

**MedX Health Corp.  
Management's Discussion and Analysis  
For the Three and Nine Months Ended September 30, 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 November 27, 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 three and nine month periods ended September 30, 2015 compared with the three and nine month periods ended September 30, 2014, as contained in the unaudited Interim Condensed 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.

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 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

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended September 30, 2015 and 2014**

Company has re-established relationships with distributors that had been actively selling the products to dermatologists and physicians, now that the approvals are back in place.

While 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 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 has expanding into Sweden and the United Kingdom. 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.

These therapeutic light products are US Food and Drug Administration and Health Canada cleared, 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.

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.

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended September 30, 2015 and 2014**

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.

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

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended September 30, 2015 and 2014**

**Review of Operating Results**

	Three Months Ended		Nine Months Ended	
	September 30 2015	September 30 2014	September 30 2015	September 30 2014
<b>Sales</b>	\$ 165,977	\$ 295,247	\$ 831,852	\$ 673,038
Cost of sales	76,556	134,125	286,634	285,748
<b>Gross profit</b>	89,421	161,122	545,218	387,290
<b>Expenses</b>				
Selling, general and administrative	279,853	(195,583)	711,312	521,414
Share-based compensation	23,352	-	116,761	-
Interest	11,170	658	13,980	8,109
Loss (gain) on debt settlements	-	-	-	(261,362)
Foreign exchange (gain) loss	2,732	3,119	15,709	24,715
Amortization of property and equipment	4,392	3,695	13,176	10,885
Amortization of intangibles	6,500	6,500	19,500	19,500
	327,999	(181,611)	890,438	323,261
<b>Comprehensive income (loss)</b>	<b>\$ (238,578)</b>	<b>\$ 342,733</b>	<b>\$ (345,220)</b>	<b>\$ 64,029</b>

**Three Months Ended September 30, 2015 and 2014**

*Sales -*

Revenue of \$165,977 for the three months ended September 30, 2015 was \$129,270, or 43.8% lower than the sales of \$295,247 for the three months ended September 30, 2014. Revenues from the Company's SIAscopy product line were \$59,359 for the three months ended September 30, 2015, a \$57,233 decrease, or approximately half of the prior year three month period. The softer revenue for the quarter was a result of timing, with higher orders in the second quarter, and as the Company's European channel partner is in a trial period with a potential new customer. Sales of MedX's therapeutic laser products of \$106,618 in the third quarter of 2015 were \$72,037, or 40.3% lower than sales in the 2014 quarter. Sales of this line continued to be slowed from product re-certifications and short-term supply issues impacting production, which have been corrected. This was the first quarter in more than two years where sales of therapeutic laser products were lower than the prior year quarter.

*Cost of sales -*

Cost of sales of \$76,556 for the three months ended September 30, 2015 were \$57,569, or 42.9% lower than cost of sales of \$134,125 in three month 2014 period. Cost of sales as a percent of sales was 46.1% in the 2015 period compared with 45.4% in 2014. The cost as a percent of sales was higher than the prior year as the proportion of sales for the SIAscopy line was several percentage points lower than in the third quarter of 2014.

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended September 30, 2015 and 2014**

*Gross profit -*

Gross profit for the three months ended September 30, 2015 was \$89,421, a \$71,701 decrease from gross profit of \$161,122 in the third quarter of 2014. The gross margin for the second quarter of 2015 was 53.9% of sales versus 54.6% of sales in the prior year period, as a result of the mix of revenue. The reduction in gross profit resulted from decline in sales for the quarter.

*Selling, general and administrative expenses –*

Administrative expenses of \$279,853 for the three months ended September 30, 2015 were \$475,436 higher than (\$195,583) for the three months ended September 30, 2014. In the 2014 three month period, the Company reduced accounts payable and accrued liabilities by approximately \$477,000, as a result of the identification of accounts payable and accrual balances determined to be no longer considered payable. Otherwise, the year over year costs are comparable. Given the current cash situation, the Company continues to monitor costs very carefully. With the key objective to build sales, costs related to marketing have increased. Expenses also increased as a result of recording expenses for stock options granted in 2014. These costs were offset by the positive impact from settling a number of old amounts owing at less than their recorded amount.

*Share-based compensation –*

The expense related to share-based compensation of \$23,352 for the three month period ended September 30, 2015 represents the allocation of costs over the vesting period from share options granted in 2014. There were no similar expenses in the prior year period.

*Interest –*

Interest expense of \$11,170 for the three months ended September 30, 2015 was \$10,512 higher than \$658 in the 2014 three month period. Interest costs rose as a result of the Company entering into a \$500,000 three year term loan earlier in 2015.

*Foreign exchange loss –*

The Company incurred a foreign exchange loss of \$2,732 during the three months ended September 30, 2015, compared with a loss of \$3,119 in 2014. The loss results primarily from the translation of net foreign denominated payables balances at the period end, and a weaker Canadian dollar.

