MedX Health Corp.
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014

This Management's Discussion and Analysis has been prepared based on information available to MedX Health Corp. ("MedX" or the "Company") as at April 29, 2016. Management's Discussion and Analysis is a narrative explanation to enable the reader to assess material changes in the financial condition and results of operations of the Company as at and during the year ended December 31, 2015 compared with the year ended December 31, 2014, as contained in the audited Consolidated Financial Statements, which have been prepared in accordance with IFRS. This management's discussion and analysis should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2015.

Overview and Review of Operations

MedX Health Corp. ("MedX" or "the Company") is a medical device company that was incorporated on April 15, 1999 in Ontario. Initially, the Company was focused on research, development, manufacturing and distribution of phototherapeutic medical devices, which use light energy in lower-level laser and LED.

In 2011, the Company purchased the assets and business related to SIAscopy™, a technology which is a medical device that is used to scan suspicious moles and lesions. The scan is read by a trained physician and a determination is made if the suspicious mole or lesion needs a follow on appointment with a Dermatologist, or the patient is deemed clear of follow up.

The SIAscopy assets acquired included the patents, trademarks, manufacturing procedures, software, inventory, and equipment, as well as existing distribution, supply and other contracts previously entered into by the seller. In addition to the purchase price of $247,608, the Company was required to pay the seller a royalty of 10% of all revenue derived from the technology in the future. In December 2015, the Company paid $277,010 to the seller, as a payment to release the Company from all future obligations with respect to the royalties and any other obligations or warranties provided for in the original agreement.

The SIAscopy products use light to penetrate 2mm below the surface of the skin, generating five images of the suspicious mole. This enables physicians to assess the condition of the moles better, and provide immediate feedback to their patients, improving the quality of care of potential skin cancer patients by reducing the need for biopsies, and the resulting pain and scars as well as the anxiety associated with waiting for biopsy results. This technology provides a vastly improved level of certainty for physicians and care for patients.

The SIAscopy technology is patented, and has been cleared by the FDA in the U.S. and by Health Canada, is CE marked for sale in Europe, with equivalent approval in Australia

and Turkey. The Company works with, and is actively growing its network of distributors on a global basis.

While in the past most of the distribution arrangements for the SIAscopy products involved marketing the products directly to physicians, clinics and other health care facilities, a European distributor has successfully built and is expanding a skin scanning business in approximately 150 pharmacies in Norway, Sweden and the United Kingdom, allowing individuals to have a suspicious mole or lesion checked quickly by way of a distributed network of trained physicians who can access the scan images. The distribution model for a multi-unit setting could involve the Company generating revenue through the sale or leasing of machines or on a per-scan basis, or a combination.

MedX's SIAscopy products are sold world-wide, but particularly in Europe in the most recent year. Based on this European experience, the Company is pursuing a strategy to distribute its products through multi-unit retail or clinic settings, which will be a focus during the next several years. The Company is initiating further pilots with its partners in selected European countries, and pursuing other opportunities in other markets.

The Company's original products, phototherapeutic medical devices, which use light energy in lower-level laser and LED to provide effective treatment offering rapid, drug-free and non-invasive healing in the rehabilitation market for treating pain, tissue damage, swelling and inflammation. The Company has sold thousands of its products to practitioners in clinics, academic facilities, hospitals, long-term care facilities, and to athletes and sports teams. MedX's therapeutic light products are sold in North America. The Company utilizes medical device distributors to sell its products, who normally distribute a variety of products to their customers. The markets in which the Company sells these products is highly competitive, characterized by pricing pressure and many competitive products. These products are US FDA and Health Canada cleared.

The Company's SIAscopy and therapeutic light products are produced in an ISO 13485, CMDCAS certified manufacturing and testing facility in Mississauga, Ontario.

The Company has experienced significant issues with respect to a lack of funding and cash flow. It has experienced losses since its inception, and has a large negative working capital balance. The very competitive nature of the market for the therapeutic laser products, and the absence until 2014 of the CE mark after the acquisition of SIAscopy hampered the ability of the Company to generate adequate sales and cash flow. As a result, the Company has not reached a level of profitability that would allow it to market itself aggressively, as is required in the market. The Company has continued to increase SIAscopy revenues, which it anticipates will continue, which should improve cash flows, which may improve the likelihood of raising additional capital.

In March 2014, the Company raised gross proceeds of $565,000 in an initial close of a brokered private placement of Units, consisting of common shares and warrants. In May

2014, the Company raised an additional $350,000 in a second close of the private placement of Units, of which $165,000 was utilized to settle debt.

In June 2014, at a meeting of shareholders, the shareholders of the Company approved the settlement of $435,604 of amounts owing to insiders of the Company by issuing 1,742,415 common shares. In addition, at the meeting, the shareholders approved the establishment of a new Incentive Stock Option Plan, the terms of which included an increase in the number of options available in the plan to 12,000,000.

