M Pharmaceutical Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

Period Ended –March 31, 2015

This Management Discussion and Analysis ("**MD&A**") of M Pharmaceutical Inc. (formerly First Sahara Energy Inc.) (the "Company") provides analysis of the Company's financial results for the first quarter ending March 31, 2015. The following Information should be read in conjunction with the audited financial statements for the year ended December 31, 2014 and 2013.

Any amounts stated relating to common shares, share purchase warrants, and stock options of the Company in these MD&A statements do not reflect the 10:1 share consolidation which took effective on April 16, 2015, unless otherwise noted.

FORWARD-LOOKING STATEMENTS

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This MD&A contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions of management and are subject to known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In particular, forward-looking information and statements contained in this MD&A include: (i) statements regarding the further development and regulatory approvals of the Company's intellectual property; and (ii) statements regarding the requirement that additional cash will be required. Risk factors that could cause results to differ materially include changes to regulatory rules, changes to market conditions and the ability of the Company to obtain adequate financing. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements.

The forward-looking statements contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

Date of Report: May 29, 2015

General

M Pharmaceutical Inc. ("the Company") is in the business of research and development for a range of innovative medical technologies including disease treatment and monitoring devices to treat obesity and diabetes. The Company acquired or entered into agreements to acquire several licenses for medical technologies during the year, including a glucose monitoring device, the eMosquito, and temporary controllable pseudobezoars, which are utilized for weight loss. The Company intends to complete the research and development of the technologies and pursue commercialization in due course. In order to commercialize and sell any products, prototypes must be developed and tested and various regulatory approvals obtained.

The Company was incorporated on March 11, 2003 under the laws of the Province of Ontario. On November 26, 2014, the Company was continued into the Province of Alberta from Ontario. The address of its head office is suite 430-580 Hornby Street, Vancouver, BC V6C 3B6.

The Company was formerly engaged in the acquisition, exploration and evaluation of resource properties. As at the date of this report, it has disposed of all its resource properties to pursue its medical device business.

Overall Performance

Overall, the year has marked a critical transition in the business of the Company. M Pharmaceutical Inc. is now committed to developing and commercializing innovative medical technologies that improve the health and quality of life for people affected by diabetes and obesity.

During the year, the Company underwent many significant changes, including a change of business, various financings and divestitures, with highlights as described below.

On June 18, 2014 the Company completed a distress financing raising gross proceeds of $1,035,000 by issuing 51,749,975 units at $0.02 each. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable for 2 years from closing at an exercise price of $0.05 per common share.

On November 26, 2014, the Company entered into a letter of intent for the acquisition of M Diagnostics Inc., a Calgary-based company owning all of the intellectual property and commercial rights to a glucose monitoring device named the e-mosquito, along with all relevant patents. The Company is obligated to pay a 3% royalty on all future e-mosquito product sales, issued 8,066,676 common shares of the Company's common stock and made a cash payment of USD $150,000 upon closing on February 19, 2015.

In February 2015, the Company disposed of its New Brunswick and Quebec resource properties in exchange for 5,000,000 common shares in a private company and 5,000,000 common shares of its subsidiary.

In February 2015, the Company completed a private placement and raised gross proceeds of $1,080,000 by issuing 54,000,000 units at $0.02 per share. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable for 2 years from closing at an exercise price of $0.05 per common share.

In February 27, 2015, the Company entered into an agreement for the acquisition of a private company, RX Global Capital Inc. RX Global Capital holds a perpetual, exclusive, world-wide license of all intellectual property and commercial rights to the technology of temporary, controllable pseudobezoars, (the "License Agreement"). This transaction closed on April 28, 2015. The Company issued a total of 9,522,400 common shares at a deemed price of $0.25 per share, including 3,500,000 shares to EatLittle Inc. pursuant to the License Agreement. These 3,500,000 shares are subject to a 3 year escrow agreement, with 10% of the escrowed shares being immediately releasable, and the balance being released in equal tranches every six months thereafter. The Company also issued 5,664,000 replacement warrants, exercisable at $0.25 per warrant.