*Comprehensive income (loss) –*

The Comprehensive loss of \$238,578 for the three months ended September 30, 2015, represented a difference of \$581,311 from income of \$342,733 for the three months ended September 30, 2014. While the lower sales in the quarter contributed to a decrease in gross margin of \$71,701, the comparison against the \$477,000 gain recorded in the prior year as a result of the reversal of liabilities in that period is the main reason for the large variance in profit.

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended September 30, 2015 and 2014**

**Nine Months Ended September 30, 2015 and 2014**

*Sales -*

Revenue of \$831,852 for the nine months ended September 30, 2015 was \$158,814, or 23.6% higher than the sales of \$673,038 for the nine months ended September 30, 2014. Revenues from the Company's SIAscopy product line were \$452,489 for the nine months ended September 30, 2015, a \$195,700, or 76.2% increase from the \$256,789 in the 2014 nine month period. While lower in the most recent quarter, the Company has experienced significant growth from this product line, with more units sold, and is beginning to generate revenue from scan related charges. Sales of MedX's therapeutic laser products of \$379,363 for the first nine months of 2015 were \$36,886, or 8.9% lower than sales of \$416,249 in the 2014 nine month period.

*Cost of sales -*

Cost of sales of \$286,634 for the nine months ended September 30, 2015 was almost equivalent to the cost of sales in nine month 2014 period. Cost of sales as a percent of sales was 34.5% in the 2015 period compared with 42.5% in 2014. The cost as a percent of sales was lower than the prior year for the 2015 nine month period as the SIAscopy products have a lower cost as a percent of sales, and represented a much higher proportion of revenue in 2015 (54.4% of revenue) when compared with 38.2% of sales in the 2014 period.

*Gross profit -*

Gross profit for the nine months ended September 30, 2015 was \$545,218, a \$157,928 increase from gross profit of \$387,290 in the first nine months of 2014. The gross margin for the nine months in 2015 was 65.5% of sales versus 57.5% of sales in the prior year period, as a result of the mix of revenue, with higher SIAscopy sales, which have higher gross margins. The gross profit increase resulted from both the higher sales, and the higher margins for the first nine months of the year.

*Selling, general and administrative expenses –*

Administrative expenses of \$711,312 for the nine months ended September 30, 2015 were \$189,898 higher than \$521,414 for the nine months ended September 30, 2014. Removing the impact of the \$477,000 gain on the reversal of liabilities in the prior year, expenses are approximately \$290,000 lower than the prior year for the first three quarters of the year. A large portion of the reduction resulted from an agreement during 2015 by members of the Board of Directors to reduce certain amounts owing to them by \$135,000, and other reductions in payables at amounts lower than originally recorded. In addition, lower salaries and marketing related costs were offset by higher fees relating to spending on technology and regulatory matters.

*Share-based compensation –*

The expense related to share-based compensation of \$116,761 for the nine month period ended September 30, 2015 represents the allocation of costs over the vesting period from share options granted in 2014. There were no similar costs in 2014.

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended September 30, 2015 and 2014**

*Interest –*

Interest expense of \$13,980 for the nine months ended September 30, 2015 was \$5,871 higher than \$8,109 in the 2014 nine month period. Interest in the first six months of 2015 was lower, but higher in the third quarter with additional debt taken on.

*Loss (gain) on debt settlements –*

During the prior year nine month period, there was a gain of \$261,362 recorded resulting from the settlement of amounts owing to insiders, who were issued common shares, as approved by the shareholders in June 2014. There were no similar debt settlements in the current year period.

*Foreign exchange loss –*

The Company incurred a foreign exchange loss of \$15,709 during the nine months ended September 30, 2015, compared with losses of \$24,715 in the 2014 period. The loss results primarily from the translation of net foreign denominated payables balances at the period end, and a weaker Canadian dollar. Foreign denominated balances were much higher in the prior year, resulting in higher losses in 2014.

*Comprehensive income (loss) –*

The Comprehensive loss of \$345,220 for the nine months ended September 30, 2015, was \$409,249 lower than income of \$64,029 for the nine months ended September 30, 2014. The improvement in gross margin of \$157,928 resulting from higher sales was offset by the impact of share based compensation costs in 2015, the comparison against gains in the prior year from the reversal of liabilities and other debt settlements.

**Liquidity and Capital Resources**

The Company had a working capital deficiency of \$2,167,509 as of September 30, 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 loan issued in June 2015.

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 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 that has included issuing shares and warrants. Short term liabilities as of September 30, 2015 are \$1.4 million lower than they were 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),

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended September 30, 2015 and 2014**

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, 2016). 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, 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 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, exercisable for a period of two years.

