

Background

The following discussion and analysis is for the period ended June 30, 2017 prepared as of August 28, 2017. This management discussion and analysis (“MD&A”) should be read in conjunction with the Company’s audited financial statements for the year ended March 31, 2017 and related notes attached thereto and the unaudited condensed interim financial statements for the three months ended June 30, 2017 which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

LeenLife Pharma International Inc. (formerly SPT Sulphur Polymer Technologies Inc.) (the “Company”), was incorporated on January 12, 2014, under the laws of the Province of British Columbia. The Company’s head office is located at Suite 380 - 580 Hornby Street, Vancouver, British Columbia, V6C 3B6.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company is available for view on SEDAR at www.sedar.com

Overview

The Company was established by Vinergy Resources Ltd. on January 12, 2014 and was assigned by Vinergy Resources Ltd. the Contract of Purchase and Sale between TBG Capital Inc. of Beaumont, Alberta (the “Seller”) and Vinergy Resources Ltd. of Edmonton, AB (the “Buyer”) dated November 29, 2013, amended on January 31, 2014 and amended again on September 30, 2014, the Buyer conditionally agreed to acquire a certain property, having the Tax Roll # 203020 located in, Leduc, Alberta, in connection with the Plan of Arrangement, (See “Transactions with Related Parties” below). The Contract of Purchase and Sale provided for the Company to have the right to acquire the Property for \$650,000 subject to making certain payments and completing a successful feasibility study of the Property prior to December 31, 2015.

On June 18, 2014, the Company became a Reporting Issuer in British Columbia, Alberta and Ontario.

On December 17, 2014, the Company began trading on the Canadian Securities Exchange (“CSE”) under the symbol (“SEE”).

In July 2015, the Company entered into a share purchase agreement to acquire a 90-per-cent interest in a Polish private company, LeenLife Pharma SA, which had developed a process to isolate omega-3 fatty acids from flax seeds. The purchase price was comprised of 12,232,788 common shares of the Company at a deemed acquisition price of \$0.25 per share for an aggregate value of \$3,058,197 and \$563,044 in cash consideration due by November 30, 2016. The amount of \$563,044 was a calculation of the tax the vendors would incur if and when the 12,232,788 common shares were issued and delivered to the vendors. The Company received approval from the Canadian Securities Exchange (“CSE”) on December 2,

2015. The company changed its name to LeenLife Pharma International Inc. on December 3, 2015 and began trading under the symbol "LLP". Several delays were encountered in closing a final document, which was finally completed on February 18, 2016. Subsequent to February 18, 2016, the Company had been waiting for key detailed information with which to advance the objectives of the Company, mainly on the ingredients, patents and follow up on production.

Due to the failure of the Vendors and the management of LeenLife SA in Poland satisfying the essence of the Transaction by delivering control of this Polish company with operating documents to the Company, and having refused to co-operate with the Company with such matters as allowing an audit of the records of this Polish company by a major international audit firm engaged by the Company, having offices in Canada and Poland, as required to satisfy the Company's regulatory requirements, the Transaction has been repudiated by the actions of the Vendors. As the transaction has been repudiated, a liability which would have been created from the receipt of the shares from the Company to the Vendors causing a tax liability of \$563,044 is no longer applicable. This amount was written off in previous financial statements.

Effectively in March 2017, the Company returned to treasury and cancelled the Acquisition Shares and returned the original LeenLife SA shares. With the return to treasury and cancellation of these 12,232,788 common shares the Company now had a total of 34,015,318 issued and outstanding common shares.

Further to this matter, on the basis of funds advanced by the Company to LeenLife SA and its suppliers, as provided for by the laws in Poland, the Company has been issued additional shares of LeenLife SA, in the name of the Company and changed the chairperson to gain control of LeenLife SA. The Company has received court approval in Poland for the actions taken by the Company and awarded control of LeenLife SA by endorsing share issuances, the appointment of the new chairperson and dismissed all claims by the Vendors.

Although a Polish court has confirmed the appointment of a new chairman and control of LeenLife Pharma S.A., the KRS has not officially reflected the changes in the public record system. As the Company is not allowed to hold shares of a subsidiary company without the benefit of an audit by a recognized Canadian auditor, the Company cannot consolidate the affairs of the subsidiary into the parent. Since technically the parent has not been recognized as the proper owner, the Company has been in negotiations with a third party to exchange the shares held in LeenLife Pharma SA for goods in kind.

The Company has been able to determine and establish the technical data it was seeking without the assistance of LeenLife Pharma S.A. The Company has developed a collaborative arrangement with UBC (University of British Columbia) with the assistance of Carl Perez, PhD., with whom the Company also has a collaborative arrangement.

