MedX Health Corp.
Management's Discussion and Analysis
For the Years Ended December 31, 2014 and 2013

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, 2015. 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, 2014 compared with the year ended December 31, 2013, 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, 2014.

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. These products offer 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.

The therapeutic light products are US Food and Drug Administration cleared, Health Canada cleared and CFDA approved, and are produced in an ISO 13485, CMDCAS certified manufacturing and testing facility in Mississauga, Ontario.

MedX's therapeutic light products are sold in many countries, but a majority of the sales are in North America. The Company primarily 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 its therapeutic light products is highly competitive, characterized by pricing pressure and many competitive products. 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.

In 2011, the Company purchased the complete worldwide assets related to a technology called SIAscopy™, which is a medical device that is used to scan suspicious moles and lesions. The scan is then 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. The purchase price for this

acquisition was $247,608. In addition, the Company is required to pay the seller a royalty of 10% of all revenue derived from the technology in the future.

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. As a consequence of the acquisition in 2011, it was necessary for the Company to renew the European and Australian approvals, a process that was completed for Europe in February 2014, and in Australia in November, 2014. The Company has also recently re-established relationships with distributors that had been actively selling the products to dermatologists and physicians in a number of large markets covered by the CE mark, now that the approvals are back in place.

While most of the distribution arrangements for the SIAscopy products involve marketing the products directly to physicians, clinics and other health care facilities, one European distributor has successfully built a skin scanning business in approximately 100 drugstores in Norway, 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. This model is expanding into Sweden. 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 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 loss of the CE mark after the acquisition of SIAscopy hampered the ability of the Company to generate adequate sales and cash flow. With the recent re-approval of the CE mark, it is anticipated that the Company will be able to grow its sales, and improve cash flows, which may improve the likelihood of raising additional capital.

In November, 2013, Robert von der Porten joined the Company, as its new President and CEO, and as a Director. Steve Guillen, who had been the President and CEO since 2008, resigned, and continues to participate as a Director of the Company.

In December 2013, the Company completed a non-brokered private placement of equity, raising gross proceeds of $203,000 through the sale of Units, which included common shares and warrants.

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. 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.

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, pursuant to which the sum of $100,000 was advanced to the Company, with no fixed terms for repayment, without interest, together with the grant, subject to the Company first obtaining all relevant regulatory and other consents and approvals, of a Warrant to purchase 100,000 shares from the treasury of the Company at the price of $0.12 per share, valid for a period of two years.

Review of Operating Results

	Year Ended	
	December 31 2014	**December 31 2013**
Sales	$ 877,732	$ 579,645
Cost of sales	390,715	269,798
Gross profit	487,017	309,847
Expenses		
Selling, general and administrative	662,785	1,159,557
Stock-based compensation	339,203	35,722
Interest expense	10,364	113,049
(Gain) on disposal of subsidiaries	(122,621)	-
Loss (gain) on debt settlements	(261,362)	810,721
Foreign exchange loss	22,646	45,690
Amortization of property and equipment	14,579	11,453
Amortization of intangibles	26,000	26,000
	691,594	2,202,192
Comprehensive loss	**$ (204,577)**	**$ (1,892,345)**

Year ended December 31, 2014 and 2013

Sales -
Revenue of $877,732 for the year ended December 31, 2014 was $298,087 or 51.4% higher than sales of $579,645 for the year ended December 31, 2013. SIAscopy related revenue for 2014 was $315,140, a $237,469 increase over the revenue of $77,671 in the prior year, the significant increase resulting primarily from the sale of units, licensing and scan based fees from a European-based customer. Sales of MedX's therapeutic laser products of $562,592 for the year ended December 31, 2014 were $60,618, or 12.1% higher than in 2013. While the sales of therapeutic laser products represented 64% of revenue in 2014, the sales of SIAscopy products is growing at a faster rate, which is expected to continue.

The Company's products are sold on a worldwide basis. Sales for the year ended December 31, 2014 were made to customers in Canada – 28%; United States – 34%, Rest of World – 38%. To date, the majority of the SIAscopy revenue has been outside of North America, resulting in a lower proportion of sales from the United States in 2014, which in prior years represented more than 60% of sales.

