

**MedX Health Corp.
Management's Discussion and Analysis
For the Three Months Ended March 31, 2018 and 2017**

This Management's Discussion and Analysis has been prepared based on information available to MedX Health Corp. ("MedX" or the "Company") as at the date of this Report. 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-month period ended March 31, 2018 compared with the three-month period ended March 31, 2017 as contained in the 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, 2017.

Overview and Review of Operations

MedX Health Corp. is a medical device company that was incorporated on April 15, 1999, in Ontario. The Company has two main product lines; SIAscopy™, a medical device technology that is used to scan skin for suspicious moles and lesions, and 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's phototherapeutic products have been available in the market for many years, with a strong reputation for quality and reliability. The Company has sold thousands of its products to practitioners in clinics, academic facilities, hospitals, long-term care facilities, and to athletes and sports teams. MedX's therapeutic light products are currently sold in North America. The Company utilizes medical device distributors to sell its products, who normally distribute a variety of products to their customers. The markets in which the Company sells these products are highly competitive, characterized by pricing pressure and many competitive products. These products are US FDA and Health Canada cleared. The Company has implemented improvements in marketing the product line, which has led to a growth in revenues from the product line beginning in late 2016.

The Company purchased the assets and business related to SIAscopy™ in 2011. SIAscopy™ is a medical device technology that is used to scan suspicious moles and lesions, using specific light wavelengths to penetrate 2mm below the surface of the skin, generating five images of the suspicious mole. The scan is read by a trained physician and a determination is made as to whether the suspicious mole or lesion needs a follow-up appointment with a dermatologist, or the patient is deemed clear of follow up. 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.

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SIAscopy™ is a technology proprietary to MedX, 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, Turkey and a number of other countries, totalling 34 countries. The Company works with and is actively growing its network of distributors and distribution partners on a global basis.

The Company initiated a series product development projects in 2017 in line with its technology development roadmap, with the objective of updating its SIAscopy hardware and software, making it more scalable and marketable, which is continuing in 2018. These projects comprise the development of a dermatologic telemedicine platform that will enable web-based operation of its scanning technology as well as an update of the scanner hardware components which will result in higher definition images. The telemedicine platform will allow the Company to deploy its technology in networks of third-party locations from which patients' mole and lesion scans can be connected to specialist physicians for remote assessment. The telemedicine platform will be set up to comply with international standards with specific processes tailored to each jurisdiction. This will allow the Company to have its own system, enabling it to more aggressively market the technology in a recurring revenue scenario. It is anticipated that subsequent to the release of these two innovations, the Company will continue to evolve both the hardware and software over a number of years to meet the demands of the customer base and improve patient access and care.

MedX's SIAscopy products are sold world-wide, but particularly in Europe during the last several years, where a European distributor successfully built and is expanding a skin scanning business in more than 200 pharmacies in Norway, Sweden and the United Kingdom to date, allowing individuals to have a suspicious mole or lesion checked quickly by way of a network of trained physicians who can access the scan images.

The Company started a program in Ontario whereby selected medical clinics are connected by way of the Ontario Telemedicine Network to dermatologists. The Company is also initiating further test programs with its partners in selected European countries and in Canada while pursuing other opportunities in other markets including the United States.

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

The Company has experienced significant issues with respect to a lack of funding and cash flow. It has experienced losses since its inception. While up to the end of 2017 the company had large negative working capital balances, as a result of additional funding, there is a positive working capital balance as of the end of March 2018. The very competitive nature of the market for the therapeutic laser products, and the time it has taken to develop the appropriate marketing strategies after the acquisition of SIAscopy hampered the ability of the Company to generate adequate sales and cash flow. As a result, the Company has not reached a level of profitability that would allow it to market

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itself aggressively, as is required in the market. The Company has continued to build the markets for SIAscopy revenues, which it anticipates will continue, which should improve cash flows, and which may improve the likelihood of raising additional capital.

The Company completed a non-brokered private placement in 2016, in four separate tranches, raising gross proceeds of \$1,499,918 through the sale of 23,075,652 Units, consisting of common shares and warrants, sold for \$0.065 per Unit. Also in 2016, the Company agreed with the lender of its \$500,000 Term Loan to amend the terms of the loan. As amended, the lender has the right to convert the principal of the loan, in whole or in part, at any time into common shares of MedX at \$0.20 per share, and the due date of the loan was extended to December 31, 2019.

