M Pharmaceutical Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

Period Ended – December 31, 2015

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

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. In addition, forward-looking statements include with respect to the commercialization of the rights to the eMosquito, Trimeo and Trimtec biomedical technologies. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. These statements speak only as of the date of this this Management Discussion and Analysis ("**MD&A**") of M Pharmaceutical Inc. (the "Company"). Actual results could differ materially from those currently anticipated due to a number of factors and risks including various risk factors discussed in the Company's disclosure documents which can be found under the Company's profile on www.sedar.com and such factors as the Company failing to complete the commercialization of the its biomedical technologies.

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: April 29, 2016

General

M Pharmaceutical Inc. ("the Company") is a biomedical technology company developing innovative products for the treatment of obesity and weight loss.

The Company acquired the exclusive rights to three technologies invented by Dr. Martin Mintchev at the University of Calgary: (1) Trimeo capsules, temporary controllable pseudobezoars for non-invasive gastric volume reduction for the treatment of obesity; (2) Trimtec, gastrointestinal neurostimulators implanted laparoscopically for the treatment of obesity and gastroparesis without permanent anatomical modification of the stomach; and (3) eMosquito wearable blood monitor, for automatic and autonomous monitoring of blood glucose by diabetics. On November 20, 2015, the Company entered into a Letter of Intent to acquire

assets from Chelatexx, LLC ("Chelatexx") related to a reformulated orlistat for weight loss. The Company announced that it intends to minimize continued investment in Trimtec and eMosquito to concentrate its development efforts on oral products for obesity and weight loss, Trimeo and C-103 (pending the acquisition from Chelatexx).

Commercial development of these biomedical technologies will require successful coordination and execution of a wide variety of technology disciplines.

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 biomedical technology business.

Overall Performance

Overall, the year has marked a critical transition in the business of the Company. M Pharmaceutical Inc. is committed to developing and commercializing innovative biomedical technologies for the treatment of obesity and weight loss. .

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

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 806,668 (8,066,676 before consolidation) 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 5,400,000 (54,000,000 before consolidation) units at $0.20 ($0.02 before consolidation) 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 $0.50 ($0.05 before consolidation) 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") owned by Eatlittle, Inc. 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 inventor of the medical technologies held by the Company.

On May 7, 2015, the Company entered into an agreement for the acquisition of rights to intellectual property associated with neural gastrointestinal stimulators through the purchase of Trimtec Biomedical, Inc., a private British Columbia company, for 1000 common shares of M Pharmaceutical. Since the transaction, Trimtec Biomedical, Inc. operates as a wholly owned subsidiary of M Pharmaceutical and holds a license to the technology with UTI Limited Partnership at the University of Calgary in Alberta. Under this license, Trimtec Biomedical payed an initial fee of $50,000 and is obligated to repay patent costs of $156,937 to UTI over 20 months, a milestone payment of $10,000 and ongoing royalty of 3% on sales. This transaction closed on June 26, 2015.

On May 8, 2015, the Company announced granting of 1,050,000 stock options to directors, officers, and employees of the Company in accordance with the Company's stock option plan. The Company also announced the issuance of 2,124,815 shares to professional consultants in lieu of cash payment for trade payables in the amount of $356,625.

On June 15, 2015, the Company announced granting of 1,325,000 stock options to directors of and consultants to the Company. These options are exercisable at $0.17 for a period of 5 years and vest in equal portions over 3 years.

On July 24, the Company announced the issuance of 369,200 shares to Proactive Capital Resources Group, LLC in lieu of cash payment for trade payables in the amount of $44,304.

On August 17, 2015, the Company entered into a contract manufacturing and collaboration agreement with Rishena Co, Ltd, for the production of Trimtec neurostimulation devices according to ISO 13485 standards.
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On August 19, 2015, the Company announced it had appointed a new director and CEO for M Pharmaceutical, Matthew Lehman, effective September 1, 2015. Dr. Mintchev continues to serve as the Company's Chief Scientific Officer and on the Board of Directors.

On September 3, 2015, the Company announced repricing of 1,100,000 warrants to $0.13. The Company also extended the term of expiry of such warrants from September 13, 2015 until October 31, 2015.

On October 20, 2015, the Company announced the issuance of convertible securities to settle trade payables in the amount of $743,266.36. This is not reflected in the financial statements as of September 30, 2015.