In September 2014, the company was advanced $50,000 by a company related to a director, under a non-interest bearing Promissory Note, due on demand.

In November 2014, the Company granted 7,150,000 share options to management of the Company.

In March 2015, the Company entered into a demand loan arrangement with a corporation controlled by a Director for $100,000, which was advanced to the Company, with no fixed terms for repayment, without interest. In connection with the loan, the Company granted 100,000 share options to the lender on December 30, 2015, which options may be exercised for two years from the grant date at $0.12 per share.

In June 2015, the Company borrowed $500,000, under a three year Term loan agreement with a party related to a Director, with an interest rate of 8.0%, paid quarterly, and secured by a General Security Agreement.

In December 2015, the Company issued 3,253,437 common shares to settle $454,023 of amounts owing by the Company to insiders and other vendors, of which 2,550,000 of the shares issued were to insiders, as approved at a meeting of shareholders in November 2015.

In December 2015, the Company entered into a $277,010 (US$200,000) Term loan agreement with a company related to a customer, due in June 2018, with an interest rate of 8.0%, paid quarterly, and secured by a General Security Agreement.

Subsequent to December 31, 2015, $75,000 was advanced to the Company, on a demand, non-interest bearing basis, by two Directors.

The Company is continuing its efforts to raise additional funds, to provide the working capital to pursue its current strategic objectives, and to reduce its liabilities.

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Review of Operating Results

	Year Ended December 31	
	2015	**2014**
Sales	$ 1,171,421	$ 877,732
Cost of sales	509,792	390,715
Gross profit	661,629	487,017
Expenses		
Selling, general and administrative	1,164,216	662,785
Share-based compensation	140,630	339,203
Interest expense	28,083	10,364
(Gain) on disposal of subsidiaries	-	(122,621)
(Gain) on debt settlements	(226,282)	(261,362)
Foreign exchange loss	15,839	22,646
Amortization of property and equipment	12,392	14,579
Amortization of intangibles	26,000	26,000
	1,160,878	691,594
Net loss for the year	**$ (499,249)**	**$ (204,577)**

Year Ended December 31, 2015 and 2014

Sales -
Revenue of $1,171,421 for the year ended December 31, 2015 was $293,689, or 33.5% higher than the sales of $877,732 for the year ended December 31, 2014. Revenues from the Company's SIAscopy product line were $668,890 for the year ended December 31, 2015, a $353,750 increase, which is 112.3% higher than revenues in the prior year. Revenues from SIAscopy represented 57% of total revenue for the year, compared with 36% in 2014. The Company's European channel partner continued to purchase units during 2015 in support of its initiatives to install skin assessment services in pharmacy and selected clinic locations in Norway, Sweden, and most recently in a pilot program in the U.K. As the number of units installed through this channel increases, the Company anticipates additional revenue from sales of scanning devices and scan related fees.

Revenues from MedX's therapeutic laser products and other of $502,531 in 2015 were $60,061, or 10.7% lower than sales in 2014. Sales of this line were impacted earlier in the year by short-term supply issues impacting production, and recovered towards the end of the year. However, the therapeutic laser market is very competitive, and while the Company has updated its product line, growing sales above current levels will be challenging.

Cost of sales -
Cost of sales of $509,792 for the year ended December 31, 2015 were $119,077, or 30.5% higher than cost of sales of $390,715 in 2014. The increased costs are a result of

higher sales for the year. Cost of sales as a percent of sales was 43.5% in 2015 compared with 44.5% in 2014. While the cost of sales on SIAscopy products is lower as a percent of sales, and the proportion of revenue from SIAscopy was higher in 2015, other cost increases during the year offset the impact.

Gross profit -
Gross profit for the year ended December 31, 2015 was $661,629, a $174,612 increase from gross profit of $487,017 for the year ended December 31, 2014, with the increase resulting primarily from the increase in revenues from a higher volume of sales. The gross margin for 2015 was 56.5% of sales versus 55.5% of sales in the prior year.

Selling, general and administrative expenses –
Administrative expenses of $1,164,216 for the year ended December 31, 2015 were $501,431 higher than $662,785 for the year ended December 31, 2014. Expenses in 2015 were marginally higher than 2014 after taking into account a $460,345 reduction of expenses in 2014 from the reversal of accounts payable and accrued liabilities determined to be no longer considered payable. During 2015, the company incurred higher spending on regulatory matters, sales and marketing and technology updates, offset in part by reductions of accrued fees by the Board of Directors. Given the current cash situation, the Company continues to control costs very carefully, focusing where there is an opportunity to build sales.

Share-based compensation –
The expense related to share-based compensation of $140,630 for the year ended December 31, 2015 represents the allocation of costs over the vesting period from share options granted in 2014, and the expense related to options granted during the year. The $339,203 recorded in the prior year related to the options granted in 2014, with a larger proportion of the options vesting in the prior year.