During 2017, the lender of the US\$200,000 Term loan requested that the principal of the loan be repaid in monthly instalments beginning in July 2017, as was allowed under the terms of the loan. This loan will be repaid by June 2018, its original due date.

During 2017, the Company completed a brokered private placement, selling Units at \$0.12 per Unit, with each Unit consisting 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 three years from the closing. The Company raised \$1,080,557 (\$960,027 net of expenses) from the placement, in two closings in April and July 2017, by issuing a total of 9,004,639 Units. The Company issued 514,370 broker warrants in connection with the private placement.

On December 15, 2017, the Company completed a non-brokered private placement, raising gross proceeds of \$725,680 (\$690,223 net of expenses). The Company sold 6,047,329 units (the "Units"), for \$0.12 per Unit, with each Unit consisting 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 three years from the closing date.

On January 24, 2018, the Company completed a non-brokered private placement with gross proceeds of \$1,658,520 and net proceeds of \$1,591,411. The private placement consisted of the sale of 13,821,000 units (the "Units") at a price of \$0.12 per Unit. Each Unit consisted of one common share and one common share purchase warrant ("Warrant"). Each Warrant will be exercisable to acquire one common share at any time for a period of three years, at an exercise price of \$0.20 per common Share.

To date in 2018, the Company has also received proceeds of \$706,769 from the exercise of warrants and share options, resulting in positive working capital and significantly reducing the shareholder deficiency.

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Review of Operating Results

Three-Months Ended March 31, 2018 and 2017

	Three Months Ended March 31	
	2018	2017
Revenue	\$ 226,122	\$ 239,810
Cost of sales	98,660	86,154
Gross profit	127,462	153,656
Expenses		
Selling, general and administrative	616,043	339,320
Product and software development	119,000	-
Share-based compensation	5,392	105,331
Interest expense	25,870	27,582
Foreign exchange loss	8,864	3,884
Amortization of property and equipment	1,902	2,852
Amortization of intangibles	22,545	22,546
	799,616	501,515
Net loss for the period	\$ (672,154)	\$ (347,859)

Revenue -

Revenue of \$226,122 for the three months ended March 31, 2018 was \$13,688, or 5.7% lower than revenue of \$239,810 for the three months ended March 31, 2017.

Revenues from MedX's therapeutic laser products of \$186,886 for the three months ended March 31, 2018 were \$19,748, or 9.6% lower than \$206,634 in 2017. Sales decreased in the first quarter, due in part to timing, as sales in the fourth quarter of 2017 were very high.

Revenues from the Company's SIAscopy product line were \$39,236 for the three months ended March 31, 2018, an increase of \$6,060, or 18.3% from the prior year three-month period. While the dollar increase was modest, it is the second quarter in a row with an increase in sales. In addition, the Company received an order during the first quarter for approximately \$120,000, but this was not shipped until April, and therefore while not included in the first quarter, will strengthen results in the coming quarter. Furthermore, it is anticipated that growth will continue as the Company expands its distribution network as well as with the launch of its telemedicine platform.

The Company is completing work on the release of its SIAscopy™ telemedicine platform anticipated in early in the third quarter of 2018 and is also working on an update of the hardware components within its SIAscope™. The two projects have entailed development costs as well as additional costs to ensure regulatory compliance. The Company is focused on developing partners who either have or have access to multiple

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locations that are easily accessible for patients to have scans done, using networks to transmit scan data to dermatologists for review and assessment. The Company has existing customers successfully using this model and others currently in a test environment; the Company is working on and needs broader distribution of the SIAscopy products to many more of such customers, otherwise sales growth will be limited by the growth of the installed base of the existing customer base.

Cost of sales -

Cost of sales of \$98,660 for the three months ended March 31, 2018 were \$12,506 or 14.5% higher than cost of sales of \$86,154 for the three months ended March 31, 2017. Cost of sales as a percent of sales was 43.6% for the first quarter of 2018 compared with 35.9% in the three months ended March 31, 2017. The costs as a percent of sales were lower than normal in the prior year period and the costs in the current year period reflective of running costs.

Gross profit -

Gross profit for the three months ended March 31, 2018 was \$127,462, a \$26,194 decrease from gross profit of \$153,656 for the three months ended March 31, 2017, with the decrease resulting from both the lower revenue and the higher costs. The gross margin for the three months ended March 31, 2018 was 56.4% of sales versus 64.1% of sales in the prior year.