Cost of sales -
Cost of sales of $390,715 for the year ended December 31, 2014 was $120,917, or 44.8% higher than cost of sales of $269,798 in 2013, attributable primarily to the higher

sales. Cost of sales as a percent of sales was 44.5% in 2014 compared with 46.5% in 2013. The lower cost as a percent of sales resulted primarily from a higher proportion of revenue from the SIAscopy product line.

Gross profit -
Gross profit for the year ended December 31, 2014 was $487,017, a $177,170 increase from gross profit of $309,847 in 2013. The gross margin for 2014 was 55.5% of sales versus 53.5% of sales in the prior year. The gross profit increase resulted from the higher sales, and mix of revenue to higher margin items, as the SIAscopy products have higher margins than the laser lines.

Selling, general and administrative expenses –
Administrative expenses of $662,785 for the year ended December 31, 2014 were $496,772, or 42.8% lower than $1,159,557 for the year ended December 31, 2013. A significant amount of the change was due to adjustments to reduce accounts payable and accrued liability balances. In addition, the Company has continued to monitor and reduce costs where possible, despite an increase in business activity resulting in more marketing and travel, additions to the management team and the costs to move the head office location in 2014.

Stock-based compensation –
The expense related to stock-based compensation of $339,203 for the year ended December 31, 2014 was $303,481 higher than $35,722 in 2013, as a result of a larger number of share options being awarded to management and consultants in 2014.

Interest –
Interest expense of $10,364 for the year ended December 31, 2014 was $102,685 lower than $113,049 in 2013. The expense was lower as a result of lower debt levels, as a significant amount of the interest-bearing debt was settled in 2013.

Gain on disposal of subsidiaries –
The Company disposed of the shares and other interests in several inactive subsidiaries on December 30, 2014, for nil consideration, which resulted in a gain of $122,621 being recorded.

Loss (gain) on debt settlements –
The $261,362 gain in 2014 resulted from a debt settlement during the year, whereby shares were issued, and the market value of the shares on the date issued were less than the debt being settled. In 2013, there were net losses of $810,721 from several settlements, and the losses resulted from the value attributed to the granting of warrants along with shares issued as part of the settlements being more than the debt settled.

Foreign exchange (gain) loss –
The Company incurred foreign exchange losses of $22,646 during the year ended December 31, 2014, compared with a loss of $45,690 in 2013. The losses resulted

primarily from the translation of net payables balances denominated in foreign currencies, which were strengthening against the Canadian dollar during the years.

Comprehensive loss –
The Comprehensive loss of $204,577 for the year ended December 31, 2014 was $1,687,768 lower than the loss of $1,892,345 for the year ended December 31, 2013. While higher sales and an improved margin contributed to the decrease, the positive impact from debt settlements and the significant decrease in administrative costs were the main factors in the lower loss for the year. Lower interest costs, and the positive impact from a gain on the disposal of inactive subsidiaries offset the higher expense from stock-based compensation.

Liquidity and Capital Resources

The Company had a working capital deficiency of $2,470,654 as of December 31, 2014, compared with $3,595,878 as of December 31, 2013. The decrease of $1,125,224 in the deficiency resulted from the debt settlements and other reductions in accounts payable and accrued liabilities, the cash raised through raising equity from a brokered private placement during the year, and from the repayment of a demand loan.

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. Significant effort has been made, and is continuing, to reduce its debt and 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, and issued shares and warrants. The Company has, and will continue where possible to reduce 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. 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.

During 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, and as it was due and not repaid on December 31, 2014, is considered as due on demand.

During 2013, the Company undertook a number of initiatives to raise cash and decrease debt levels. The Company issued a $150,000 promissory note in May, 2013, bearing interest at 10% per annum. As the note was due on December 31, 2013, and unpaid, it was considered due on demand. The loan and accrued interest were repaid in 2014.

On December 31, 2013, the Company completed a non-brokered private placement of Units, raising $203,000 ($181,661 net of issue costs). The Units were issued at $0.10, which consisted of one common share and one common share warrant, exercisable at $0.20 until December 31, 2014, which warrants have expired.