Interest –
Interest expense of $28,083 for the year ended December 31, 2015 was $17,719 higher than $10,364 of interest expense for the year ended December 31, 2014. Interest costs rose as a result of the Company entering into a $500,000 term loan in June 2015, that bears interest at 8.0% per year. The Company entered into an additional term loan of $277,010 (US$200,000) at the end of 2015, which will result in higher interest costs in 2016.

Gain on disposal of subsidiaries –
In the prior year, the Company disposed of the shares and other interests in several inactive subsidiaries, for nil consideration, which resulted in a gain of $122,621 being recorded.

Gain on debt settlements -
During 2015, the Company issued 3,253,437 common shares in settlement of $454,023 of amounts owing by the Company. The share price on the date the shares were issued

was $0.07, resulting in an addition to share capital of $227,741, and a gain on the settlements of $226,282. The debt settlements included 2,550,000 shares issued to non-arms length parties, to settle 328,956 of amounts owing. During 2014, the company settled $435,604 of amounts owing to insiders of the Company by issuing common shares, that resulted in a gain of $261,362.

Foreign exchange loss –
The Company incurred a foreign exchange loss of $15,839 during the year ended December 31, 2015, compared with a loss of $22,646 in 2014. The loss results primarily from the translation of net foreign denominated payables balances at the year end. The amount of liabilities denominated in non-Canadian dollars has decreased from prior years.

Net loss for the year –
The net loss and comprehensive loss of $499,249 for the year ended December 31, 2015 was $294,672 higher than the loss of $204,577 for the year ended December 31, 2014. The improvement in sales and gross margin was offset by the comparison against the $460,345 gain recorded in the prior year as a result of the reversal of liabilities in 2014. After accounting for the gain in the prior year, there was a $165,673 profit improvement in 2015 resulting from a $293,689 revenue increase.

Liquidity and Capital Resources

The Company had a working capital deficiency of $2,062,005 as of December 31, 2015, compared with $2,470,654 as of December 31, 2014. The decrease in the deficiency from December 31, 2014 resulted primarily from the increase in cash from a $500,000 term loan issued in June 2015.

As at December 31, 2015, the Company had a working capital deficiency of $2,062,005, an accumulated deficit of $22,209,810 and a shareholders' deficiency of $2,391,605. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon achieving a profitable level of operations and obtaining additional financing, neither of which is assured. The Company has been able to raise capital to continue to market its products, and continues to develop sales opportunities that could result in additional sales of its product in the future. The Company's consolidated financial statements do not give effect to any adjustments which might be necessary should the Company be unable to continue as a going concern and 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 accompanying consolidated financial statements. These adjustments could be material.

As a result of the large working capital deficiency and negative cash from operations, the Company manages its cash resources and expenditure levels carefully to ensure that risks are minimized, while focusing on marketing its products and building sales.

The Company continues to assess and manage the reduction of liabilities. While the Company was not able to raise the cash required to pay down debt during the last several years, it has negotiated settlements with creditors that has included issuing shares and warrants. Accounts payable and accrued liabilities of $2,058,097 as of December 31, 2015 are $583,170 lower than in 2014, and $1,734,568 lower than at the end of 2013. The Company has, and will continue where possible to reduce its liabilities, and its recurring cost base to conserve cash.

During 2014, the Company completed a brokered private placement of Units, in two tranches, raising gross proceeds of $915,000 ($826,868, net of related expenses), consisting of 9,150,000 common shares and 9,150,000 warrants. Each warrant is exercisable into one common share, at $0.20 per share, for two years from the closing dates of the tranches (March and May, 2014). In addition, the Company issued 600,000 broker warrants. The Company repaid a $150,000 promissory note and $15,000 of accrued interest from the proceeds of the private placement.

In 2014, as approved at a shareholders' meeting, the Company settled $435,604 of amounts owing to insiders of the Company by issuing 1,742,415 common shares. Of the amount settled, $25,000 was a demand loan, with the remainder representing unpaid salaries, fees and accrued interest.

Also during 2014, the Company was advanced $50,000 by a company related to a Director of the Company. The advance is non-interest bearing, unsecured and due on demand.

During 2015, the Company entered into a demand loan with a corporation controlled by a director, and was advanced $100,000, without interest. The agreement included a 3% commitment fee payable on repayment, and in addition, the Company granted 100,000 share options to the lender, which are exercisable for two years at $0.12 per share.

The Company entered into a $500,000 Term Loan agreement in June 2015 with a party related to a Director. The loan is for three years, with an 8% interest rate, paid quarterly, and no principal payments to maturity. The loan is secured by a General Security Agreement over the assets of the Company, on a pari passu basis with the other Term loan.

In December 2015, the Company entered into a $277,010 (US$200,000) Term Loan agreement with a company related to a customer, due in June 2018, with an 8% interest rate, paid quarterly, and no principal payments to maturity. The loan is also secured by a General Security Agreement over the assets of the Company, on a pari passu basis with the other Term loan.