Selling, general and administrative expenses –

Administrative expenses of \$616,043 for the three months ended March 31, 2018 were \$276,723 higher than expenses of \$339,320 for the three months ended March 31, 2017. Expenses relating to regulatory matters, investor relations and other public company related costs represented 30% of this increase, marketing and business development costs were 36% of the increase, and management and staff costs represented most of the remainder of the increase as the Company added resources to support its growth objectives for the rest of the year. Approximately one half of the increase in costs in the quarter were non-recurring in nature.

Product and software development –

Product and software development expenses of \$119,000 represent expenditures during the first quarter of 2018 with respect to the development of a new software platform and hardware improvements for the Company's SIAscopy product line that were initiated in the third quarter of 2017. Costs related to these initiatives are anticipated to continue through 2018.

Share-based compensation –

The expense related to non-cash share-based compensation of \$5,392 for the three months ended March 31, 2018 were significantly lower than \$105,331 recorded for the 2017 period. The expense in 2018 represents the costs related to option grants made in 2017, and the options vested during the three-month period. The amount in the prior

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year resulted from the allocation of expenses for the options granted in early 2017 that vested in 2017.

Interest –

Interest expense of \$25,870 for the three months ended March 31, 2018 was \$1,712 lower than interest expense of \$27,582 for the three months ended March 31, 2017, with the decrease resulting from the lower debt balances. Approximately one half of the interest expense is non-cash accreted interest relating to the Company's Convertible loan, while cash interest costs have decreased as loans are repaid.

Foreign exchange loss –

The Company experienced a foreign exchange loss of \$8,864 for the three months ended March 31, 2018, compared with a loss of \$3,884 in the 2017 three-month period. Gains and losses result primarily from the translation of the US Dollar denominated term loan, and other net payables balances, and settling aged payables that originated at different exchange rates.

Amortization of property and equipment –

Amortization of \$1,902 for the three months ended March 31, 2018 was \$950 lower than in 2017, reflecting an asset base that has not increased during the period.

Amortization of intangibles –

Amortization of \$22,545 for the three months ended March 31, 2018 was the same as for the 2017 period, reflecting the amortization of intangibles from 2011 and 2015, which are being amortized over the same period as the original SIAscopy related intangibles.

Net loss for the period –

The net loss of \$672,154 for the three months ended March 31, 2018 was \$324,295 higher than the loss of \$347,859 for the three months ended March 31, 2017. The increase in the loss resulted primarily from higher selling and administrative costs and product development costs for the quarter, during a period where sales were also lower, and offset in part by lower share-based compensation expenses.

Liquidity and Capital Resources

The Company had a positive working capital balance of \$119,339 as of March 31, 2018, compared with working capital deficiency of \$1,371,297 as of December 31, 2017, and an accumulated deficit of \$25,821,695 and a shareholders' deficiency of \$47,235 as of March 31, 2018. The improvement in the working capital position during the first quarter of 2018 resulted primarily the Company raising net proceeds of \$1,591,411 from a private placement of equity during the period, and the increase of \$530,366 in cash resulting from the exercise of warrants and share options during the period, which funded the cash required for operations and a reduction in liabilities. Despite raising additional capital in 2018, the current financial conditions for the Company are such that there is an existence of uncertainties that may cast significant doubt about the

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Company's ability to continue as a going concern. The Company continues to review alternatives for additional financing.

The Company's ability to continue as a going concern is dependent upon achieving a profitable level of operations and obtaining additional financing, neither of which is assured. The Company has been able to raise capital to continue to market its products, including raising net proceeds of \$3,537,947 during 2017 and 2018 to date. The Company's interim condensed consolidated financial statements do not give effect to any adjustments which might be necessary should the Company be unable to continue as a going concern and be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. These adjustments could be material.

Due to the negative working capital and negative cash from operations, the Company manages its cash resources and expenditure levels carefully to ensure that risks are minimized, while focusing on developing and marketing its products and growing its revenues.

The Company continues to assess and manage the reduction of liabilities. During periods when the Company was not able to raise the cash required to pay down debt during the last several years, it negotiated settlements with creditors that has included issuing shares and warrants where possible. The Company has, and will continue where possible to reduce its liabilities, and its recurring cost base to conserve cash.

The Company completed a non-brokered private placement in 2016, in four separate tranches, raising gross proceeds of \$1,499,918 (\$1,404,340 net of expenses) through the sale of 23,075,652 Units, consisting of common shares and warrants, sold for \$0.065 per Unit. The warrants are exercisable for a period of three years at \$0.14 per share.

