly Van Deventer in the amount of $700,000 on March 28, 2018, to cover additional operational costs. For the three months ended March 31, 2018, accrued interest under this credit facility, at a 5% simple interest per annum, amounted to $4,796. The amount drawn on the credit facility at March 31, 2018, including interest was $474,796.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This MD&A is made with reference to the condensed consolidated interim financial statements for the three months ended March 31, 2018.

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The Company has identified accounting policies and estimates outlined below as critical to understanding the Company's business operations and the results of its operations. Impact and associated risks related to these policies and estimates on the Company's business operations are discussed throughout this MD&A.

The Audit Committee of the Board of Directors reviews the Company's accounting policies and all annual and interim filings, and recommends adoption of our annual and interim financial statements to our Board of Directors.

CHANGES IN ACCOUNTING POLICIES

There have been no changes to the Company's accounting policies from those disclosed in the Company's condensed consolidated interim financial statements for the three months ended March 31, 2018 and 2017. The Company has not yet evaluated the exact impact of the new standards effective on or after January 1, 2019 but does not believe they will have a material effect on the consolidated financial statements.

Please refer to Note 3 of the March 31, 2018, financial statements on www.sedar.com for a comprehensive list of the accounting policies not yet adopted during the current year.

OUTSTANDING SHARE DATA

As at March 31, 2018:

(i) the Company had 245,802,530 common shares issued and outstanding;

(ii) the Company had 42,356,000 outstanding share purchase warrants;

(iii) the Company had 283,615 broker warrant options; and

(iv) the Company had 34,667,855 stock options and supplier agreement options outstanding.

No options or warrants were exercised during the three months ended March 31, 2018.

As at May 29, 2018:

(i) the Company had 246,720,755 common shares issued and outstanding;

(ii) the Company had 42,356,000 share purchase warrants outstanding;

(v) the Company had 283,615 broker warrant options; and

(vi) the Company had 34,667,885 stock options and supplier agreement options outstanding.

FINANCIAL INSTRUMENTS

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides descriptions and measurement of the significant risks as at March 31, 2018:

Interest Rate Risk

The Company is funded by equity and debt. As the current debt is with the Company's related parties and is at a fixed simple interest rate there is no current impact on interest rate fluctuations and the Company considers interest rate risk on outstanding loans not to be significant.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due, or can only do so at an excessive cost.

The Company manages its liquidity risk by maintaining adequate financing from related party facilities, forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

As at March 31, 2018, the Company had working capital of $262,418 compared to the working capital at December 31, 2017 of $1,066,337. This included cash of $204,038 ($104,478 at December 31, 2017) available to meet short-term business requirements and current liabilities of $1,106,591 ($304,491 at December 31, 2017). The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The callable debt and convertible debt are due on demand.

FINANCIAL INSTRUMENTS (Continued)

Liquidity Risk (Continued)

The amounts listed below are the undiscounted contractual maturities for financial liabilities held by the Company as at March 31, 2018:

		1 year		2 to 3 years		Total
Accounts payable and accrued liabilities	$	195,142	$	-	$	195,142
Callable debt		76,954		-		76,954
Convertible debt – short-term		1,007,687		-		1,007,687
Convertible debt – long-term		-		3,247,821		3,247,821
	$	1,279,783	$	3,247,821	$	4,527,604

The amounts listed below are the undiscounted contractual maturities for financial liabilities held by the Company as at December 31, 2017:

		1 year		2 to 3 years		Total
Accounts payable and accrued liabilities	$	198,485	$	-	$	198,485
Callable debt		76,202		-		76,202
Convertible debt – short-term		15,225		-		15,225
Government remittances payable		17,608		-		17,608
Convertible debt – short-term		-		3,185,442		3,185,442
	$	307,520	$	3,185,442	$	3,492,962

Credit Risk

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held by large Canadian financial institutions. The Company considers its credit risk on cash and accounts receivable not significant.

Fair Values

The fair value of the Company's financial assets and liabilities approximate its carrying value which is the amount recorded on the consolidated statement of financial position.

RISKS AND UNCERTAINTIES

In conducting its business, the Company faces a number of risks and uncertainties related to its operations, some of which are beyond its control. Such risks include, but are not limited to:

- The industry is capital intensive and subject to fluctuations in market sentiment, foreign exchange and interest rates.
- The only sources of future funds for further product development and marketing which are presently available are the sale of inventory, funding from equity capital, and debt. Management has been successful in accessing the equity markets during the year, but there is no assurance that such sources will be available on acceptable terms in the future.
- Any future equity financings for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.