During 2013, the Company settled a total of $1,927,850 of debt, including $158,165 of convertible debentures, $750,000 of demand loans, $503,595 of trade debt and $516,090 of accrued interest. The debt was settled with the issuances of 18,163,511 common shares, and warrants, as follows:

- The Company issued 1,794,365 common shares in March, 2013 to settle an amount payable of $100,000, related to consulting services.

- In July, 2013, the Company issued 3,620,780 common shares to settle $208,000 of demand loans, plus accrued interest of $127,078, totaling $335,078, and a $23,165 convertible debenture, plus accrued interest of $3,835, totaling $27,000. In addition to the common shares, the Company issued 1,810,390 warrants to the debt holders, of which each warrant entitles the holder to purchase one common share of the Company for $0.20 per share until December 31, 2014 and $0.30 until December 31, 2015.

- In November, 2013, the Company issued 694,922 common shares to settle $138,984 of trade debt.

- In November, 2013, the Company issued 12,053,444 common shares to settle $1,326,788 of debt, consisting of $264,610 of trade payables, unpaid salaries, and accrued interest of $69,268, $542,000 of demand loans plus accrued interest of $265,575, and $135,000 of convertible debentures plus accrued interest of $50,335. In addition to the shares, the Company issued 6,026,722 warrants to the debt holders, of which each warrant entitles the holder to purchase one common share of the Company for $0.20 per share until December 31, 2014 and $0.30 per share until December 31, 2015.

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

As of December 31, 2014, the Company's capital resources consist of the following:

Accounts payable and accrued liabilities –

The Company has $2,641,267 of accounts payable and accrued liabilities as of the December 31, 2014, a decrease of $1,151,398 from December 31, 2013. The primary contributors to the decrease during the year were the settling of unpaid amounts to management and directors through the issue of shares, and by the reduction of balances determined no longer payable as the amounts are considered statute barred. In addition, the proceeds from the private placement during the year allowed for the payment of modest amounts owing to vendors. The December 31, 2014 amounts consist of trade payables ($739,054), amounts owing to staff, management and directors for unpaid compensation and fees ($1,160,415), amounts owing and accrued to governments for unpaid payroll withholdings, sales and other taxes ($393,140) and interest and other accruals ($348,658).

Demand loans –

The Company has two advances outstanding, consisting of a non-interest bearing advance of $50,000 from a company related to a director during 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.

Share Capital -

The Company has 70,637,072 shares outstanding as of December 31, 2014:

	Number of shares	Stated Capital
Balance, December 31, 2012	39,551,146	$ 12,577,279
Issued in exchange for debt	18,163,511	1,991,897
Issued for cash	2,030,000	136,074
Balance, December 31, 2013	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, Dectember 31, 2014	70,637,072	$ 15,309,259

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 the year, 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.

During the year ended December 31, 2013, the Company issued shares in a number of transactions undertaken to settle debt, as follows:

- The Company issued 1,794,365 common shares to settle an amount payable of $100,000, related to consulting services. The market value of the Company's shares as of the date of issue was $0.065, resulting in an addition to share capital of $116,634, and a loss on the debt settlement of $16,634.

- In July, 2013, the Company issued 3,620,780 common shares to settle $208,000 of demand loans, plus accrued interest of $127,078, totaling $335,078, and a $23,165 convertible debenture, plus accrued interest of 3,835, totaling $27,000. In addition to the shares, the Company issued 1,810,390 warrants to the debt holders, of which each warrant entitles the holder to purchase one common share of the Company for $0.20 per share until December 31, 2014 and $0.30 until December 31, 2015.

  The value attributed to the settlement of the debt included the value of the shares on the closing date of $0.08 per share, or $287,890, net of issue costs of $1,772, and the value of the warrants of $127,941, net of issue costs of $788. The value of the warrants was based on the Black-Scholes pricing model at the issue date as $0.071 per share, with a price volatility of 238%, a risk free rate of 1.13%, and with no expected dividend yield over the life of the warrant. As a result of these debt settlements, the Company recorded a loss of $56,313.