On December 28, 2016, the Company agreed with the lender to amend the terms of its \$500,000 Term Loan. Under the amended terms, the lender has the right to convert the principal of the loan, in whole or part, at any time into common shares at \$0.20 per share. In addition, the due date of the loan was extended from June 2018 to December 31, 2019, which improved the working capital situation for the Company.

The Company engaged a brokerage firm in March 2017, to complete on a "best efforts" basis, a private placement of Units at a price of \$0.12 per Unit, for up to \$3,000,000. On April 21, 2017, the Company completed the first tranche of the placement, raising cash of \$833,800 (\$759,337 net of expenses) by issuing 6,948,333 Units. On July 14, 2017, the Company completed a second tranche of the placement, raising cash of \$246,757 (\$200,690 net of expenses) by issuing 2,056,306 Units.

On December 15, 2017, the Company completed a non-brokered private placement through the sale of Units at a price of \$0.12 per Unit, each unit consisting of one

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common share and one warrant exercisable at \$0.20 for three years, raising cash of \$725,680 (\$690,223 net of expenses) by issuing 6,047,329 Units.

During 2017, a \$29,000 demand loan owing to a party related to a director, at an interest rate of 6% per annum, was repaid (including accrued interest of \$34,295) through a subscription in a private placement. In addition, the Company borrowed \$50,000 from a third party, at an interest rate of 8% per annum, and \$125,000 from a corporation controlled by a director, with interest rate of 10% per annum, which were repaid in 2017.

During 2017, the lender of the US\$200,000 Term loan requested that the principal of the loan be repaid in monthly instalments beginning in July 2017, in connection with the Company not meeting financial targets stipulated in the loan agreement, as opposed to the original June 2018 due date.

On January 24, 2018, the Company completed a non-brokered private placement with gross proceeds of \$1,658,520 and net proceeds of \$1,591,411. The private placement consisted of the sale of 13,821,000 units (the "Units") at a price of \$0.12 per Unit. Each Unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share at any time for a period of three years, at an exercise price of \$0.20 per common Share. A total of 343,260 Finder's Warrants were issued to finders in connection with the placement.

During the three months ended March 31, 2018, 3,428,333 subscriber warrants and 30,000 broker warrants were exercised resulting in proceeds of \$490,366. In addition, 400,000 options were exercised, resulting in proceeds of \$40,000 during the period.

During the three-months ended March 31, 2018, \$200,000 of demand loans were repaid.

As of March 31, 2018, the Company's capital resources consist of the following:

Accounts payable and accrued liabilities –

The Company had \$1,162,895 of accounts payable and accrued liabilities as of March 31, 2018, a decrease of \$259,936 from \$1,422,831 as of December 31, 2017, the decrease a result of payments of liabilities from cash raised from the private placement and warrant exercises during the period. The March 31, 2018 balance consists of trade payables (\$118,552), amounts owing to staff, management and directors for unpaid compensation and fees (\$539,495), amounts owing and accrued to governments primarily by an inactive subsidiary for unpaid payroll withholdings, sales and other taxes (\$476,356) and interest and other accruals (\$28,492).

Demand loans –

Demand loans, all of which are were unsecured, and consisted as of December 31, 2017, of \$200,000 of advances from a corporation controlled by a Director, were repaid during the 2018 period. Of the total, \$50,000 was advanced in 2017, at an interest rate

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of 10% per annum, and the remaining \$150,000 of the loans were advanced in prior years, without interest.

Long-term debt -

Long-term debt consists of a Term loan with a balance as of March 31, 2018 of \$64,435 (US\$49,997) (December 31, 2017 - \$146,422 (US\$116,665)) entered into in 2015 with a party related to a customer, with interest at 8% per annum, paid quarterly, and due on June 26, 2018. The Company has the option to repay the loan at any time without penalty. The Company began making monthly payments of US\$16,667 in July 2017, as requested by the lender in connection with the Company not meeting financial targets stipulated in the loan agreement. The loan is secured by a General Security Agreement covering all of the Company's assets, on a pari passu basis with the Convertible debt.

Convertible Debt -

The Convertible debt consists of a \$500,000 loan with a party that is related to a Director of the Company, which is due on December 31, 2019, and bears interest at 8% per annum, paid quarterly. The loan is convertible, in whole or part, at any time into common shares of the Company at \$0.20 per share. The Company has the option of repaying the loan at any time. The debt is secured by a General Security Agreement on a pari passu basis with the Long-term debt.