As of December 31, 2015, the Company's capital resources consist of the following:

Accounts payable and accrued liabilities –

The Company had $2,058,097 of accounts payable and accrued liabilities as of the December 31, 2015, a decrease of $583,170 from $2,641,267 on December 31, 2014. The decrease resulted from settlements of amounts owing to insiders and other vendors in exchange for common shares, and in addition, members of the Board of Directors agreeing to a reduction of amounts previously owing to them. The December 31, 2015 amounts consist of trade payables ($274,474), amounts owing to staff, management and directors for unpaid compensation and fees ($1,058,825), amounts owing and accrued to governments for unpaid payroll withholdings, sales and other taxes ($402,441) and interest and other accruals ($322,357).

Demand loans –

The Company has three advances outstanding, consisting of two non-interest bearing advances totaling $150,000 from a company related to a Director, including $100,000 advanced in 2015 and $50,000 advanced in 2014, and an advance of $29,000 owing to an individual related to a Director of the Company, bearing interest at prime plus 6% per annum.

Term loans -

The Company entered into a $500,000 Term Loan agreement in 2015 with a party related to a Director. The loan is for three years, due in June 2018, with an 8.0% interest rate, paid quarterly, and no principal payments to maturity. The Company has the option to repay the loan at any time without penalty. The lender has the option of requiring the principal portion to be repaid in monthly installments to maturity, if certain financial targets are not being met. The debt is secured by a General Security Agreement, on a pari passu basis with the other term loan.

The Company entered into another Term Loan, for $277,010 (US$200,000), with a party related to a customer, which loan is due in June 2018. The terms of the loan are the same as the loan above, with an 8.0% interest rate, paid quarterly, and no principal payments to maturity. The Company has the option to repay the loan at any time without penalty. The lender has the option of requiring the principal portion to be repaid in monthly installments to maturity, if certain financial targets are not being met. The debt is also secured by a General Security Agreement, on a pari passu basis with the other term loan.

Share Capital -

The Company has 73,890,509 shares outstanding as of December 31, 2015:

	Number of shares	Stated Capital
Balance, January 1, 2014	**59,744,657**	**$ 14,705,250**
Issued in exchange for debt	**1,742,415**	**174,242**
Issued for cash	**9,150,000**	**429,767**
Balance, December 31, 2014	**70,637,072**	**15,309,259**
Issued in exchange for debt	**3,253,437**	**227,741**
Balance, December 31, 2015	**73,890,509**	**$ 15,537,000**

During 2014, the Company completed two tranches of a brokered private placement, totaling 9,150,000 units (the "Units") for gross proceeds of $915,000, at $0.10 per Unit. Each Unit consisted of one common share and one common share warrant of the Company. Each warrant entitles the holder to purchase one common share of the Company for $0.20 per share for two years from the closing dates of the tranches.

For the first tranche completed in March 2014, the Company allocated the $565,000 proceeds between the 5,650,000 shares and 5,650,000 warrants issued, based on the relative value of the components. The value of the shares was based on the closing value of the Company's shares on the closing date of $0.12, and the value for the warrants using the Black-Scholes pricing model at the issue date as $0.083 per share based on a share price volatility of 166% based on historical volatility, a risk free rate of 1.06%, and with no expected dividend yield over the life of the warrant. As a result, the amount was allocated as to $333,209 to share capital and $231,791 to the warrants. The Company incurred cash related issue costs in connection with private placement of $64,575, and this amount has been allocated in the same manner as the proceeds, with $38,083 as a reduction of share capital and $26,492 as a reduction of the warrants.

The Company issued 452,000 broker warrants in connection with first tranche of the private placement. The value of the broker warrants, determined as $80,175, are considered as issue costs of the private placement, and this amount has been allocated in the same manner as the proceeds, with $47,283 as a reduction of share capital and $32,892 as a reduction of the warrants. Each broker warrant consists of a right to purchase a unit comprising one common share and one common share warrant, and the unit can be purchased for $0.10 until March 19, 2016. The warrant included in the unit allows the holder to acquire one common share for $0.20 until March 19, 2016. The value for the broker warrants was determined using the Black-Scholes pricing model with a share price volatility of 166% based on historical volatility, a risk free rate of 1.06%, and with no expected dividend yield over the life of the warrants.

For the second tranche of the brokered private placement, completed in May 2014, the Company allocated the $350,000 proceeds between the 3,500,000 shares and the 3,500,000 warrants issued, based on the relative value of the components. The value of the shares was based on the closing value of the Company's shares on the closing date of $0.10, and the value for the warrants using the Black-Scholes pricing model at the issue date as $0.068 per share based on a share price volatility of 167% based on historical volatility, a risk free rate of 1.13%, and with no expected dividend yield over the life of the warrant. As a result, the amount was allocated as to $208,708 to share capital and $141,292 to the warrants. The Company incurred cash related issue costs in connection with private placement of $23,557, and this amount has been allocated in the same manner as the proceeds, with $14,047 as a reduction of share capital and $9,510 as a reduction of the warrants.

