

MedX Health Corp.
Management's Discussion and Analysis
For the Three and Nine Months Ended September 30, 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 and nine-month periods ended September 30, 2018 compared with the three and nine-month periods ended September 30, 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 since 2016.

SIAscopy™ is a medical device technology the Company acquired in 2011, 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-on 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 recently launched the first release of its DermSecure™ telemedicine platform. This platform enables the web-based operation of its SIAscopy scanning technology and allows 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. DermSecure™ complies with international standards, including for privacy and security, with specific processes tailored to each jurisdiction. With its own proprietary system, the Company can more aggressively market the technology in a recurring revenue scenario. This project is part of a series of initiatives taken to focus on moving forward with the Company's development roadmap, with the objective of updating its SIAscopy hardware and software, making it more scalable and marketable. In addition, the Company is updating the scanner hardware components and related software which will result in higher definition images. It is anticipated that with the roll-out of DermSecure™ and future innovation releases, 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.

DermSecure™ and MedX's other SIAscopy products are sold world-wide. The Company is already working with international partners to market DermSecure™ in a number of countries. Prior to this, the focus was on Europe, where a European distributor successfully built a skin scanning business in more than 200 pharmacies in Norway, Sweden, the United Kingdom and other areas 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.

While the Company had in place a program in Ontario whereby selected medical clinics used the SIAscopy technology and were connected to dermatologists by way of the Ontario Telemedicine Network, these clinics and others will be transitioning to DermSecure™ to complete e-consults with dermatologists, gaining familiarity with the system prior to a more widespread launch of the product. The Company is also initiating 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. The Company as well has had a history of having large negative working capital balances, which have been reduced to some extent in 2018 as a result of additional funding. The very competitive nature of the

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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 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, raising net proceeds of \$1,404,340 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 extended the due date of its \$500,000 Term Loan to December 31, 2019, and allowed the lender to convert the loan, in whole or in part, at any time into common shares of MedX at \$0.20 per share.

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.

On October 11, 2018, the Company completed a non-brokered private placement with gross proceeds of \$337,000. The private placement consisted of the sale of 2,106,250 units (the "Units") at a price of \$0.16 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 \$0.35 per common Share.

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On November 22, 2018, the Company completed a non-brokered private placement with gross proceeds of \$182,000. The private placement consisted of the sale of 1,137,500 units (the "Units") at a price of \$0.16 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 \$0.35 per common Share.

To date in 2018, the Company has also received proceeds of \$741,769 from the exercise of warrants and share options. The additional funding has allowed the Company to lower its debt, with its US\$200,000 term loan and \$200,000 of demand loans fully repaid as of September 30, 2018.

Review of Operating Results

	Three Months Ended		Nine Months Ended	
	September 30 2018	September 30 2017	September 30 2018	September 30 2017
Revenue	\$ 180,404	\$ 255,269	\$ 812,233	\$ 731,970
Cost of sales	69,716	110,292	322,038	298,021
Gross profit	110,688	144,977	490,195	433,949
Expenses				
Selling, general and administrative	516,516	387,485	1,729,914	1,186,894
Product and software development	184,890	153,461	556,135	153,461
Share-based compensation	272,961	107,091	1,206,929	241,479
Interest	24,567	27,406	75,459	82,294
Foreign exchange (gain) loss	5,211	(4,861)	19,224	(3,879)
Amortization of property and equipment	3,933	2,852	6,231	8,556
Amortization of intangibles	22,545	22,545	67,636	67,636
	1,030,623	695,979	3,661,528	1,736,441
Net loss for the period	\$ (919,935)	\$ (551,002)	\$ (3,171,333)	\$ (1,302,492)

Three Months Ended September 30, 2018 and 2017

Revenue -

Revenue of \$180,404 for the three months ended September 30, 2018 was \$74,865, or 29.3% lower than revenue of \$255,269 for the three months ended September 30, 2017.

Revenues from the Company's SIAscopy product line were \$54,234 for the three months ended September 30, 2018, \$15,375 lower than the prior year three-month period. It is anticipated that revenues will increase as the Company expands its distribution network as well as with the launch of its DermSecure™ telemedicine platform.

Revenues from MedX's therapeutic laser products of \$126,170 for the three months ended September 30, 2018 were \$59,489, or 32.0% lower than \$185,659 in the 2017

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period. The lower sales for the quarter, from both the prior year and previous quarter are not expected to continue as the Company is focused on growing its distributor base.

The Company is launching the first release of its DermSecure™ telemedicine platform and is also working on an update of the SIAscope™ hardware components. The two projects have entailed development costs as well as additional costs to ensure regulatory compliance. The Company is focused on developing relationships with partners who either have or have access to multiple 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 either in the process of launching it or considering it. 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 \$69,716 for the three months ended September 30, 2018 were \$40,576 or 36.8% lower than cost of sales of \$110,292 for the three months ended September 30, 2017. Cost of sales as a percent of sales was 38.6% for the three-month period compared with 43.2% in the three months ended September 30, 2017. The costs as a percent of sales were lower in 2018 with a higher portion of sales from SIAscopy, which exhibits higher margins.