On April 15, 2015 the Company announced Dr. Martin Mintchev as President & Chief Executive Officer. Dr. Mintchev is the primary developer of the innovative medical technologies held by the Company.

On May 6, 2015, the Company entered into a letter of intent to acquire another line of biomedical technology on the obesity field by the acquisition of neural gastrointestinal stimulators.

Net Revenue and Net Income (Loss) for the last eight (8) quarters

	2015 Mar. 31	2014 Dec. 31	2014 Sep. 30	2014 Jun. 30	2014 Mar. 31	2013 Dec. 31	2013 Sep. 30	2013 Jun. 30
Revenue (net of royalties)	-	-	-	-	-	-	-	-
Net Income/(Loss)	(502,052)	227,930	(238,690)	(179,848)	(206,960)	(16,870,736)	(229,989)	189,538
Basic/Diluted Income/(Loss) Per Share	0.00	0.00	(0.00)	(0.00)	(0.01)	(0.75)	(0.01)	0.02
Number of shares Outstanding	142,733,434	80,666,764	80,666,764	78,266,764	25,916,785	22,616,789	21,724,789	10,724,789

General & Administrative and Operating Expenses

Combined General & Administrative and Operating expenses* (see table below) for the first quarter ended March 31, 2015 were $495,911 (versus $208,356 for the first quarter ended March 31, 2014). The Company incurred more operating expenditures due to an increase in research and development activities. The Company reduced its interest expenses.

Consulting fees increased to $171,130 for the first quarter ended March 31, 2015 ($83,213 – 2014) due to the hiring of key consultants during the year.

Professional fees increased to $156,350 for the first quarter ended March 31, 2015 ($73,943 - 2014) due to an increasing in acquisition and financing activities during the quarter.

Travel expenses were increased to $38,702 for the first quarter ended March 31, 2015 ($11,016 - 2014) due to an increasing in research and development activities during the quarter.

Interest expense decreased to $(1,673) for the first quarter ended March 31, 2015 ($24,665 - 2014) due to a decrease in debts to which interest is incurred.

*G&A and Operating Expense	Three Months Ended 03/31/15	Three Months Ended 03/31/14	Change ($)	Change (%)
Professional fees	156,350	73,943	82,407	111,45%
General and administrative	128,056	15,519	112,537	725.16%
Travel and promotions	38,702	11,016	27,686	251.33%
Consulting fees	171,130	83,213	87,917	105.65%
Interest Expenses	1,673	24,665	(22,992)	(93.22)%
	495,911	208,356	287,557	138.01%

Liquidity and Capital Resources

At March 31, 2015 the Company has a cash position of $255,862 (March 31, 2014 - $41,266). The Company had a net working capital of $193,720 (December 31, 2014 – deficiency $316,671).

The ability of the Company to settle its obligations is dependent upon the Company being able to obtain financing to continue to research and develop its products and to commence commercialization and sales. Operations may be hindered by a future working capital deficiency. The success of the Company depends on the Company obtaining further funds to ensure its liquidity.

Investments

On November 4, 2014, the Company was paid 2,000,000 common shares of Maxim Resources, a publicly traded company on the TSX-V as a finder's fee during the year. The Company reported a gain of $290,000 which was the fair market value of the securities at the time of issuance to the Company.

The Company recorded a $20,000 other comprehensive loss as at March 31, 2015 relating to the investment to record the "marked to market" adjustment of the securities as at March 31, 2015, due to a reduction in the market share price of the investment.

In February 2015 the Company issued 8,066,670 common shares of the Company's common stock (the "Acquisition Shares") at fair market value $0.035 for total amount $282,333 and made a cash payment of $US150,000 ($CAD188,910) to shareholders of M Diagnostics Inc.

In February 2015, the Company disposed of its New Brunswick and Quebec properties and the associated decommissioning obligation in exchange for 5,000,000 common shares in a private company and 5,000,000 common shares of its subsidiary. The value attributed to shares is equal to the carrying value of net assets disposed off which was $ nil. 2,000,000 common shares of the private company were transferred to a promissory note holder.