The loan was originally a three-year Term loan issued in June 2015, which terms were amended in 2016, and considered an exchange of the original debt for a new convertible loan. On accounting for the new debt, the value of the debt component was determined to be \$327,000, based on a discounted cash flow of the cash interest and principal obligations of the loan. The value of the equity component, \$227,000, was based on a Black-Scholes valuation of the shares into which the loan may be converted, assuming a share price volatility of 75% based on historical volatility, a risk-free rate of 1.15%, and with no expected dividend yield over the life of the loan.

Share Capital -

The Company had 130,422,462 shares outstanding as of March 31, 2018:

	Number of shares	Stated Capital
Outstanding at December 31, 2016	97,691,161	\$ 16,445,020
Issued for cash	15,051,968	894,592
Outstanding at December 31, 2017	112,743,129	17,339,612
Issued for cash	13,821,000	878,941
Issued on exercise of share options	400,000	40,000
Issued on exercise of warrants	3,458,333	490,366
Reclassification from contributed surplus and warrants on option and warrant exercises	-	129,441
Outstanding at March 31, 2018	130,422,462	\$ 18,878,360

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On January 24, 2018, the Company completed a non-brokered private placement with gross proceeds of \$1,658,520 and net proceeds of \$1,591,411. The private placement consisted of the sale of 13,821,000 units (the "Units") at a price of \$0.12 per Unit. Each Unit consisted of one common share and one common share purchase warrant ("Warrant"). Each Warrant is exercisable to acquire one common share at any time for a period of three years, at an exercise price of \$0.20 per common Share. A total of 343,260 Finder's Warrants were issued to finders in connection with the placement.

The Company allocated the \$1,658,520 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 \$0.165, and the value for the warrants using the Black-Scholes pricing model at the issue date as \$0.116 per share based on a share price volatility of 126% based on historical volatility, a risk-free rate of 1.35%, and with no expected dividend yield over the life of the warrant. As a result, the amount was allocated as to \$974,637 to share capital and \$683,883 to warrants. The Company incurred cash related issue costs, including broker commissions of \$67,109, and these costs have been allocated in the same manner as the proceeds, with \$39,437 as a reduction of share capital and \$27,672 as a reduction of the warrants.

The Company issued 343,260 Finder's Warrants to brokers; each non-transferable Finder's Warrant is exercisable for a period of three years, to acquire a Unit at \$0.12, comprising a common share and a Warrant exercisable until January 24, 2021, at \$0.20. The Finder's Warrants were valued at \$95,734 using the Black-Scholes pricing model, are considered a cost of the private placement, and reflected as a \$56,259 reduction of share capital and \$39,475 reduction of the warrants.

The Company issued 3,428,333 common shares during the period ended March 31, 2018 on the exercise of subscriber warrants, resulting in proceeds of \$486,766. In addition, 30,000 broker warrants were exercised resulting in proceeds of \$3,600. The warrant value originally allocated to the warrants of \$93,719 was reclassified from warrants to common shares.

The Company issued 400,000 common shares in 2018 on the exercise of options. The options were exercised at \$0.10 per share, resulting in proceeds of \$40,000. In addition, the original share-based compensation expense recorded related to these options of \$35,722 was reclassified from contributed surplus to common shares.

During 2017, the Company completed a brokered private placement in two tranches, on April 21, 2017 and July 14, 2017, raising gross proceeds of \$1,080,557 (\$960,027 net of expenses). The Company sold 9,004,639 units (the "Units") in total, for \$0.12 per Unit, with each Unit consisting 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 three years from the closing date.

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The Company completed a non-brokered private placement on December 15, 2017, raising gross proceeds of \$725,680 (\$690,223 net of expenses). The Company sold 6,047,329 units (the “Units”) in total, for \$0.12 per Unit, with each Unit consisting 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 three years from the closing date.

In accounting for the 2017 transactions, at the time of each closing, the Company allocated the 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 trading value of the Company’s shares on each closing date. The value for the warrants was estimated using the Black-Scholes pricing model at each date using the following assumptions:

- No expected dividends over the life of the warrants;
- A 1.00%, 1.03% and 1.35% risk-free interest rate, for each closing, respectively;
- Based on historic volatility, 142%, 137% and 127% share price volatility for each closing, respectively.

Cash related issue costs were allocated in the same manner as the proceeds, reducing the amounts recorded as share capital and warrants. With respect to the Broker warrants issued, the value of the warrants was determined in the same manner as the common share warrants, and were treated similar to cash issue costs, as a reduction of the amounts recorded as share capital and warrants.