The Company issued 148,000 broker warrants in connection with the second tranche of the private placement. The value of the broker warrants, determined as $21,359, are considered as issue costs of the private placement, and this amount has been allocated in the same manner as the proceeds, with $12,737 as a reduction of share capital and $8,622 as a reduction of the warrants. Each broker warrant consists of a right to purchase a unit comprising one common share and one common share warrant, and the unit can be purchased for $0.10 until May 9, 2016. The warrant included in the unit allows the holder to acquire one common share for $0.20 until May 9, 2016. The value for the broker warrants was determined using the Black-Scholes pricing model with a share price volatility of 167% based on historical volatility, a risk free rate of 1.13%, and with no expected dividend yield over the life of the warrants.

Also during 2014, the Company issued 1,742,415 common shares to settle $435,604 of amounts owing to insiders of the Company. The market value of the Company's shares as of the date of issue was $0.10, resulting in an addition to share capital of $174,242, and a gain on the debt settlement of $261,362. Included in the settled debt was a demand loan of $25,000, with the remainder representing unpaid interest, salary, director and other fees.

On December 23, 2015, the Company issued 3,253,437 common shares to settle $454,023 of amounts owing by the Company. The market value of the Company's shares as of the date of issue was $0.07, resulting in an addition to share capital of $227,741, and a gain on the settlements of $226,282. Included in this were 2,550,000 shares issued to non-arms length parties, to settle $328,956 of amounts owing, resulting in a gain of $150,456.

Stock options –

On June 24, 2014, the shareholders of the Company approved the establishment of a new Incentive Stock Option Plan. The new plan increased the number of options available under the plan from 5,076,332 to 12,000,000. Under the terms of the plan, directors, officers, employees and consultants, subject to certain conditions, may be

granted options to purchase common shares of the Company, and options granted under the old plan are carried forward to the new plan. As at December 31, 2015 there were 10,125,000 options that have been granted and remain outstanding, of which 9,307,564 are vested, with 1,875,000 options available to be granted under the plan. Options generally expire after five years, with vesting provisions stated in the plan.

The options outstanding as of December 31, 2015, have a weighted average exercise price of $0.10, and have an average remaining life of 3.4 years.

On December 30, 2015, 100,000 options were granted to an insider. The options, which are fully vested, are exercisable at $0.12 for a period of two years from the date of grant.

In 2014, 7,150,000 options were granted to management and consultants, which have an exercise price of $0.10, and may be exercised to November 29, 2019. During the year ended December 31, 2014, 1,575,000 options expired.

Warrants –

The Company has issued warrants in connection with debt and share offerings and debt settlements. The number of warrants outstanding as of December 31, 2015, and a summary of their terms are as follows:

Warrants	Warrant Expiry and Exercise Prices
5,650,000	$0.20 until March 19, 2016
452,000	$0.10 Units until March 19, 2016, one share and one warrant at $0.20
3,500,000	$0.20 until May 9, 2016
148,000	$0.10 Units until May 9, 2016, one share and one warrant at $0.20
9,750,000	

The value of warrants has been estimated in each case using the Black-Scholes pricing model as of the applicable date of the transaction.

On March 19, 2016, 6,102,000 warrants and broker warrants expired.

Off-Balance Sheet Arrangements –

The Company has no off-balance sheet arrangements

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Issued and outstanding Shares, Warrants and Stock Options

As at the date of this Report the following total numbers of shares, warrants and stock options were issued and outstanding:

Common shares	73,890,509
Warrants	3,648,000
Stock Options	10,125,000

Three Months Ended December 31, 2015 and 2014

	Three Months Ended December 31	
	2015	2014
Sales	$ 339,569	$ 204,694
Cost of sales	223,158	104,967
Gross profit	116,411	99,727
Expenses		
Selling, general and administrative	452,904	141,371
Share-based compensation	23,869	339,203
Interest expense	14,103	2,255
(Gain) on disposal of subsidiaries	-	(122,621)
(Gain) on debt settlements	(226,282)	-
Foreign exchange loss (gain)	130	(2,069)
Amortization of property and equipment	(784)	3,694
Amortization of intangibles	6,500	6,500
	270,440	368,333
Net loss for the period	**$ (154,029)**	**$ (268,606)**

Sales -
Revenue of $339,569 for the three months ended December 31, 2015 was $134,875, or 65.9% higher than the sales of $204,694 for the three months ended December 31, 2014. Revenues from the Company's SIAscopy product line were $216,401 for the three months ended December 31, 2015, $158,080, or almost four times higher than in the three month period in 2014. The large revenue increase was in part related to timing, as large individual orders can significantly impact comparisons. Continuing growth is being experienced from this product line. Sales of the Company's therapeutic laser products and other of $123,168 for the fourth quarter of 2015 were $23,175, or 15.8% lower than sales in the final quarter of 2014. There was modest improvement in sales of this line in the most recent quarter when compared with earlier in the year.