Off Balance Sheet Arrangements

There are no off balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The following is a summary of the Company's related party transactions during three months ended March 31, 2015:

(i) Consulting fees

During the three month period ended March 31, 2015, the Company accrued total consulting fees to the directors and to the director's companies for $25,400 (2014 - $42,000) of which $40,450 (2014 - $42,000) is owed at period end.

During three month period ended March 31, 2015, the Company accrued total consulting fees to the Management and to Management's companies for $10,500 (2014 - $6,480). A balance of $1,000 (2014 - $6,480) is owed at period end.

(ii) Accounting fees

During three month period ended March 31, 2015, the Company accrued and paid total accounting fees to the Management's company for $3,900 (2014 – 8,700).

(iii) Legal and Professional fees

During the three month period ended March 31, 2015, the Company accrued and paid total legal and professional fees to the director's company for $98,074.86 (2014 - $Nil). A balance of $260,119 (2014 - $Nil) is owed at period end.

PROMISSORY NOTES PAYABLE

On March 8, 2012, the Company issued a promissory note with a face value of $300,000 bearing annual interest of 10% payable in common shares. The promissory note matured on March 8, 2014. The Company settled the promissory note with $200,000 of cash, 2,000,000 common shares of the Company, 1,000,000 warrants at a strike price of $0.05 per share, 2,000,000 common shares of a private exploration Company, and a new promissory note for principal amount of $100,000 that matures June 29, 2016 and bears annual interest of 10% which is payable at the anniversary of the note.

The common shares of the Company were valued at $60,000, based on closing price on the day they were issued. The common share purchase warrants were valued at $40,000, see note 4(c) of the financial statements. Common shares of the exploration private company were valued at $Nil. The new promissory note was recorded at its fair value of $53,526. The discount rate used in the present value calculation was 53%. The difference between the carrying value of previous promissory note and above mentioned items is $15,761 which is considered a gain on settlement and is recorded in the Statement of Comprehensive Income during the year.

Included in the promissory note payable balance is $7,534 of accrued interest payments.

	March 31, 2015	December 31, 2014
Balance, beginning of the period	**$ 66,907**	$ 335,335
Issuance of promissory notes	**-**	53,526
Accrued accretion and interest expense	**1,763**	47,333
Repayment	**-**	(369,287)
Balance, end of the period	**$ 68,580**	$ 66,907

Share Capital

Common Shares Outstanding

On April 20 2015, the company completed a share consolidation on a 10:1 basis of its Common shares “the Share Consolidation”. This MD&A has not been adjusted to reflect the Share Consolidation unless otherwise noted.

As of the date of this MD&A, the Company has 25,920,559 Common Shares outstanding post the Share Consolidation (259,205,570 pre-consolidation) and 44,638,574 Common Shares (426,385,740) pre-consolidation) on a fully diluted basis.

As of December 31, 2014 the Company had 8,066,676 common shares outstanding post the Share Consolidation (80,666,764 Common Shares pre-consolidation) on a fully diluted basis.

Details of common share issuances during the year are as follows:

On February 26, 2014, the Company issued 3,300,000 common shares at a price of $0.05 per common share for gross proceeds of $165,000. The common shares had a hold period expiring June 27, 2014.

On June 18, 2014 the Company completed a non-brokered placement and raised gross proceeds $1,035,000 by issuing 51,749,975 units ("Units") at $0.02 each. Each Unit consists of one common share and one common share purchase warrant. Each warrant is exercisable for 2 years from closing at an exercise price of $0.05 per common share. The Corporation plans to use the proceeds from this financing for general working capital. The Company paid $31,427 finder's fees to those assisting it in completing this financing in the amount of 8% cash.

On June 20, 2014, the Company issued 600,000 common shares at a price of $0.05 per common share for gross proceeds of $30,000 for debt.

On July 2, 2014 the Company issued 400,000 common shares at a price of $0.05 per common share in payment of finder's fees total amount $20,000.

On July 24, 2014 2,000,000 shares units where issued to reduce promissory note. Each unit consisted of one common share and one half of a share purchase warrant. Each warrant is exercisable for 3 years from closing at an exercise price of $0.05 per common share. The 1,000,000 warrants were attributed a value of $40,000 based on the Company's share price on the date the warrants were issued. The shares were settled in the agreement at a price of $0.04 per share.