Amounts raised from the 2017 private placement are summarized below:

Date	# of Units	Gross Proceeds	Issue Costs	Net Proceeds	Broker Warrants	Allocation to Shares	Allocation to Warrants
April 21	6,948,333	\$ 833,800	\$ 74,463	\$ 759,337	\$ 79,642	\$ 391,508	\$ 367,829
July 14	2,056,306	246,757	46,067	200,690	21,101	105,108	95,582
December 15	6,047,329	725,680	35,457	690,223	32,434	397,976	292,247
	15,051,968	\$ 1,806,237	\$ 155,987	\$ 1,650,250	\$ 133,177	\$ 894,592	\$ 755,658

The share price on the closing date of each of the transactions was \$0.13, \$0.125 and \$0.115, respectively. The warrant value for each transaction was determined to be \$0.096, \$0.089 and \$0.075, respectively.

The April 21, 2017 costs included issuing 400,365 Broker warrants with each warrant entitling the holder to purchase one Unit of the Company at \$0.12 during the period expiring April 21, 2020, comprised of a share and a warrant exercisable into one share until April 21, 2020 at \$0.20. The broker warrants were valued at \$79,642, with \$45,874 allocated as a reduction in share capital and a \$33,768 reduction of the warrants.

The July 14, 2017 costs included issuing 114,005 Broker warrants with each warrant entitling the holder to purchase one Unit of the Company at \$0.12 during the period

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expiring July 14, 2020, comprised of a share and a warrant exercisable into one share until July 14, 2020 at \$0.20. The broker warrants were valued at \$21,101, with \$12,350 allocated as a reduction in share capital and a \$8,751 reduction of the warrants.

The December 15, 2017 costs included issuing 204,400 Finder warrants with each warrant entitling the holder to purchase one Unit of the Company at \$0.12 during the period expiring December 15, 2020, comprised of a share and a warrant exercisable into one share until December 15, 2020 at \$0.20. The finder warrants were valued at \$32,434, with \$19,623 allocated as a reduction in share capital and a \$12,811 reduction of the warrants.

Stock options –

On January 17, 2018, at an Annual and Special Meeting of Shareholders, shareholders approved an amendment to the Company's 2014 Incentive Stock Option Plan to increase the number of shares available under the plan from 16,400,000 to 21,200,000. 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.

As at March 31, 2018, there were 11,325,000 options that have been granted and are outstanding, with 9,475,000 options available to be granted under the plan. Options generally expire after five years, with vesting provisions stated in the plan. The options outstanding as of March 31, 2018, have a weighted average exercise price of \$0.12, and have an average remaining life of 2.3 years. Of the options outstanding, 11,050,000 are vested, and the remainder will be vested during 2018.

During 2018, 400,000 options were exercised, with proceeds of \$40,000.

On December 29, 2017, the Company granted 300,000 share options, which have an exercise price of \$0.15, are exercisable for one year, and vest during the one-year period they are outstanding.

On July 26, 2017, the Company granted 200,000 share options, which options have an exercise price of \$0.14, are exercisable for five years, and will be fully vested in 2018.

On February 27, 2017, the Company granted 1,825,000 options, all of which are vested, and expire five years from the grant date. The options have an exercise price of \$0.18 per share.

Warrants –

The Company has issued warrants in connection with debt and share offerings and debt.

During 2018, 3,428,333 subscriber warrants 30,000 broker warrants were exercised, resulting in proceeds of \$490,366.

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The number of warrants, including broker warrants, outstanding as of March 31, 2018, and a summary of their terms are as follows:

Warrants	Warrant Expiry and Exercise Prices
7,971,540	\$0.14 until June 6, 2019
2,072,454	\$0.14 until August 2, 2019
6,190,292	\$0.14 until September 2, 2019
3,349,998	\$0.14 until September 15, 2019
7,235,365	\$0.20 until April 21, 2020
2,170,311	\$0.20 until July 14, 2020
6,251,729	\$0.20 until December 15, 2020
14,164,260	\$0.20 until January 24, 2021
49,405,949	

In connection with the private placement completed in 2018, 13,821,000 warrants were granted to subscribers of Units, each allowing the holder to purchase one common share at a price of \$0.20 until January 24, 2021. In addition, 343,260 Finder warrants were issued, each warrant entitling the holder to purchase one Unit of the Company at \$0.12 during the period expiring January 24, 2021, comprised of a share and a warrant exercisable into one share until January 24, 2021 at \$0.20.