- In November, 2013, the Company issued 694,922 common shares to settle $138,984 of trade debt. The value attributed to the share capital for the shares issued on this settlement was $86,865, or $0.125 per share, based on the closing price of the shares on the date issued, resulting in a gain on settlement of $52,119.

- In November, 2013, the Company issued 12,053,444 common shares to settle $1,326,788 of debt, consisting of $264,610 of trade payables and unpaid salaries, $542,000 of demand loans plus accrued interest of $361,416, and $135,000 of convertible debentures plus accrued interest of $23,762. In addition

to the shares, the Company issued 6,026,722 warrants to the debt holders, of which each warrant entitles the holder to purchase one common share of the Company for $0.20 per share until December 31, 2014 and $0.30 until December 31, 2015.

The value attributed to the settlement of the debt included the value of the shares on the closing date of $0.125 per share, or $1,500,508, net of issue costs of $6,375, and the value of the warrants of $604,983, net of issue costs of $5,017. The value of the warrants was based on the Black-Scholes pricing model at the issue date as $0.101 per share, with a price volatility of 208%, a risk free rate of 1.13%, and with no expected dividend yield over the life of the warrant. As a result of these debt settlements, the Company recorded a loss of $789,893.

In addition to the debt settlements, in December, 2013, the Company completed a non-brokered private placement of 2,030,000 units (the "Units") for gross proceeds of $203,000 at $0.10 per Unit. Each Unit consisted of one common share and one common share warrant of the Company. Each warrant entitled the holder to purchase one common share of the Company for $0.20 per share until December 31, 2014, which warrants have expired. The Company allocated the $203,000 proceeds between the shares and the 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 $0.09, and the value for the warrants using the Black-Scholes pricing model at the issue date as $0.039 per share based on a share price volatility of 168%, 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 $141,334 to share capital and $61,666 to the warrants. The Company incurred cash related issue costs in connection with private placement of $7,555, and this amount has been allocated in the same manner as the proceeds, with $5,260 as a reduction of share capital and $2,295 as a reduction of the warrants.

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, 2014 there were 10,025,000 options that have been granted and remain outstanding, of which 7,572,693 are vested, with 1,975,000 options available to be granted under the plan. Options generally expire after five years, with vesting provisions stated in the plan.

All of the options outstanding as of December 31, 2014, have an exercise price of $0.10, and have an average remaining life of 4.4 years.

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 26, 2019. During the year ended December 31, 2014, 1,575,000 options expired. The Company granted 400,000 share options in July, 2013, exercisable at $0.10 per share to July 15, 2018, which vested immediately.

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, 2014, and a summary of their terms are summarized as follows:

Warrants	Warrant Expiry and Exercise Prices
1,810,390	$0.30 until December 31, 2015
6,026,722	$0.30 until December 31, 2015
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
17,587,112	

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

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	70,637,072
Warrants	17,587,112
Stock Options	10,025,000

MedX Health Corp.
Management's Discussion and Analysis
For the Years Ended December 31, 2014 and 2013

Three months ended December 31, 2014 and 2013

	Three months Ended	
	December 31 2014	December 31 2013
Sales	$ 204,694	$ 160,555
Cost of sales	104,967	76,468
Gross profit	99,727	84,087
Expenses		
Selling, general and administrative	141,371	127,162
Stock-based compensation	339,203	35,722
Interest expense	2,255	10,894
(Gain) on disposal of subsidiaries	(122,621)	-
Loss (gain) on debt settlements	-	866,503
Foreign exchange (gain) loss	(2,069)	39,157
Amortization of property and equipment	3,694	4,559
Amortization of intangibles	6,500	6,500
	368,333	1,090,497
Comprehensive loss	**$ (268,606)**	**$ (1,006,410)**

Sales -
Revenue of $204,694 for the three months ended December 31, 2014 was $44,139, or 27.5% higher than the sales of $160,555 for the three months ended December 31, 2013. Revenues from the Company's SIAscopy product line were $58,351 for the three months ended December 31, 2014, a $29,577 increase, more than double the revenue of $28,774 in the 2013 period. The Company sold units, and recorded revenue for licensing and for scan based charges during the quarter. Sales of MedX's therapeutic laser products of $146,343 in the fourth quarter of 2014 were $14,562, or 11.1% higher than sales of $131,781 in the 2013 period.