Business Discussion and Objectives

There are three main objectives of the company:

- (a) Supply of omega product
- (b) Sales
- (c) Marketing

Supply

The supply of omega oil in an ethyl ester form is the main ingredient of the Company's products. The Company made several trips to Poland locating two producers of omega oil using under rather similar patents and having identical processes (both patents are dated on the same day). On further analysis both producers did not pass the requirements of the Company. Upon a detailed analysis of the production methods, it was determined that these processes, both batch style, were subject to excessive labor costs, oxidation issues where air is a contaminant and must be carefully managed to prevent oxidation, poor recovery of excess ethanol and consequential high usage, and disposal issues.

As a result of various analyses, the Company decided to embark on a different direction to produce the products. The Company has found an existing system that is easily adaptable to produce the Company's product using a continuous flow system. Testing has been completed to ensure the system produces the proper results. With this new system, a manufacturing plant will be located in the greater Vancouver area. The new system gives results whereupon:

1. There is a substantial saving in labor;
2. No contamination resulting in oxidation issues (even if the power is shut off, upon a restart, the equipment resumes delivering product without any air contamination);
3. Ethanol is an ingredient, but to achieve a higher completion of the reaction, an excess of ethanol is added, resulting in a high yield, but excess ethanol, which under this system is almost completely recovered and recycled;
4. Separation and polishing is done without water, resulting in a more efficient process and waste products that can be sold.

The Company has found one company in Poland, a substantial company, that is interested in joining forces to produce in Poland or buy from us in Canada. This development remains in a discussion stage at this time.

Sales and Marketing

The Company has initiated various programs to secure sales in Poland which produce sales in Poland and continue on an export basis to other countries. Up to this point in time, no sales have been booked directly by the Company, but all sales will flow through the Company or subsidiaries in the future. The Company has engaged two experienced sales executives (multi-language) in Poland which have resulted in sales deals to be acted upon. The main thrust of sales is in the use of the omega oil as a food additive in the production of bread, cheese, noodles, juices, and meat products. The retail sector is also a target, but it is probable that a partner must be brought in.

The Company has hired two executive consultants in Canada to assist in the areas of importation of the omega oil into North America, provide appropriate support information and provide guidance on regulatory product requirements. The main areas of product use would be in as a food additive. Retail distribution would require a partner. The Company is also looking at the use of its' omega 3 in a powder form to be utilized in body building products.

Directors, Officers and Consultants

Stan Lis, Chief Executive Officer, Director

Mr. Lis, was the co-founder, past president and director of Carbon Friendly Solutions Inc. since its inception in 2006 to 2015. From 2000 until 2006, he was the president, CEO and director of Stream Communications Network & Media Inc., a cable company where he was directly responsible for taking the company from start up to 60,000 subscribers. From 1993 until 2000, Mr. Lis acted as President, CEO and director of Trooper Technologies Inc., an environmental company focused on waste management in Central Europe. In 1988 he founded International UNP Holdings Ltd., a Toronto Stock Exchange Investment Company used to acquire and finance privatized Polish state enterprises. Mr. Lis studied Business Administration and Securities at the Simon Fraser University. Mr. Lis has personally raised over \$60 million to finance the above mentioned companies.

Casey Forward, Chief Financial Officer, Director

Casey Forward, has been a CPA/CGA (professional accountant) in British Columbia since 1985. Mr. Forward has been a director, Chief Executive Officer and/or Chief Financial Officer of several public companies trading on the TSX and TSX Venture Stock Exchange in Canada. Most recently he was the CFO for NioCorp Development Ltd. from 2010 to 2015.

Marcin Lukaszewicz, Director

Education:

Engineer in agronomy, Academy of Agriculture, Wroclaw (Poland) (1990), MSc in Applied Natural Sciences (in French), University of Louvain-la-Neuve (Belgium) (1992). PhD (1992-96) Laboratory of Physiological Biochemistry, Catholic University of Louvain-la Neuve (Belgium). Study of the 5'UTR containing an upstream open reading frame (uORF) using reporter gene *gusA* in the transiently transformed *N. tabacum* mesophil protoplasts. 2005 habilitation: "Modification of the biosynthesis of flavonoids in crop plants."

Positions

Since 2006 Head of Biotransformation Department, www.biotrans.uni.wroc.pl
2007-2012 Dean Plenipotentiary for GMO
Since 2009 Rector Plenipotentiary for NutriBiomed Cluster in Wroclaw Technology Park
Since 2012 Dean of Faculty of Biotechnology of Wrocław University
Since 2014 Coordinator of KNOW consortium www.know.wroc.pl
Since 2014 Academic Editor of British Microbiology Research Journal.

Mike Wystrach

Michael G. Wystrach, USMC (Ret), has a background in developing and managing projects in real estate, food services, retail outlets, and technology companies. In 1974, he completed a Master's Degree at the United States International University, San Diego, California. Mr. Wystrach retired from the Marine Corps in 1979 as a Lieutenant Colonel, following several years of active service.