In connection with the brokered private placement completed in 2017, a total of 9,004,639 warrants were granted to subscribers of Units, each allowing the holder to purchase one common share at a price of \$0.20 per share, with 6,948,333 of the warrants expiring on April 21, 2020 and 2,056,306 of the warrants expiring on July 14, 2020. In addition, Broker warrants were issued, with 400,365 warrants entitling the holder to purchase one Unit of the Company at \$0.12 during the period expiring April 21, 2020, comprised of a share and a warrant exercisable into one share until April 21, 2020 at \$0.20, and 114,005 Broker warrants with each warrant entitling the holder to purchase one Unit of the Company at \$0.12 during the period expiring July 14, 2020, comprised of a share and a warrant exercisable into one share until July 14, 2020 at \$0.20.

In connection with the private placement completed in December 2017, 6,047,329 warrants were granted to subscribers of Units, each allowing the holder to purchase one common share at a price of \$0.20 per share until December 15, 2020. In addition, 204,400 Finder warrants were issued, each entitling the holder to purchase one Unit of the Company at \$0.12 during the period expiring December 15, 2020, comprised of a share and a warrant exercisable into one share at a price of \$0.20 per share until December 15, 2020.

In connection with the private placements in 2016, in addition to the 23,075,652 subscriber warrants issued, all of which expiry three years from their respective closing dates and are exercisable at \$0.14 per share, the Company issued 148,632 Finder warrants, each entitling the holder to purchase one Unit of the Company at \$0.12 during the period expiring three years from the closing date, comprised of a share and a

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warrant exercisable into one share at a price of \$0.20 per share for the three year period.

Off-Balance Sheet Arrangements –

The Company has no off-balance sheet arrangements.

Issued and Outstanding Shares, Warrants and Stock Options

As at the date of this Report the following total number of shares, warrants, broker warrants, stock options and shares that could be issued on conversion of loans were issued and outstanding:

	March 31 2018	May 29 2018
Common shares	130,422,462	131,810,151
Warrants	49,405,949	48,018,260
Stock Options	11,325,000	18,700,000
Shares from conversion of Convertible loan	2,500,000	2,500,000
Total	193,653,411	201,028,411

Capital Resources –

The Company has made relatively low levels of capital expenditures in the last two years until late in 2017 when it began projects to update its technology and develop a telemedicine platform. The Company plans to update the technology in its SIAscopy units and software and provide an environment where it can broaden the distribution of its SIAscopy products to multi-centre outlets, which could involve a significant level of expenditures, which will be undertaken as cash is available.

The Company defines its managed capital as the total of demand loans, long-term debt, convertible debt and shareholders' deficiency including share capital, warrants, equity portion of convertible debt, contributed surplus and deficit. As at March 31, 2018, total managed capital was \$407,493 (December 31, 2017 - (\$779,105)).

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

There were no changes in the Company's approach to capital management during the three months ended March 31, 2018. The Company is not subject to externally imposed capital restrictions.

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Summary of Quarterly Results

Amounts in \$000's, except per share amounts

Quarter Ended	June 30 2016	September 30 2016	December 31 2016	March 31 2017	June 30 2017	September 30 2017	December 31 2017	March 31 2018
Revenues	\$209	\$243	\$177	\$240	\$237	\$255	\$361	\$226
Comprehensive Income/(Loss)	(\$311)	(\$460)	(\$360)	(\$348)	(\$404)	(\$551)	(\$302)	(\$672)
Income (loss) per share	(\$0.00)	(\$0.01)	\$0.00	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.00)	(\$0.01)

As the foregoing schedule indicates, results over the past eight quarters have fluctuated, driven in part by revenues. As the Company is building its revenue through several distribution channels, sales can fluctuate by quarter, depending on the timing of orders. Periods with lower losses have resulted primarily from gains relating to debt settlements or other liability reductions by the Company, and recent periods with higher losses have resulted in part from the product development costs being incurred.

Revenues in the third quarter of 2016 were restated; Revenue and selling general and administrative expenses were each reduced by \$74,100, to be consistent with the current year's presentation. The loss for the period was unchanged.

Contractual Obligations

The Company leases space for its office and manufacturing facility, entering into a five-year lease in 2015, with annual minimum lease obligations of \$38,688 in 2018, \$38,828 in 2019 and \$26,072 in 2020.

Significant Accounting Judgments and Estimates

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

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

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Recent Accounting Pronouncements

At the date of authorization of the condensed consolidated financial statements, the IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued the following new and revised Standards and Interpretations that will become effective in future years.