Gross profit -

Gross profit for the three months ended September 30, 2018 was \$110,688, a decrease of \$34,289 from gross profit of \$144,977 for the three months ended September 30, 2017, with the lower amount resulting from lower sales. The gross margin for the three months ended September 30, 2018 was 61.4% of sales versus 56.8% of sales in the prior year.

Selling, general and administrative expenses –

Administrative expenses of \$516,516 for the three months ended September 30, 2018 were \$129,031, or 33% higher than expenses of \$387,485 for the three months ended September 30, 2017, but lower than expenses incurred in the previous quarter. Expenses relating to marketing and business development were higher as well as increased staff costs to support the Company's growth objectives.

Product and software development –

Product and software development expenses of \$184,890 represent expenditures during the third quarter of 2018 with respect to on-going development of the Company's DermSecure™ telemedicine platform and hardware improvements for the Company's SIAscopy product line. Costs related to these initiatives are anticipated to continue through 2018.

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Share-based compensation –

The expense related to non-cash share-based compensation of \$272,961 for the three months ended September 30, 2018 were higher than \$107,091 recorded for the 2017 three-month period, and a large decrease from the second quarter of 2018. The larger expense in the 2018 period represents primarily the costs related to option grants made in the second quarter of 2018, and the options vested during the three-month period. The amount in the prior year resulted from the allocation of expenses for the options granted in early 2017 that vested in 2017. These non-cash expenses will also be higher than prior year amounts for the next year, as the total expense of \$1,467,481 related to the 2018 option grants will be expensed over the one-year vesting period.

Interest –

Interest expense of \$24,567 for the three months ended September 30, 2018 was \$2,839 lower than interest expense of \$27,406 for three months ended September 30, 2017, with the decrease resulting from lower debt balances. Approximately one half of the interest expense is non-cash accreted interest relating to the Company's Convertible loan, and interest costs going forward will be lower with the repayment of the Term loan in June 2018.

Foreign exchange (gain) loss –

The Company experienced a foreign exchange loss of \$5,211 for the three months ended September 30, 2018, compared with a gain of \$4,861 for the 2017 three-month period. While in previous quarters the gains and losses resulted primarily from the translation of the US Dollar denominated term loan, with its repayment, they now result from translation of other net payables balances and settling aged payables that originated at different exchange rates.

Amortization of property and equipment –

Amortization of \$3,933 three months ended September 30, 2018 was \$1,081 higher than in 2017.

Amortization of intangibles –

Amortization of \$22,545 the three months ended September 30, 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 \$919,935 the three months ended September 30, 2018 was \$368,933 higher than the loss of \$551,002 for the three months ended September 30, 2017. The \$165,870 increase in non-cash share-based compensation expense and the \$31,429 higher expenses for product and software development represent a large portion of the increase, with the results also impacted by the lower sales and higher selling, general and administrative costs.

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Nine Months Ended September 30, 2018 and 2017

Revenue -

Revenue of \$812,233 for the nine months ended September 30, 2018 was \$80,263, or 11.0% higher than revenue of \$731,970 for the first nine months of 2017.

Revenues from SIAscopy were \$304,421 for the nine months ended September 30, 2018, an increase of \$126,641, or 71.2% higher than the prior year nine-month period. The increase resulted primarily from a large shipment to a European distribution partner opening up the Spanish market.

Sales of MedX's therapeutic laser products were \$507,812 for the nine months ended September 30, 2018, a \$46,378 or 8.4% decrease from sales of \$554,190 in the 2017 period. Sales have been variable by quarter, with a pattern of a stronger quarter followed by weakness; the Company should experience more consistent growth as the number of distributors is increased, which is a focus.

Cost of sales -

Cost of sales of \$322,038 for the first nine months of 2018 were \$24,017 or 8.1% higher than cost of sales of \$298,021 for the nine months ended September 30, 2017, with the higher costs attributable to higher sales. Cost of sales as a percent of sales was 39.6% for the nine-month period compared with 40.7% in the nine months ended September 30, 2017.

Gross profit -

Gross profit for the nine months ended September 30, 2018 was \$490,195, an increase of \$56,246, or 13.0%, related to higher sales, up from gross profit of \$433,949 for the nine-month period in 2017. The gross margin for the nine months ended September 30, 2018 was 60.4% of sales versus 59.3% of sales in the prior year.