On November 20, 2015, the Company entered into a Letter of Intent to acquire assets from Chelatexx, LLC related to a reformulated orlistat for weight loss. The contemplated terms of this acquisition include an upfront cash payment, issuance of 10 million shares of M Pharmaceutical, and a royalty on sales of that product. As of the filing date for this report, definitive agreement has not been reached with Chelatexx.

On December 15, 2015 the Company announced Dr. Martin Mintchev has resigned from board of Directors and from his position as Chief Scientific Officer.

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

	2015 Dec. 31	2015 Sep. 30	2015 Jun. 30	2015 Mar. 31	2014 Dec. 31	2014 Sep. 30	2014 Jun. 30	2014 Mar. 31
Revenue (net of royalties)	-	-	-	-	-	-	-	-

Net Income/(Loss)	(2,989,559)	(738,945)	(832,080)	(502,052)	226,074	(238,690)	(179,848)	(206,960)
Basic/Diluted Income/(Loss) Per Share	(0.11)	(0.03)	(0.04)	(0.04)	0.03	(0.03)	(0.02)	(0.06)
Number of shares Outstanding	33,198,829	26,734,766	25,920,559	14,273,343	8,066,676	8,066,676	7,826,676	2,591,679

General & Administrative and Operating Expenses

Combined General & Administrative and Operating expenses* (see table below) for the year ended December 31, 2015 was $339,441 (versus $62,932 for the year ended December 31, 2014). The Company incurred more operating expenditures due to an increase in research and development activities.

Consulting fees increased to $922,779 for the year ended December 31, 2015 ($515,268 – 2014) due to the hiring of key consultants during the year.

Professional fees increased to $312,176 for the year ended December 31, 2015 ($200,007 - 2014) due to an increasing in acquisition and financing activities during the year.

Travel expenses were increased to $118,177 the year ended December 31, 2015 ($35,539 - 2014) due to an increasing in research and development activities during the year.

Interest expense increased to $87,719 for the year ended December 31, 2015 ($47,333 - 2014) due to a increase in debts to which interest is incurred.

*G&A and Operating Expense	Year Ended 12/31/15	Year Ended 12/31/14	Change ($)	Change (%)
Professional fees	312,176	200,007	112,169	56.08%
General and administrative	339,441	62,932	276,509	439.38%
Travel and promotions	118,177	35,539	82,638	232.53%
Consulting fees	922,779	515,268	407,511	79.09%
Interest Expenses	87,719	47,333	40,386	85.32%
	1,780,292	861,079	919,213	106.75%

Liquidity and Capital Resources

At December 31, 2015 the Company has a cash position of $1,469 (December 31, 2014 - $41,266). The Company had a net working capital deficiency of $1,310,884 (December 31, 2014 – deficiency $316,671).

On October 20, 2015, the Company announced the issuance of convertible securities to settle trade payables in the amount of $743,266.36.

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 for $290,000 which was the fair market value of the securities at the time of issuance to the Company.

The Company recorded a $50,000 other comprehensive loss as at December 31, 2014 relating to the investment to record the "marked to market" adjustment of the securities as at December 31, 2014, due to a reduction in the market share price of the investment.

During the three months period ended June 30, 2015 194,500 shares were sold for total proceeds in the amount of $21,483.

During the three months period ended September 30, 2015 1,805,500 shares were sold for total proceeds in the amount of $63,445.

The Company recorded a $155,072 other comprehensive loss as at September 30, 2015 relating to the investment to record the "marked to market" adjustment of the securities as at September 30, 2015, due to a sale of the investment.

In February 2015 the Company issued 806,667 (8,066,670 before consolidation) common shares of the Company's common stock (the "Acquisition Shares") at fair market value $0.35 ($0.035 before consolidation) for total amount $282,333 and made a cash payment of $US150,000 ($188,910) 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.

In April 2015, the Company closed the acquisition of RX Global Capital Inc. a private company that holds as its sole asset an exclusive, world-wide license agreement from EatLittle Inc. covering all development and production rights to temporary controllable pseudobezoars, an innovative method for non-invasive dynamic gastric volume reduction for weight loss, and several other medical applications. The Company issued a total of 9,522,400 common shares, including 3,500,000 shares 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, exercisable at $0.25 per warrant expiring on February 10, 2020.

On June 2015, the Company closed the acquisition of the rights to the intellectual property associated with neural gastrointestinal stimulators through the purchase of Trimtec Biomedical Inc. ("Trimtec"), a private Alberta company. The Company issued 1,000 common shares at a deemed price of $0.20 per share from treasury and assumed the obligations of the exclusive worldwide license agreement covering this technology that Trimtec holds with UTI Limited Partnership at the University of Calgary in Calgary, Alberta and paid $50,000 for Licence.