Also during 2015, the Company entered into a \$500,000 Term Loan agreement 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.

As of September 30, 2015, the Company's capital resources consist of the following:

*Accounts payable and accrued liabilities –*

The Company has \$2,229,143 of accounts payable and accrued liabilities as of the September 30, 2015, a decrease of \$412,124 from \$2,641,267 on December 31, 2014. The decrease resulted from members of the Board of Directors agreeing to a reduction of amounts previously owing to them, and other settlements of older liabilities. The September 30, 2015 amounts consist of trade payables (\$488,075), amounts owing to staff, management and directors for unpaid compensation and fees (\$1,077,492), amounts owing and accrued to governments for unpaid payroll withholdings, sales and other taxes (\$398,921) and interest and other accruals (\$264,655).

*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



**MedX Health Corp.  
Management's Discussion and Analysis  
For the Three and Nine Months Ended September 30, 2015 and 2014**

an individual related to a director of the Company, bearing interest at prime plus 6% per annum.

*Term loan -*

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, 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.

*Share Capital -*

The Company has 70,637,072 shares outstanding as of September 30, 2015:

	<b>Number of shares</b>	<b>Stated Capital</b>
Balance, December 31, 2013	<b>59,744,657</b>	<b>\$ 14,705,250</b>
Issued in exchange for debt	<b>1,742,415</b>	<b>174,242</b>
Issued for cash	<b>9,150,000</b>	<b>429,767</b>
Balance, December 31, 2014 and September 30, 2015	<b>70,637,072</b>	<b>\$ 15,309,259</b>

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

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended September 30, 2015 and 2014**

\$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.

*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,

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended September 30, 2015 and 2014**

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 September 30, 2015 there were 10,025,000 options that have been granted and remain outstanding, of which 8,390,129 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 September 30, 2015, have an exercise price of \$0.10, and have an average remaining life of 3.7 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.

*Warrants –*

The Company has issued warrants in connection with debt and share offerings and debt settlements. The number of warrants outstanding as of September 30, 2015, and a summary of their terms are summarized as follows:

<b>Warrants</b>	<b>Warrant Expiry and Exercise Prices</b>
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
<b>17,587,112</b>	

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 Three and Nine Months Ended September 30, 2015 and 2014**

**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	December 31 2013	March 31 2014	June 30 2014	September 30 2014	December 31 2014	March 31 2015	June 30 2015	September 30 2015
Revenues	\$161	\$158	\$220	\$295	\$205	\$299	\$367	\$166
Comprehensive Income/(Loss)	(\$1,006)	(\$269)	(\$10)	\$343	(\$269)	(\$56)	(\$51)	(\$239)
Loss per share	(\$0.02)	(\$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. A large loss in the period ended December 31, 2013, and lower loss for the period ended September 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.

During 2015, the company signed a new five year lease for the production and administrative facilities that it has occupied since mid-2014. The annual lease obligations rise over the five year period, with an average annual cost of \$38,700.

**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 period. 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 share-based compensation, warrants, share capital, debt settlements, deferred revenue, deferred income taxes, allowance for doubtful accounts, inventory valuation, and the valuation of intangibles of

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended September 30, 2015 and 2014**

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.

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended September 30, 2015 and 2014**

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 September 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—

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended September 30, 2015 and 2014**

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, deferred revenue 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 interest-bearing debt is minor. 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

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended September 30, 2015 and 2014**

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 period. The Company sells its products internationally, and incurs costs from international suppliers. As of September 30, 2015, 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 \$15,300.

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 several years, including in 2014 and 2015, 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 nine months ended September 30, 2015 the Company incurred costs for management and Board compensation, prior to the reductions noted below, of \$368,000 (2014 - \$407,708) under the terms of their compensation arrangements. In addition, \$98,904 of the expense recorded in 2015 for share-based compensation relates to management.

During 2015, certain 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, subject to all relevant regulatory and other consent and approval.



**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended September 30, 2015 and 2014**

Included in accounts payable and accrued liabilities as of September 30, 2015 is \$959,568 (December 31, 2014 - \$1,047,910) due to officers and directors of the Company.

**Subsequent Events**

Subsequent to September 30, 2015, the Company applied for, and received approval from the TSX Venture Exchange for the issuance of 3,253,437 common shares relating to settlement of amounts owing to a number of vendors insiders, including the amounts described in Note 16 of the Interim Condensed Consolidated Financial Statements. At the Company's Annual and Special meeting of shareholders held on November 23, 2015, shareholders approved the issuance of shares to insiders.

**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 September 30, 2015, MedX has a deficit of \$22,055,781. 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

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended September 30, 2015 and 2014**

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,

**MedX Health Corp.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended September 30, 2015 and 2014**

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](http://www.sedar.com), and may also be obtained by request to the Company.

**Dated: November 27, 2015**