Selling, general and administrative expenses –

Administrative expenses of \$1,729,914 for the nine months ended September 30, 2018 were \$543,020 higher than expenses of \$1,186,894 for the nine months ended September 30, 2017. Personnel related costs have increased in 2018, required during this growth phase, as have expenses relating to regulatory matters, investor relations and other public company related and marketing and business development costs. A large portion of some of these costs are non-recurring.

Product and software development –

Product and software development expenses of \$556,135 for the nine months ended September 30, 2018 were incurred in the development of the Dermsecure™ platform and hardware improvements for the Company's SIAscopy product line. Expenses of \$153,461 in the 2017 nine-month period were lower, as the projects had just been initiated.

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Share-based compensation –

The non-cash share-based compensation expense of \$1,206,929 for the nine months ended September 30, 2018 were significantly higher than \$241,479 recorded for the 2017 period. The increase resulted primarily from the impact of the expense for a larger number of options granted in 2018 compared with 2017 and a higher calculated value per option.

Interest –

Interest expense of \$75,459 for the nine months ended September 30, 2018 was \$6,835 lower than interest expense of \$82,294 for the nine months ended September 30, 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.

Foreign exchange (gain) loss –

The Company experienced a foreign exchange loss of \$19,224 for the first nine months of 2018, compared with a gain of \$3,879 in the 2017 period. The loss resulted from translation of net payables balances and repayment of the US dollar term loan.

Amortization of property and equipment –

Amortization of \$6,231 for the nine months ended September 30, 2018 was down \$2,325 from 2017.

Amortization of intangibles –

Amortization of \$67,636 for the nine months ended September 30, 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 \$3,171,333 for the nine months ended September 30, 2018 was \$1,868,841 higher than the loss of \$1,302,492 for the nine months ended September 30, 2017. The \$402,674 of increased product and software development costs, the non-cash increase of \$965,450 of share-based compensation expense along with the negative impact of foreign exchange losses represented 74% of the increase in the loss for the nine-month period, while the increase in selling and administrative costs were higher than the increased gross margin for the period.

Liquidity and Capital Resources

The Company had a negative working capital balance of \$893,905 as of September 30, 2018, compared with working capital deficiency of \$1,371,297 as of December 31, 2017, and an accumulated deficit of \$28,320,874 and a shareholders' deficiency of \$1,133,474 as of September 30, 2018. The improvement in the working capital position during the first nine months of 2018 is attributable to raising net proceeds of \$1,591,411 from a

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private placement of equity during the period, and the increase of \$741,769 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 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 \$4.1 million from private placements of equity and warrant and option exercises 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 brokered private placement equity financing in 2017. 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. Each Unit, sold at \$0.12 per Unit, consisted of one common share and one warrant, each warrant allowing the purchaser to acquire one common share for \$0.20 for a three-year period.

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 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

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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 originally due on June 26, 2018 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. The loan has been fully repaid by September 30, 2018.

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.

On October 11, 2018, and November 22, 2018, the Company completed a non-brokered private placements with gross proceeds totaling \$519,000. The private placements consisted of the sale of a total of 3,243,750 units (the "Units") at a price of \$0.16 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 after the respective closing dates, at an exercise price of \$0.35 per common Share.

During the nine months ended September 30, 2018, 4,604,333 subscriber warrants and 91,689 broker warrants were exercised resulting in proceeds of \$701,769. In addition, 400,000 options were exercised, resulting in proceeds of \$40,000 during the period.

During the nine-months ended September 30, 2018, \$200,000 of demand loans were repaid, as was the remaining balance of \$146,422 of a Term loan outstanding at the end of 2017. A \$50,000 demand loan was advanced to the Company.

As of September 30, 2018, the Company's capital resources consist of the following:

Accounts payable and accrued liabilities –

The Company had \$1,317,412 of accounts payable and accrued liabilities as of September 30, 2018, a decrease of \$105,419 from \$1,422,831 as of December 31, 2017, the decrease a result of payments of liabilities from cash raised during the period. The September 30, 2018 balance consists of trade payables (\$142,078), amounts owing to staff, management and directors for accrued or unpaid compensation and fees (\$526,959), amounts owing and accrued to governments primarily by an inactive subsidiary for unpaid payroll withholdings, sales and other taxes (\$491,877) and interest and other accruals (\$156,501).

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Demand loans –

There is a \$50,000 unsecured demand loan outstanding as of September 30, 2018, bearing interest at 10% per annum. The \$200,000 of unsecured loans from a corporation controlled by a Director as of December 31, 2017 were repaid during 2018. Of the total, \$50,000 had been advanced in 2017, at an interest rate of 10% per annum, and the remaining \$150,000 of the loans were advanced in prior years, without interest.

Long-term debt -

There is no long-term debt outstanding as of September 30, 2018. The debt consisted of a Term loan with a balance as of December 31, 2017, of \$146,422 (US\$116,665), which has been fully repaid. The loan was from a party related to a customer in 2015, that had an interest rate of 8% per annum, paid quarterly, and due in June 2018. 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 was secured by a General Security Agreement 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 in part, at any time during its term 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 covering all the Company's assets.