Cost of sales -
Cost of sales of $104,967 for the three months ended December 31, 2014 was $28,499, or 37.3% higher than cost of sales of $76,468 in three month 2013 period. Cost of sales as a percent of sales was 51.3% in the 2014 period compared with 47.6% in 2013. The cost as a percent of sales is higher in the three month period in 2014 as a result of year end accounting, and a lower proportion of revenue from SIAscopy as compared with earlier quarters during the year.

Gross profit -
Gross profit for the three months ended December 31, 2014 was $99,727, a $15,640 increase from gross profit of $84,087 in the 2013 period. The gross margin for the fourth quarter of 2014 was 48.7% of sales versus 52.4% of sales in the prior year period. The

gross profit increase resulted from the higher sales, offset by a slightly lower mix of revenue, and year end accounting adjustments.

Selling, general and administrative expenses –
Administrative expenses of $141,371 for the three months ended December 31, 2014 were $14,209 higher than $127,162 for the three months ended December 31, 2013. The expense in both periods were lower as a result of the reduction of accruals recorded in prior years.

Stock-based compensation –
The expense related to stock-based compensation of $339,203 for the three month period ended December 31, 2014 was $303,481 higher than $35,722 in 2013, as a result of a larger number of share options being awarded to management and consultants in 2014.

Interest –
Interest expense of $2,255 for the three months ended December 31, 2014 was $8,639 lower than $10,894 in the 2013 three month period. The expense was lower as a result of significantly lower debt levels.

Gain on disposal of subsidiaries –
The Company disposed of the shares and other interests in several inactive subsidiaries on December 30, 2014, for nil consideration, which resulted in a gain of $122,621 being recorded.

Loss (gain) on debt settlements –
There were no debt settlements during the three month period ended December 31, 2014. The Company completed a number of debt settlement transactions in the prior year period, that resulted in losses of $866,503.

Foreign exchange (gain) loss –
The Company incurred a foreign exchange gains of $2,069 during the three months ended December 31, 2014, compared with losses of $39,157 in the 2013 period. The loss in the prior year period resulted from the translation of higher net payables balances denominated in foreign currencies while the Canadian dollar was weakening.

Comprehensive loss –
The Comprehensive loss of $268,606 for the three months ended December 31, 2014, was $737,804 lower than a loss of $1,006,410 for the three months ended December 31, 2013. A large proportion of the decrease in the loss was from debt settlements, with a large loss in the prior year and no loss in 2014. The positive impact of the gain on the disposal of inactive subsidiaries offset, in part, the stock-based compensation costs.

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.

Summary of Quarterly Results

Amounts in $000's, except per share amounts

Quarter Ended	March 31 2013	June 30 2013	September 30 2013	December 31 2013	March 31 2014	June 30 2014	September 30 2014	December 31 2014
Revenues	$119	$190	$109	$161	$158	$220	$295	$205
Comprehensive Income/(Loss)	($349)	($175)	($362)	($1,006)	($269)	($10)	$343	($269)
Loss per share	($0.01)	($0.00)	($0.01)	($0.02)	($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 were affected by the delay inherent in obtaining re-certification for the CE Mark for the SIAscopy product line, which re-certification has now been achieved. In addition, large loss in the period ended December 31, 2013, and lower loss for the period ended June 30, 2014 were the result of losses and gains, respectively, from debt settlements. Income for the period ended September 30, 2014 resulted in part from a reduction of liabilities during the period.

Contractual Obligations

Under the terms of the agreement to acquire the SIAscopy assets in 2011, the Company is required to pay a royalty of 10% to the seller on all future revenue related to the acquired assets.

Significant Accounting Judgments and Estimates

The preparation of financial statements requires management to make judgments, estimates and form assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting year. Estimates and underlying assumptions are reviewed on an ongoing basis. Significant areas requiring the use of management estimates relate to going concern, the valuation and determination of the useful lives of assets, valuation of each of the equity and debt components of convertible debentures, valuation of stock-based compensation, warrants, share capital, debt settlements, deferred revenue, deferred income taxes, allowance for doubtful accounts, inventory valuation, and the valuation of intangibles of the Company. Management believes that the estimates utilized in preparing its consolidated financial statements are reasonable and prudent; however, actual results may differ from those estimates.