On December 2, 2014 the Company announced a non-brokered private placement for up to $750,000 by the issue of shares at price of $0.02 per unit. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire an additional share for up to 2 years from closing at a price of $0.05 per share. The private placement closed after year end. Proceeds will be used for working capital and general business purposes.

On February 19, 2015, the Company issued 8,066,676 common shares of the Company's common stock to the shareholders of M Diagnostics Inc. for acquisition of license technology relating to the diabetes monitoring devices.

In February 2015, the Company completed a private placement and raised gross proceeds of $1,080,000 by issuing 54,000,000 shares at $0.02 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable for 2 years from closing at an exercise price of $0.05 per common share.

During February 2015, the Company issued 1,106,000 finder's warrants.

Further to the letter of intent, the Company issued 8,066,676 common shares of the Company's common stock (the "Acquisition Shares") and made a cash payment of $150,000 to the former shareholders of M Diagnostics Inc.

In April 2015, the Company closed the acquisition and issued a total of 9,522,400 common shares (post consolidation) at a deemed price of $0.25 per share, including 3,500,000 shares (post consolidation) pursuant to the license agreement. The 3,500,000 shares are subject to a 3 year escrow agreement, with 10% of the escrowed shares being immediately releasable, and the balance being released in equal tranches every six months thereafter. The Company also issued 5,664,000 replacement warrants (post consolidation), exercisable at $0.25 per warrant expiring on February 10, 2020.

On April 16 2015, the Company consolidated its common shares on the basis of ten old common shares for one new common share. The proposed consolidation was approved by shareholders at a special meeting of the Company held on October 10, 2014 and was approved by the Canadian Securities Exchange ("CSE") in April 2015. The Consolidation is intended to better position the Company for institutional investors seeking growth opportunities in the life sciences industry.

On May 8, 2015, the Company issued 2,124,814 post –consolidated common shares to consultants and other service providers pursuant to contractual arrangements, and to settle certain debts of the Company owed to insiders and consultants at a deemed price of $0.17 per share in aggregate $361,218.

Warrants

A summary of the changes in the Company's share purchase warrants during the three months ended March 31, 2015 and March 31, 2014 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2012	**712,000**	**$ 0.58**
Expired	(112,000)	$ 1.00
Issued	11,000,000	$ 0.05
Issued	40,000	$ 1.00
Balance, December 31, 2013	**11,640,000**	**$ 0.07**
Expired	(600,000)	$ 0.50
Balance, March 31, 2014	**11,040,000**	**$ 0.05**
Issued	56,049,975	$ 0.05
Balance, December 31, 2014	**67,089,975**	**$ 0.05**
Issued	55,106,000	$ 0.05
Issued	8,066,670	$ 0.075
Balance, March 31, 2015	**130,262,645**	**$ 0.05**

As at March 31, 2015, the following common share purchase warrants were outstanding:

Expiry date	Exercise Price	Warrants
September 13, 2015	0.05	11,000,000
September 13, 2015	0.05	40,000
February 25, 2016	0.05	3,300,000
June 18, 2016	0.05	51,749,975
July 24, 2017	0.05	1,000,000
February 6, 2017	0.05	43,750,000
February 6, 2016	0.05	1,106,000
February 13, 2017	0.05	10,250,000
February 20, 2016	0.075	8,066,670
		130,262,645

Adoption of New and Revised Reporting Standards

The Company adopted all new and revised standards issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB effective for periods beginning on or before January 1, 2015, being amendments related to the Annual Improvements to IFRSs 2010-2012 and 2011-2013 Cycles. The amendments related to the Annual Improvements Cycles clarified standards already in effect and did not impact the Company's interim financial position, results of operations or disclosures.

The Company did not adopt any new or revised standards in advance of their effective dates.

Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that is can continue to pursue the evaluation of its exploration properties. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying petroleum and natural gas assets. The Company's objective is met by retaining adequate equity to guard against the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. The Company considers its capital structure to include the components of shareholders' equity. In order to maintain or adjust the capital structure, the Company may from time to time issue shares and adjust its capital spending to manage current and projected debt levels. To assess capital and operating efficiency and financial strength, the Company continually monitors its net cash and working capital. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

Regulatory Risks

The activities and devices of the Company will be subject to regulation by governmental authorities, particularly Health Canada. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Limited Operating History

The Company has yet to generate revenue from the sale of products. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Dependence on patent and other proprietary rights.