Cost of sales -
Cost of sales of $223,158 for the three months ended December 31, 2015 were $118,191 higher than cost of sales of $104,967 for the three month 2014 period, representing a 112.6% increase. The increase resulted from the higher sales, but also from final adjustments for yearend accounting purposes. Cost of sales as a percent of sales was 65.7% in the 2015 period compared with 51.3% in 2014.

Gross profit -
Gross profit for the three months ended December 31, 2015 was $116,411, a $16,684 increase from gross profit of $99,727 in the fourth quarter of 2014. The gross margin for the fourth quarter of 2015 was 34.3% of sales versus 48.7% of sales in the prior year period, as a result of year end accounting adjustments.

Selling, general and administrative expenses –
Administrative expenses of $452,904 for the three months ended December 31, 2015 were $311,533 higher than $141,371 for the three months ended December 31, 2014. Approximately half this increase is a result of reallocating amounts recorded as reductions in administrative costs in earlier quarters to debt settlement gains in the three months ended December 31, 2015. In the 2014 three month period, reductions were made to accruals from previous periods that lowered administrative costs by $160,000, representing the remainder of the increase. As the Company has experienced shortages of working capital, expenses have been kept to a minimum during the last two years, and in general, expense levels will be comparable.

Share-based compensation –
The expense related to share-based compensation of $23,869 for the three month period ended December 31, 2015 was significantly lower than $339,203 recorded in the prior year three month period. The amounts recorded represent the allocation of costs over the vesting period from share options granted in the fourth quarter of 2014 and expenses for options granted in 2015, with the large amount recorded in 2014 from the large proportion of the options vested during the period they were granted.

Interest –
Interest expense of $14,103 for the three months ended December 31, 2015 was $11,848 higher than $2,255 in the 2014 three month period. Interest costs rose as a result of the Company entering into a $500,000 term loan earlier in 2015.

Gain on disposal of subsidiaries –
In the prior year, the Company disposed of the shares and other interests in several inactive subsidiaries, for nil consideration, which resulted in a gain of $122,621 being recorded.

Gain on debt settlements -
During the three month period ended December 31, 2015, the Company issued 3,253,437 common shares in settlement of $454,023 of amounts owing by the

Company. The share price on the date the shares were issued was $0.07, resulting in an addition to share capital of $227,741, and a gain on the settlements of $226,282 during the three months ended December 31, 2015.

Foreign exchange loss –
The Company incurred a foreign exchange loss of $130 during the three months ended December 31, 2015, compared with a gain of $2,069 in 2014. The gains and losses for the periods in each year are minor, relating primarily to the translation of foreign denominated balances at the end of the period.

Net loss for the period –
The net loss and comprehensive loss of $154,029 for the three months ended December 31, 2015, was $114,577 lower than the loss of $268,606 for the three months ended December 31, 2014. The gross margin was marginally higher than the prior year period, and higher administrative costs were offset by the benefit of debt settlement gains in the three month period.

Capital Resources –

The Company has made only relatively low levels of capital expenditures in the last two years. There are no immediate plans to make substantial capital expenditures, although the Company's initiatives to broaden the distribution of its SIAscopy products to multi-centre outlets may involve a higher level of capital expenditures in the future.

The Company manages its capital structure within guidelines approved by the Board of Directors. The Company makes adjustments to its capital structure based on changes in economic conditions and Company's planned requirements. The Company has the ability to adjust its capital structure by issuing new equity or debt, selling assets to reduce debt, controlling the amount it distributes to shareholders, and making adjustments to its capital expenditure program.

There were no changes in the Company's approach to capital management during the year ended December 31, 2015. The Company is not subject to externally imposed capital restrictions.

Summary of Quarterly Results

Amounts in $000's, except per share amounts

Quarter Ended	March 31 2014	June 30 2014	September 30 2014	December 31 2014	March 31 2015	June 30 2015	September 30 2015	December 31 2015
Revenues	$158	$220	$295	$205	$299	$367	$166	$339
Comprehensive Income/(Loss)	($269)	($10)	$343	($269)	($56)	($51)	($239)	($154)
Loss per share	($0.00)	($0.00)	$0.00	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)

As the foregoing Table indicates, results over the past eight quarters have fluctuated, driven in part by revenues. Revenues during most of the past two years have shown general improvement beginning in 2014 with a focus on sales of the SIAscopy product line after obtaining re-certification for the CE Mark in 2014. Periods with lower losses

have resulted primarily from gains relating to debt settlements or other liability reductions by the Company.

Contractual Obligations

The Company leases space for its office and manufacturing facility, entering into a new five year lease beginning in September 2015, with annual minimum lease obligations of $38,256 in 2016, $38,400 in 2017, $38,688 in 2018, $38,828 in 2019 and $26,072 in 2020.

Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amount of revenues and expenses during the reporting year. By their nature, these estimates are subject to measurement uncertainty and are reviewed periodically and adjustments, if necessary, are made in the year in which they are identified. Actual results could differ from those estimates.

Significant estimates in connection with the consolidated financial statements include the valuation and determination of the useful lives of assets, valuation of share-based compensation, warrants, debt settlements through issuance of shares, deferred income taxes, deferred revenue, receivables and inventory valuation, and the valuation of intangibles of the Company.

Significant judgments in connection with the consolidated financial statements include going concern and revenue recognition.

Recent Accounting Pronouncements

At the date of authorization of these consolidated financial statements, the IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued the following new and revised Standards and Interpretations which are not yet effective.

The Company has not early adopted these standards, amendments and interpretations; however it is currently assessing what impact, if any, the application of these standards or amendments will have on future consolidated financial statements.

IAS 1 - Presentation of Financial Statements

IAS 1, Presentation of Financial Statements was amended by the IASB in December 2014. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the

whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of the financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

IAS 16 and IAS 38 – Property, Plant and Equipment and Intangible Assets

IAS 16 and IAS 38, Property, Plant and Equipment and Intangible Assets were amended by the IASB in December 2013. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset are not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

IFRS 9 - Financial Instruments

IFRS 9, Financial Instruments was issued in final form by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

Most requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements.

The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. In addition, a single, forward-looking expected loss impairment model is introduced, which will require more timely recognition of expected credit losses. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers was issued by the IASB in May 2014. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for

example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 supersedes the following standards: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue - Barter Transactions Involving Advertising Services.

Financial Instruments

The Company has classified its financial instruments in accordance with IFRS into various categories as described in its accounting policies. A disclosure of exposures to risk with respect to financial instruments and the potential impact is described below.

Fair Value

The carrying value of accounts receivable, accounts payable and accrued liabilities, and demand and term loans approximates fair value due to the relatively short-term maturity of these financial instruments. Given the respective designations cash is the only financial instrument carried at fair values and has been categorized as level 1 on the fair value hierarchy.

The main risks the Company's financial instruments are exposed to are credit risk, interest rate risk, foreign currency risk and liquidity risk, each of which is discussed below.

Risk Disclosures
The main risks the Company's financial instruments are exposed to are credit risk, interest rate risk, foreign currency risk and liquidity risk, each discussed below.

Credit Risk -
Credit risk is low with respect to its trade and other receivables. Individual sales are relatively small, are normally to established customers, and often include a deposit for a large portion of the sale, or payment in full prior to delivery.

The Company maintains cash balances with Canadian commercial banks. As such, the Company believes its credit risk is minimal on cash balances.

Interest Rate Risk -
The Company has a low exposure to risk with respect to interest rate fluctuations, as a large proportion of its debt is at a fixed rate of interest. A 1% change in interest rates would have a negligible impact on income. The Company may increase debt levels depending on the nature of the financing in the future. If cash balances are higher than required for immediate requirements, the Company invests with a low risk strategy in secure short-term deposits through major banks to earn interest income.

Foreign Currency Risk -
The Company has low exposure to foreign exchange fluctuations with respect to cash, given the low cash balances. There is an impact on net loss from the translation of the accounts receivable and accounts payable balances and debt denominated in US Dollars as of the end of the year. The company sells its products internationally, and incurs costs from international suppliers. As of December 31, 2015, a portion of the Company's accounts receivable, accounts payable and long-term debt were denominated in US Dollars, Euros and British Pounds. A 5% change in the exchange rate of those currencies relative to the Canadian Dollar would impact the net loss by approximately $23,500.

The objective in managing foreign exchange risk is to monitor expenditure requirements in the short and medium term by currency, and convert available cash to the appropriate currency to match the requirements. The Company has not entered into any foreign exchange hedging contracts as of December 31, 2015 and 2014.

Liquidity risk -
Liquidity risk results from an excess of financial liabilities over available financial assets at any point in time. The Company's objective in managing risk is to ensure that it raises the amount of cash required to fund operating losses and to maintain cash to meet its other obligations. In this regard, the Company has had difficulty raising the level of cash required to meet its financial obligations as they have come due, and has entered into a number of transactions to settle debts through the issuance of shares. Cash has been raised in the last several years, and the Company will be required to raise additional cash to fund its ongoing operating requirements. A portion of the cash raised was in the form of debt, due on a demand basis. The Company is in a position where its liabilities are greater than its assets.

As at December 31, 2015, $2,237,097 (2014 - $2,720,267) of the Company's financial liabilities have contractual maturities less than three months. Refer to Note 8 of the Company's consolidated financial statements for additional discussions regarding the contractual maturities of financial liabilities in excess of one year in 2015. There were no financial liabilities with contractual maturities in excess of one year in 2014.