Recent Accounting Pronouncements

At the date of authorization of these 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.

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures were amended by the IASB in September 2014 to eliminate an inconsistency between IFRS 10 and IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. Subsequent to the amendments, a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not) and a partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendment is effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures were amended by the IASB in December 2014 to clarify the application of the requirement for investment entities to measure subsidiaries at fair value instead of consolidating them. The amendment is effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

IFRS 11 Joint Arrangements was amended by the IASB in May 2014. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendment is effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

IFRS 14 Regulatory Deferral Accounts, an interim standard, was issued by the IASB in January 2014 and permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with previous GAAP requirements when they adopt IFRS. The standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the Standard. The amendment is effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

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 judgement 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 financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The amendment is effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets were amended by the IASB in May 2014. Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is 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 amendment is effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

IAS 16 Property, Plant and Equipment and IAS 41 Agriculture were amended by the IASB in June 2014. Amendments include bringing bearer plants within the scope of IAS 16, instead of IAS 41, because their operation is similar to that of manufacturing. The produce growing on bearer plants will remain within the scope of IAS 41.The amendment is effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

IAS 27 Separate Financial Statements was amended by the IASB in August 2014 to allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

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 (that is, payment) 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. 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. The amendment is effective for annual periods beginning on or after January 1, 2017.

IFRS 9 Financial Instruments was issued 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 of the 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 to be used, replacing the multiple impairment methods in IAS 39.. A new hedge accounting model is introduced and 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. The amendment is effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

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 cash, accounts receivable, accounts payable and accrued liabilities and demand loans approximates fair value due to the relatively short-term maturity of these financial instruments.

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 accounts receivable. Individual sales are relatively small, are normally to established customers, and often include a deposit for a portion of the sale. Risk with respect to its cash is minor given the relatively small balances.

Interest Rate Risk-
The Company has little exposure to risk with respect to interest rate fluctuations, as the level of debt has been significantly reduced. A 1% change in interest rates would have a negligible impact on income. The Company may increase debt levels depending on the nature of 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. The Company has no cash equivalents.

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 comprehensive income from the

translation of the accounts receivable and accounts payable balances as of the end of the year. The Company sells its products internationally, and incurs costs from international suppliers. As of December 31, 2014, a portion of the Company's accounts receivable and accounts payable were denominated in US Dollars, Euros and other currencies. A 5% change in the exchange rate of those currencies would impact the comprehensive loss by approximately $12,100.

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, when possible. Cash balances are small, and foreign exchange hedging is not appropriate.

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 common shares. Cash has been raised in the last three years, and during 2014, 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, with short-term maturities, or due on a demand basis. The Company is in a position where its financial liabilities are greater than its assets.

Related Party Transactions

During the year ended December 31, 2014 the Company incurred costs for management and Board compensation of $532,458 (2013 - $540,125) under the terms of their compensation arrangements, with such amounts included in general and administrative expenses, of which $236,416 has not been paid. In addition, $330,177 of the expense recorded in 2014 for share-based compensation relates to management.

At December 31, 2014, included in accounts payable and accrued liabilities is $1,047,910 (2013 - $1,149,575) due to officers and directors of the Company.

Subsequent Events

Subsequent to December 31, 2014, the company entered into a demand loan arrangement with a corporation controlled by a director, pursuant to which the sum of $100,000 was advanced to the Company, with no fixed terms for repayment, without interest but subject to a 3% commitment fee payable on repayment, together with the grant, subject to the Company first obtaining all relevant regulatory and other consents and approvals, of a Warrant to purchase 100,000 shares from the treasury of the Company at the price of $0.12 per share, valid for a period of two years.

Effective March 31, 2015, certain members of the Board of Directors have agreed to a reduction of $102,500 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, subject to all relevant regulatory and other consent and approval.

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. 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, 2014, MedX has a deficit of $21,710,561. 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, 2015