The Company operates in an industry characterized by extensive patent litigation. Patent litigation can result in significant damage awards and injunctions that could prevent the manufacture and sale of affected products or require the Company to pay significant royalties in order to continue to manufacture or sell affected products. At any given time, the Company could be involved as both a plaintiff and a defendant in a number of patent infringement actions, the outcomes of which may not be known for prolonged periods of time. While it is not possible to predict the outcome of patent litigation, the Company believes the results associated with any such litigation could result in the payment of significant monetary damages and/or royalty payments, negatively impacting the ability to sell current or future products, or prohibiting the Company from enforcing its patent and proprietary rights against others, which would generally have a material adverse impact on consolidated earnings, financial condition, and/or cash flows.

Factors which may Prevent Realization of Growth Targets

The Company is currently in the early development stage. There is a risk that the Company will not be able to obtain additional resources on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- non-performance by third party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- labour disputes, disruptions or declines in productivity; and
- inability to attract sufficient numbers of qualified workers.

As a result, there is a risk that the Company may never have product for shipment to meet the anticipated demand or to meet future demand when it arises.

The Company has a history of net losses, may incur significant net losses in the future and may not achieve or maintain profitability

The Company has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable.

Additional Financing

The building and operation of production facilities and businesses are capital intensive. In order to execute the anticipated growth strategy, the Company will require some additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available when needed or on terms which are acceptable. The Company's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

The medical device industry is highly competitive

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

The Company faces a mixture of competitors ranging from large manufacturers with multiple business lines to small manufacturers that offer a limited selection of niche products. Development by other

companies of new or improved products, processes, or technologies may make our products or proposed products less competitive.

In the current environment of managed care, consolidation among health care providers, increased competition, and declining reimbursement rates, the Company may be increasingly required to compete on the basis of price. In order to continue to compete effectively, the Company must continue to create, invest in, or acquire advanced technology, incorporate this technology into its proprietary products, obtain regulatory approvals in a timely manner, and manufacture and successfully market our products. Given these factors, the Company cannot guarantee that it will be able to continue its level of success in the industry.

Because of the early stage of the industry in which the Company intends to operate, the Company expects to face additional competition from new entrants. If the number of persons diagnosed with diabetes in Canada increases, the demand for medical devices relating to blood monitoring will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To be competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Product Liability

As a manufacturer and distributor of products designed to pierce human skin (the e-mosquito) and to be ingested (the pseudobezoars) the Company will face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. The Company may be subject to various product liability claims, including, among others, that its products caused injury or illness, include inadequate instructions for use or include inadequate warnings. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the Company's results of operations and financial condition. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all.

The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company intends to have detailed procedures in place for testing finished products, there can be no assurance that any problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's products were subject to recall, the image of the brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Consolidation in the health care industry could have an adverse effect on the business

Many health care industry companies, including health care systems, are consolidating to create new companies with greater market power. As the health care industry consolidates, competition to provide goods and services to industry participants will become more intense. These industry participants may try to use their market power to negotiate price concessions or reductions for medical devices that incorporate components produced by the Company. If the Company is forced to reduce its prices because of consolidation in the health care industry, revenues would decrease and consolidated earnings, financial condition, and/or cash flows would suffer.

The business is indirectly subject to health care industry cost-containment measures that could result in reduced sales of medical devices

Most of the Company's future customers, and the health care providers to whom future customers supply medical devices, rely on third-party payers, including government programs and private health insurance plans, to reimburse some or all of the cost of the procedures in which medical devices that incorporate components we manufacture or assemble are used. The continuing efforts of governmental authorities, insurance companies, and other payers of health care costs to contain or reduce these costs could lead to patients being unable to obtain approval for payment from these third-party payers. If third-party payer payment approval cannot be obtained by patients, sales of medical devices may decline significantly and customers may reduce or eliminate purchases of the Company's products. The cost-containment measures that health care providers are instituting, both in the U.S. and internationally, could harm the Company's ability to operate profitably.