RISKS AND UNCERTAINTIES (Continued)

- The Company's intention is to make its products available for sale globally. As such, operations are subject to political risk due to political, economic, social and other uncertainties, including the risk of civil rebellion, nationalization, land ownership disputes, renegotiation or termination of existing and future contracts, permits or other agreement, changes in laws or taxation policies, currency exchange restrictions and changing political conditions.
- The Company's continued operations require licenses from various parties and governmental authorities. There is no assurance that the Company will be successful in obtaining or maintaining the necessary licenses and permits to continue with its development and commercialization activities or that current licenses will remain in force as granted.
- While management believes that control over the Company's bank accounts and assets is adequate, there is an internal control weakness in respect of a lack of segregation of duties, and therefore a risk of management override of controls and procedures. It is management's opinion that these weaknesses in internal controls over financial reporting are inherently related to the small size of the Company.
- The Company holds certain licensing rights to existing patents such as the Mikaelian Polarization technology as it pertains to polarized scorpion venom solution and the method for making and administering it but cannot guarantee continued access to the patent rights, as the Company does not hold the rights. Failure to obtain continued access to the rights could limit the Company's ability to produce its products, which could have a material adverse effect on the Company's business.
- The Company will continue to outsource the manufacture of its products, including CELLB9® to third parties. Such third-parties in turn source raw materials, including scorpion venom, in order to produce the Company's products. The availability of raw materials as well as variations in the price of raw materials may therefore increase the Company's operating costs. The subsequent effect on the Company's operating profit margins depends on, among other things, the Company's ability to increase the prices of its finished products in the context of a competitive market. Fluctuations in raw material prices may therefore increase or decrease the Company's operating profit margins. Price increases may also result in downward pressure on sales volume. Furthermore, the Company's third-party manufacturer(s) will be competing with other producers and manufacturers to secure raw materials, and such producers or manufacturers may, because of a variety of factors, including but not limited to their relationships with suppliers, size, and competitive position within the industry, be able to secure raw materials before the Company's manufacturer(s) could secure such material, or may push the prices of raw materials higher because of such producers' or other manufacturers' demand for raw materials that the Company also requires. Potential delays in the Company's or any of its third-party manufacturers' ability to secure raw materials could undermine the Company's commitments to produce and deliver its products to distributors, which could undermine market share, revenue, and subsequently, profitability.
- In both domestic and foreign markets, the formulation, manufacturing, packaging, labeling, distribution, advertising, importation, exportation, licensing, sale and storage of the Company's products are affected by extensive laws, governmental regulations, administrative determinations, court decisions and other similar constraints. Such laws, regulations and other constraints may exist at the federal, provincial/state or local levels in Canada, the United States and at all levels of government in foreign jurisdictions. There can be no assurance that the Company or any of its distributors are in compliance with all of these regulations. The failure of the Company or its distributors to comply with these regulations or new regulations could disrupt the sales of the Company's products, or lead to the imposition of significant penalties or claims and could negatively impact the Company's business. In addition, the adoption of new regulations or changes in the interpretations of existing regulations may result in significant compliance costs or discontinuation

of product sales and may negatively impact the marketing of the Company's products, resulting in significant loss of sales revenues.

- The Company has no significant history of earnings and, due to the nature of the Company's business, there can be no assurance that the Company will be profitable. The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the securities purchased would be diminished. While the Company may generate additional working capital through further equity offerings, there is no assurance that any such funds will be available on terms acceptable to the Company, or at all. If available, future equity financing may result in substantial dilution to current shareholders. At present, it is impossible to determine what amounts of additional funds, if any, may be required.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in any forward-looking statements.

SUBSEQUENT EVENTS

Change in Share Capital

On May 14, 2018, the shareholders passed a special resolution approving the Stock Split. This was approved by the board of directors of the Company on May 15, 2018. The number of shares, warrants and options and the exercise price for the warrants and options in this report have been adjusted to reflect the Stock Split. The shares began trading on an ex-distribution basis on May 23, 2018. Each shareholder of record as of the close of business on the record date, May 24, 2018, received four additional shares for each share held on such date.

On April 9, 2018, the Company announced a non-brokered private placement of up to 80 million units (each, a "Unit") at the price of $0.05 per Unit for aggregate gross proceeds of up to $4,000,000 (the "Financing"). Each Unit will consist of one common share of the Company (each, a "Share") and one warrant (each, a "Warrant"), with each Warrant entitling the holder thereof to purchase one common share of the Company at an exercise price of $0.10 per Share for a period of twenty-four (24) months from the closing of the Financing (the "Closing"). The Units will be subject to an acceleration provision whereby if the closing price of the Shares on the CSE is $0.20 for a minimum of ten consecutive trading days, the Warrants will expire at 4.00 p.m. (Vancouver time) on the 30th day after the date on which the Company provides notice of such accelerated expiry to the holders of the Warrants. The Closing is expected to occur on or after May 31, 2018.

Material Events

On April 20, 2018, the Company amended the following credit facilities to reduce the conversion price from $0.10 to $0.06:

1. Credit facility agreement dated December 19, 2016 in the aggregate amount of $2,000,000 entered into with the Lenders;

SUBSEQUENT EVENTS (Continued)

Change in Share Capital (Continued)

2. Credit facility agreement dated May 19, 2017, in the aggregate amount of $1,000,000 entered into with the Lenders;

3. Promissory note in the amount of $500,000 dated January 26, 2018 with the Lenders; and

4. Credit facility in the aggregate principal amount of $700,000 entered into with Ms. Kimberly Van Deventer on March 28, 2018.

Other

Kimberly Van Deventer resigned as the Company's President and a director effective April 9, 2018.

Additional information regarding the Company is available on the Company's website at www.preveceutical.com. Additional information relating to the Company, including other continuous disclosure documents required by the securities regulators, is filed on System for Electronic Document Analysis and Retrieval (SEDAR) and can be accessed electronically at www.sedar.com.

The effective date of this report is May 29, 2018.