Related Party Transactions

During the year ended December 31, 2015 the Company incurred costs for management and Board compensation, prior to the reductions noted below, of $513,650 (2014 - $532,438) under the terms of their compensation arrangements. In addition, $114,729 of the expense recorded in 2015 (2014 - $313,508) for share-based compensation relates to management.

During 2015, members of the Board of Directors agreed to a reduction of $134,000 of certain amounts owing to them, and the settlement for the remaining $51,200 of such remaining amounts by the issuance of 512,500 shares of the Company. In addition,

settlements of a total of $277,706 owing to an employee and companies connected with insiders have been settled with the issuance of 2,037,500 shares.

See notes 8 and 9 of the Company's consolidated financial statements for related party transaction disclosure relating to demand loans, long-term debt, debt settlements, and stock options issuances.

Included in accounts payable and accrued liabilities as of December 31, 2015 is $965,448 (December 31, 2014 - $1,047,910) due to officers and directors of the Company.

Subsequent Events

Subsequent to December 31, 2015, 6,102,000 warrants and broker warrants expired on March 19, 2016.

Subsequent to December 31, 2015, two Directors of the Company advanced a total of $75,000, on an unsecured, non-interest bearing basis to the Company.

Risks and Uncertainties

Although not exhaustive, the following list summarizes some of the key risks the Company faces, as well as, strategies the Company employs to manage these risks:

Market, Operating and Competitive Risks -
The market opportunity for the Company's products is dependent upon external factors such as the level of regulation of the medical device and diagnostic market, acceptance of the Company's products by the medical and healthcare profession and patient/consumer interest. As well, the Company has larger competitors who have larger customer bases and more significant financial and operating resources which may make it more difficult for the Company to compete in the marketplace.

Technology Risks -
The Company has invested significant resources in its products to ensure that they provide its customers with a competitive offering relative to other suppliers in its industry. As a result of its financial position, the Company has not been able to confirm the existence of all of its intellectual property, and if the Company has not protected its intellectual property adequately or if it infringes third party intellectual property rights, it may lose its competitive advantage and incur significant costs and loss of reputation that could materially negatively impact its business. To manage this risk, the Company has invested significant resources in product development and professional assistance to protect its intellectual property and avoid to the extent possible infringement of third party intellectual property rights.

Operating Losses -
The Company has experienced operating losses since incorporation in 1999. As at December 31, 2015, MedX has a deficit of $22,209,810. The Company may continue to incur additional losses and negative cash flows from operations and may never achieve profitability. Its success will depend mainly on its ability to generate enough operating income to achieve profitability and to develop its products and technology to capture meaningful market share. MedX may be unable to achieve profitability and this inability could have a material adverse effect on the Company's business, results of operations and financial condition.

Capital Requirements/Financing -
The Company relies on funding from internally generated revenues and external sources to provide sufficient capital to continue ongoing operations. There is no certainty that internal profits will be generated or that the Company will be successful in attracting external sources of capital. If MedX does not have sufficient capital to fund its operations, it may be required to curtail certain business operations.

Foreign Exchange Rate Risks -
MedX reports its financial results in Canadian Dollars. A substantial amount of revenues are derived from customers in the United States and abroad which are transacted in US dollars and other currencies. If the US dollar or other currencies increase against the Canadian dollar, the reported revenues of the Company will benefit and its margins and results of operations will improve, and vice-versa.

Lack of Dividends -
MedX anticipates that for the foreseeable future, the Company's earnings, if any, will be retained for use in the business, and no dividends will be paid. Declaration of dividends on the Company's common shares will depend on, among other things, future earnings, cash requirements and general business conditions.

Key Personnel Risk -
The future success of the Company is dependent upon the Company's ability to retain, recruit and train senior management, technical, sales and managerial personnel. Competition for qualified employees is intense and it may be possible that the Company is unable to retain and recruit qualified personnel in the future.

Other Risks and Uncertainties -
MedX is an early stage commercial company facing corresponding risks. Future results may differ materially because of fluctuations in the Company's operating results due to changes in the cost of components used to manufacture the Company's products, changes in the regulatory environment for medical devices in the United States, Canada, and internationally, changes in the Company's markets including competitors' new product introductions and fluctuations in the value of the Canadian dollar.

Forward-Looking Statements

This Management's Discussion and Analysis contains certain "forward-looking statements." All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding financial and business prospects and financial outlook) are forward looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company, based on information currently available to the Company. Forward-looking statements are subject to a number of risks, uncertainties and assumptions that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, changes in general economic and market conditions, changes to regulations affecting the Company's activities, and uncertainties relating to the availability and costs of financing needed in the future. Any forward-looking statement speaks only as at the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward looking statements are not guarantees of future performance and, accordingly, undue reliance should not be put on such statements due to the inherent uncertainty therein.

Additional information

Additional information relating to the Company is available at www.sedar.com, and may also be obtained by request to the Company.

Dated: April 29, 2016