The development of products depends upon the Company's ability to maintain strong relationships with physicians

If the Company fails to maintain working relationships with physicians, many of its products may not be developed and marketed in line with the needs and expectations of the professionals who use and support the Company's products, which could cause a decline in earnings and profitability. The research, development, marketing, and sales of the Company's products is dependent upon the ability to maintain working relationships with physicians. The Company relies on these professionals to provide knowledge and experience regarding the development, marketing, and sale of its products. Physicians assist as researchers, marketing and product consultants, inventors, and public speakers. If the Company is unable to maintain strong relationships with these professionals, the development and marketing of its products could suffer, which could have a material adverse effect on consolidated earnings, financial condition, and/or cash flows.

Dependence on Suppliers and Skilled Labour

The ability to compete and grow will be dependent on the Company having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this stage of the medical device industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Operating Risk and Insurance Coverage

The Company intends to obtain insurance to protect its assets, operations and employees. While the Company believes insurance coverage can adequately address all material risks to which it may be exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability to deal with this growth may have a material adverse effect on its business, financial condition, results of operations and prospects.

Conflicts of Interest

Certain of the directors and officers of the Company are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect its ability to continue operating. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

The market price of the Common Shares may be subject to wide price fluctuations

The market price of the Common Shares may be subject to wide fluctuations in response to many factors, including variations in operating results, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Common Shares.

Dividends

The Company has no earnings or dividend record, and does not anticipate paying any dividends on the Common Shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Limited Market for Securities

There can be no assurance that an active and liquid market for the Common Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company.

Financial instruments and risk management

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company financial instruments that are carried in the financial statements and how the fair value of financial instruments is measured.

Fair values

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities. The Company has no level 1 financial instruments.
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). Cash equivalents are classified as level 2 financial instruments; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company has no level 3 financial instruments.

The carrying value of cash equivalents and accounts payable and accrued liabilities reflected in the statements of financial position approximate fair value because of the limited term of these instruments.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (currency fluctuations, interest rates and commodity prices. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. Cash and cash equivalents are composed of financial instruments issued by large Canadian financial institutions with high investment grade ratings and are closely monitored by management. Management believes credit risk with respect to cash is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company prepares periodic capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. At March 31, 2015, the Company had a cash balance of $255,862 (December 31, 2014 - $41,266) to settle current liabilities of $414,609 (December 31, 2014 - $638,800) to fund general working capital.

Market risk

Market risk is the risk that changes in foreign exchange rates, commodity prices, and interest rates will affect the Company's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Foreign exchange risk
The Company does not hold significant balances in foreign currencies to give rise to foreign exchange risk.

Commodity price risk
The Company is not exposed to fluctuations in commodity prices. Commodity prices are affected by many factors including supply and demand.

Interest rate risk
The Company is not exposed to interest rate risk as it has no revolving loan facilities.

Outlook

The Company has acquired all technology in regard to the eMosquito patent rights, and has just recently acquired licenses relating to another family of patents covering temporary controllable pseudobezoars. The Company is at the early stage where it is determining the optimal regulatory strategy and applications for these devices, as it works to refine the eMosquito prototype. The pseudobezoars are somewhat farther along in that they have been approved as a weight loss aid and manufactured to a very limited extent in Europe. They have been tested in blind, placebo-controlled studies on humans with excellent results.

It is anticipated that the Company will have a clearer picture of where it will focus its resources within the next quarter. Once it has made these decisions, a more complete development plan will be finalized.

The ability of the Company to realize its business plan and continue operations is dependent upon the Company being able to commercialize a product for sale, to finance research, development and commercialization costs and compete in a competitive marketplace for diabetes monitoring products. Although the Company believes it will be successful, there is no guarantee the Company will produce a product that is marketable or obtains consumer acceptance.

On May 6, 2015, the Company entered into a letter of intent to acquire another line of biomedical technology on the obesity field by the acquisition of neural gastrointestinal stimulators.

Additional Information

Additional information on the Company can be accessed through www.sedar.com.