IFRS 16- Leases

In January 2016, the IASB issued the final publication of the IFRS 16 Standard, which will supercede the current IAS 17, Leases Standard. IFRS 16 introduces a single accounting model for lessees and for all leases with a term of more than 12 months. A lessee will be required to recognize a right-of-use asset, which represents its right to use that underlying asset and a lease liability, which represents the obligation to make a lease payment. The standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 has also been applied. Management is currently assessing the impact of this standard on the consolidated financial statements.

Financial Instruments

Fair Value Measurement

The accounting guidance for fair value measurements prioritizes the inputs used in measuring fair value into the following hierarchy:

- Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2** – Inputs other than quoted prices included within Level 1 that are directly or indirectly observable;
- Level 3** – Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

The Company has classified its consolidated 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.

The carrying value of accounts receivable, accounts payable and accrued liabilities, and demand and term loans approximates fair value due to the relatively short-term maturity of these financial instruments. Given the respective designations, cash is the only financial instrument carried at fair values and has been categorized as level 1 on the fair value hierarchy. Convertible debt was initially recognized at fair value and was categorized as level 2. Subsequent to initial recognition it is carried at amortized cost.

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

Credit Risk -

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

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

Interest Rate Risk -

The Company currently has no exposure to risk with respect to interest rate fluctuations, as all of its interest-bearing debt is at a fixed rate of interest. The Company may increase debt levels depending on the nature of the financing in the future. If cash balances are higher than required for immediate requirements, the Company invests with a low risk strategy in secure short-term deposits through major banks to earn interest income.

Foreign Currency Risk -

The Company has low exposure to foreign exchange fluctuations with respect to cash, given the low cash balances. There is an impact on net loss from the translation of the accounts receivable and accounts payable balances, and debt denominated in US Dollars as of the end of the period. The company sells its products internationally and incurs costs from international suppliers. As of March 31, 2018, a portion of the Company's accounts receivable, accounts payable and long-term debt were denominated in US Dollars, Euros and British Pounds. A 5% change in the exchange rate of those currencies relative to the Canadian Dollar would impact the net loss by approximately \$4,000.

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 match the requirements.

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 transactions to settle debts through the issuance of shares. Cash has been raised in 2017 and 2018 to date, and the Company may be required to raise additional cash to

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fund its ongoing operating requirements. The Company is in a position where its liabilities are greater than its assets.

	12 months		1 to 2 years		Total
Accounts payable and accrued liabilities	\$ 1,162,895	\$	-	\$	1,162,895
Long-term debt	64,435		-		64,435
Convertible debt	-		500,000		500,000
At March 31, 2018	\$ 1,227,330	\$	500,000	\$	1,727,330
At December 31, 2017	\$ 1,769,253	\$	500,000	\$	2,269,253

Refer to Note 8 of the consolidated financial statements for additional discussions regarding the contractual maturities of financial liabilities.

Related Party Transactions

During the three months ended March 31, 2018 the Company incurred costs for management and Board compensation of \$120,000 (2017 - \$80,250) under the terms of their compensation arrangements. In addition, \$nil of the expense recorded in the three months ended March 31, 2018 (2017 - \$21,793) for share-based compensation relates to management.

In 2018, an amount of \$33,000 owing to a director was repaid through a subscription in a private placement. During 2017 certain board members waived amounts earned and payable to them of \$44,250 and \$170,785 owed to a corporation controlled by a director was repaid through a subscription in a private placement.

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

Included in accounts payable and accrued liabilities as of March 31, 2018 is \$478,576 (December 31, 2017 - \$595,166) due to officers and directors of the Company.

Subsequent Events

On April 27, 2018, the Company granted 7,375,000 share options under the Company's Stock Option Plan to members of the Board of Directors, management, employees and consultants. The options have an exercise price of \$0.25 per share and expire five years from the date of issue.

Subsequent to March 31, 2018, 1,387,689 warrants and broker warrants were exercised, resulting in proceeds of \$211,403.

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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 possible infringement of third party rights.

Operating Losses -

The Company has experienced operating losses since incorporation in 1999. As at March 31, 2018, MedX has a deficit of \$25,821,695. 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 outside of Canada which are transacted in US dollars and other currencies. The Company has a term loan denominated in US Dollars and also

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has balances of accounts receivable and accounts payable denominated in non-Canadian currencies. If the non-Canadian dollar currencies fluctuate against the Canadian dollar, reported revenues, margins and results of operations will be impacted.

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

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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: May 29, 2018