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 the period:
(a) Key Management compensation consists of:

(i) Consulting fees

During the year ended December 31, 2015, the Company incurred total consulting fees to the directors and to the director's companies for $108,400 (2014 - $156.000) of which $10,500 (2014 - $110,250) is owed at period end.
During the year ended December 31, 2015, the Company incurred total consulting fees to the Management and to Management's companies for $361,276 (2014 - $230,980). A balance of $15,833 (2014 - $110,250) is owed at period end.

(ii) Accounting fees

During the year ended December 31, 2015, the Company incurred and paid total accounting fees to the Management's company for $20,000 (2014 – 35,200).

(iii) Legal and Professional fees

During the year ended December 31, 2015, the Company accrued and paid total legal and professional fees to a director's company for $175,594 (2014 - $Nil). A balance of $342,874 (2014 - $167,280) is owed at period end.

(iv) Office Expenses

During the year ended December 31, 2015, the Company incurred and paid total office expenses to company with common directors for $10,500 (2014 - $Nil).

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 5(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.

RX Global Capital Inc. issued promissory notes to shareholders with a face value of $280,000. Principal is payable on March 31, 2016. Interest is payable on the Principal amount outstanding hereunder at ten percent (10%) per annum, calculated annually, with interest on the outstanding Principal payable semi-annually on March 31 and September 30 of each year, commencing September 30, 2015; provided that any missed or late payments under the Note shall bear interest on such missed or late payment amounts at the same amount until such missed or late payments are paid.

Included in the promissory note payable balance is $6,691 of accrued interest payments.

	December 31, 2015	December 31, 2014
Balance, beginning of the period	**$ 66,907**	$ 335,335
Issuance of promissory notes	**208,40**	53,526
Accrued accretion and interest expense	**76,411**	47,333
Repayment, principle and interest	**(259,000)**	(369,287)

Balance, end of the period	**$**	**92,718**	$	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 been adjusted to reflect the Share Consolidation unless otherwise noted.

As of the date of this MD&A, the Company has 33,150,355 Common Shares outstanding post the Share Consolidation (331,503,550 pre-consolidation) and 54,618,370 Common Shares (546,183,700) 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.

On October 20, 2015, the Company announced the issuance of convertible securities to settle trade payables in the amount of $743,266.36. These convertible securities, which include common stock, warrants, and notes convertible for stock, are not reflected in the financial statements as of September 30, 2015.

Details of common share issuances during the six months period ended June 30, 2015 are as follows:

In February 2015, the Company completed a private placement and raised gross proceeds of $1,080,000 by issuing 5,400,000 shares at $0.20 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 $0.50 per common share.

During February 2015, the Company issued 110,600 finder's warrants.

Further to the letter of intent, the Company issued 806,668 common shares of the Company's common stock (the "Acquisition Shares") and made a cash payment of US$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 at a deemed price of $0.25 per share, including 3,500,000 shares 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, 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 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 was 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 common shares at $0.22 per share, to consultants and other service providers pursuant to contractual arrangements, and to settle $361,218 of debts of the Company owed to insiders and consultants in aggregate.

On July 14, 2015, the Company issued 1,000 common shares from treasury and assumed the obligations of the exclusive worldwide license agreement covering this technology that Trimtec holds with UTI Limited Partnership at the University of Calgary in Calgary, Alberta.

On July 16, 2015, the Company issued 369,200 common shares. The Common Shares were issued pursuant to settlement of debt owing by the Corporation to a related party of the Corporation at $0.10 per Common Share.

On September 15, 2015, the Company issued 2,000,000 common shares. The common shares are being issued pursuant to the executive consulting contract owing by the Company at a deemed $0.10 per common share.

On September 15, 2015, the Company issued 330,000 common shares. The common shares are being issued pursuant to a warrant exercise of $0.13 per common share. The warrants were repriced from $0.50 per common share and subsequently exercised.

On October 27, 2015, the Company issued unsecured convertible securities ("Debentures") to settle trade payables in the amount of $743,266.36. The term of the Debentures is 36 months at 10% annual simple interest, with the interest to be paid up front through the issuance of interest units.

The Company is hereby authorized and directed to issue certificates representing the Debentures to be effective as of October 27, 2015. Each Debenture is convertible to Common Shares at an exercise price of C$ 0.10. The terms of the Debentures are 36 months at 10% annual simple interest. The interest shall be paid up front, through the issuance of Interest Units. Each Interest Unit consists of one share of the Company's common stock and one warrant with an exercise price of C$ 0.10 and a term of two years.