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.

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Share Capital -

The Company had 131,810,151 shares outstanding as of September 30, 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	4,846,022	701,769
Reclassification from contributed surplus and warrants on option and warrant exercises	-	166,342
Outstanding at September 30, 2018	131,810,151	\$ 19,126,664

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 4,754,333 common shares during the period ended September 30, 2018 on the exercise of subscriber warrants, resulting in proceeds of \$690,766. In addition, 91,689 broker warrants were exercised resulting in proceeds of \$11,003. The

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warrant value originally allocated to the warrants of \$130,620 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.

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.

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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 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. See Subsequent events for further information on the share option plan for 2018.

As at September 30, 2018, there were 18,700,000 options that have been granted and are outstanding, with 2,100,000 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 September 30, 2018, have a weighted average exercise price of

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\$0.17, and have an average remaining life of 2.9 years. Of the options outstanding, 14,668,750 are vested, and the remainder will vest during 2018 and 2019.

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, with 2,100,000 options vested immediately and the remainder vesting over a one-year period. The options were valued at \$1,467,481 of which \$1,189,743 has been expensed to date in 2018, with the remainder to be expensed as the options vest. The value was determined using the Black-Scholes option pricing model based on a risk-free interest rate of 1.6%, volatility of 141% based on historical stock price volatility, expected life of five years, and no expected dividend yield.

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 are vested.

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, 4,754,333 subscriber warrants and 91,689 broker warrants were exercised, resulting in proceeds of \$701,769.

The number of warrants, including broker warrants, outstanding as of September 30, 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
1,200,454	\$0.14 until August 2, 2019
6,190,293	\$0.14 until September 2, 2019
3,199,998	\$0.14 until September 15, 2019
6,929,365	\$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
48,077,950	

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In connection with the private placement completed in the first nine months of 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 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:

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	September 30 2018	November 29 2018
Common shares	131,810,151	135,053,901
Warrants	48,077,950	51,321,700
Stock Options	18,700,000	18,700,000
Shares from conversion of Convertible loan	2,500,000	2,500,000
Total	201,088,101	207,575,601

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 September 30, 2018, total managed capital was (\$664,558) (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 nine months ended September 30, 2018. The Company is not subject to externally imposed capital restrictions.

Summary of Quarterly Results

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

Quarter Ended	December 31 2016	March 31 2017	June 30 2017	September 30 2017	December 31 2017	March 31 2018	June 30 2018	September 30 2018
Revenues	\$177	\$240	\$237	\$255	\$361	\$226	\$406	\$180
Comprehensive Income/(Loss)	(\$360)	(\$348)	(\$404)	(\$551)	(\$302)	(\$672)	(\$1,579)	(\$920)
Income (loss) per share	\$0.00	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.00)	(\$0.01)	(\$0.01)	(\$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

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or other liability reductions by the Company, and recent periods with higher losses have resulted in part from the product development costs being incurred and non-cash share-based compensation.

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.

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.

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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. 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 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.

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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 September 30, 2018, a portion of the Company's accounts receivable and accounts payable 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 \$2,000.

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 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	\$ 1,317,412	\$ -	\$ 1,317,412
Demand loans	50,000	-	50,000
Convertible debt	-	500,000	500,000
At September 30, 2018	\$ 1,367,412	\$ 500,000	\$ 1,867,412
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 nine months ended September 30, 2018, the Company incurred costs for management and Board compensation of \$433,500 (2017 - \$258,250). In addition, \$820,016 of the expense recorded in 2018 (2017 - \$65,378) 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

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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 September 30, 2018 is \$458,290 (December 31, 2017 - \$595,166) accrued for officers and directors of the Company.

Subsequent Events

On October 11, 2018, the Company completed a non-brokered private placement with gross proceeds of \$337,000. The private placement consisted of the sale of 2,106,250 units (the "Units") at a price of \$0.16 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 \$0.35 per Common Share.

On November 5, 2018, at an Annual and Special Meeting of Shareholders, shareholders approved an amendment of the Company's 2014 Incentive Stock Option Plan, to increase the number of options available in the plan from 21,200,000 to 26,000,000.

On November 22, 2018, the Company completed a non-brokered private placement with gross proceeds of \$182,000. The private placement consisted of the sale of 1,137,500 units (the "Units") at a price of \$0.16 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 \$0.35 per Common Share.

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.

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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 September 30, 2018, MedX has a deficit of \$28,320,874. 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 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.

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Competition for qualified employees is intense and it may be possible that the Company is unable to retain and recruit qualified personnel in the future.

Other Risks and Uncertainties -

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

Forward-Looking Statements

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

Additional information

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

Dated: November 29, 2018