Up to an aggregate of 7,432,660 Common Shares are hereby reserved for issuance upon conversion from time to time of the Debentures. The Company issued 4,459,596 Interest Units.

Warrants

A summary of the changes in the Company's share purchase warrants during the nine months ended September 30, 2015 and September 30, 2014 (post consolidated) are as follows:

	Number of Warrants (Post Consolidated)	Weighted Average Exercise Price
Balance, December 31, 2013	**1,164,000**	**$ 0.70**
Issued	5,604,998	$ 0.50
Expired	(60,000)	$ 5.00
Balance, December 31, 2014	**6,708,998**	**$ 0.05**
Issued	5,510,600	$ 0.50
Issued	10,123,596	$ 0.18
Exercised	(330,000)	$ 0.13
Expired	(1,104,000)	$ 0.50
Balance, December 31, 2015	**20,909,194**	**$ 0.35**

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

Expiry date	Exercise Price	Warrants
June 18, 2016	0.50	5,174,998
July 24, 2017	0.50	100,000
February 6, 2017	0.50	4,375,000
February 6, 2016	0.50	110,600
February 13, 2017	0.50	1,025,000
February 20, 2016	0.75	806,667
February 7, 2017	0.25	5,664,000
		20,909,194

Stock Options

The Company has established a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors and employees of the Company as well as persons providing ongoing services to the Company. The maximum number of common shares reserved for issuance upon the exercise of options is not to exceed 10% percent of the total number of common shares outstanding immediately prior to such an issuance. Under the plan, the Board of Directors has the choice of either vesting or allowing options issued to be exercisable upon issuance. Options are normally issued for a five-year term. During the year ended December 31, 2015, 2, 775,000 options were granted.

A summary of the share option transactions for the year ended December 31, 2015 are summarized as follows:

	Number of Options*		Weighted Average Exercise Price
Balance, December 31, 2013 and December 31, 2014	54,083	$	19.20
Expired	(51,333)	$	20.00
Granted	2,775,000	$	0.17
Forfeited	(425,000)	$	0.17
Balance, December 31, 2015	**2,352,750**	**$**	**0.17**

The following table summarizes stock options outstanding and exercisable under the Company's stock option plan as at December 31, 2015:

Expiry date	Exercisable & Outstanding*	Options Exercise Price per share ($)	Options Exercisable
Nov 18, 2016	2,750	5.00	2,750
May 17, 2020	700,000	0.17	-
June 10, 2020	1,325,000	0.17	-
August 31, 2020	400,000	0.11	-
	2,352,750	0.17	2,750

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 its 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 biomedical products of the Company will be subject to regulation by governmental authorities, including Health Canada, the U.S. Food and Drug Administration, and others. 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 biomedical device & pharmaceutical industries are 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. 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 biomedical products, 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 December 31, 2015 the Company

has a cash position of $1,474 (December 31, 2014 - $41,266). The Company had a net working capital deficiency of $1,310,884 (December 31, 2014 – deficiency $316,671). The Company will require additional financing to continue operations.

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 currently hold significant balances in foreign currencies to give rise to foreign exchange risk. However, the company is committed to developing further R&D operations in the United States as this is the largest global market for the Company's biomedical products. As these operations expand, significantly more of the Company's expenses are expected to be incurred in U.S. Dollars. While the Company intends to implement prudent exchange rate risk mitigation steps, changes in foreign exchange rates between the Canadian and U.S. dollars may have a significant impact on the Company's financial performance in the future.

Commodity price risk

The Company has no significant exposure to fluctuations in commodity prices. Manufacturing of the Company's biomedical products require certain chemical and biological commodities; however, the cost for such raw materials is not considered material to the overall performance of the Company.

Interest rate risk

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

Outlook

As of December 31, 2015, the priorities for M Pharmaceutical Inc. ("the Company") are to engage professional industry-experience development personnel, corporate development (including investor relations and search for potential corporate opportunities), and to put forth product development plans for its technologies.

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.

In April 2016, the Company entered into definitive agreement to acquire assets from Chelatexx, LLC ("Chelatexx") related to a reformulated orlistat for weight loss. The Company announced that it intends to minimize continued investment in Trimtec and eMosquito to concentrate its development efforts on oral products for obesity and weight loss, Trimeo and C-103 (pending the acquisition from Chelatexx).

Additional Information

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