His first business venture (1979) was the Steak Out Restaurant in Sonoita, AZ. Mike is still the owner of this 250-seat dining place, but has moved onto many other business ventures. His main interests

are real estate development, retail outlets and food services. Mike was president of a corporation created for the acquisition of various commercial projects in the state of Arizona. Transactions for this enterprise were in excess of \$150 million. Mike brings a great deal of commercial experience and expertise to the Company and will significantly boost the efforts for the Company to enter the marketplace in the United States.

Brian Banducci

Mr. Banducci owns and operates BWF Banducci Inc. www.bwfbanducci.com with its plant and offices in California having celebrated its 10th year in business in 2017. Banducci México S.A. de C.V. plant and offices in Mazatlán, Mexico is in its seventh year of operation, and are two of the largest Certified and Listed Organic Input Materials "OIM".

Mr. Banducci has accumulated a wealth of knowledge and experience in finding, vetting, certifying and bringing to Market, Organic products from all over the world. He is the fourth generation and scion of a California farming and ranching family which homesteaded in the Kern County area of the Southern San Joaquin Valley in the 1800's. With over 100 years of family farm operations, and a personal 40 years of farming and agribusiness operations in California and Mexico, Mr. Banducci has farmed thousands of acres, and has been the inspiration and founder of several successful start-up companies in the agricultural industry in the western United States and Mexico.

Mr. Banducci has been immersed and successfully acquired accreditations including Organic Material Review Institute "OMRI" and California Department of Food and Agriculture "CDFA", Washington State Department of Agriculture "WSDA", State of Oregon Department of Agriculture, Idaho State Department of Agriculture "ISDA", State of Colorado Department of Agriculture "CDA". BWF is also certified by Earth Bound Farm as a compliant manufacturer of Inputs to their growing operations in the Leafy Green Market Agreement, "LGMA". In 2015 BWF Banducci Inc. and Mr. Banducci "after vetting and qualifying" participated in a Small Business Administration "SBA" nascent program titled "Emerging Leaders USA" After completing the six- month program BWF Banducci Inc. was voted the best place to invest money after the review of the Company's financials and business model. BWF Banducci Inc. was also awarded plaque for the Best Organic Chemical Company in Bakersfield, CA. Mr. Banducci brings a great deal of experience and business acumen to the Company.

Glen Macdonald, Director

Glen Macdonald is a self-employed geology consultant. Mr. Macdonald has a BSc. (1973) from the University of British Columbia and has been a member of the Alberta Professional Engineers, Geologists and Geophysicists Association since 1982 and of the British Columbia Association of Professional Engineers and Geoscientists since 1993. Mr. Macdonald has a great deal of experience as a director and an officer of junior public companies and substantial audit committee experience.

Tomasz Czarnocki, Sales Manager

Tomasz has considerable experience in sales of food products and has been responsible for business development in B2B markets, developing sales strategy and plans. Implementing working system analysis

of Managers, Sales Representatives, Technologists and Customer Service Representatives. product profitability analysis, and preparing product marketing analysis.

Tomasz is also Sales Director of Libra Polska Sp z o.o. and Fabryka Aromatów Sp.z o.o. since April 2011. He also has experience as Sales Director of Gemini Grupe, UAB (Investment fund), responsible for sales in following companies - POSTI (tea producer) and CENOS (food producer – rice, groats, salt, coffee). Field Sales Manager for Sara Lee Household & Body Care Sp. Z o.o. District Sales Manager for Colgate – Palmolive Poland Sp. z o.o.

Tomasz is fluent in Polish, English – communicative and speaks basic Russian.

Marek Janicki, Management Consultant

Experience (30 years):

- management in banking sector - member of the board, managing director. Creation & implementation of growth strategies, organization development, optimization of activities and privatization: Bank Pekao SA – member of Unicredit Group, Bank BGŻ – member of RABOBANK Group, PLUS Bank, Bank Pocztowy.
- intensification of sales: rebuilding of sales divisions, new sales strategies, optimization of sales processes, building of sales structures, cooperation with consulting companies BCG, McKinsey, RBSC.
- restructuring of companies: banking sector, pharmaceutical sector, (member of the team, project manager)
- preparation and launch of start-ups: Sales of financial products - Poczta Polska, mobile payments (member of the team / team leader, financial director, project manager)
- Author and co-author of structural surveys during the work at Lublin University of Technology
- MSc in Civil Engineering at Lublin University of Technology, MS in Economics at Uniwersytet Marii Curie –Sklodowskiej in Lublin, Leadership Academy - Canadian International Management Institute, Course of Risk Management in Banking – Olov Consulting Ltd, Course of Management Skills – University of Wales

Elizabeth Liu Q.C., Consultant

Elizabeth Liu obtained her undergraduate degree from McGill University and her law degree from the University of British Columbia. She was called to the Bar of British Columbia in 1991. Elizabeth was the Managing Partner at Basham Thompson & Liu LLP (now part of Owen Bird), practising civil litigation. Elizabeth's interest in business and management led her to Flora Manufacturing & Distributing Ltd. where she was appointed the company's Vice-President & General Counsel. Flora manufactures and distributes premium natural health products and has distributorships in over 30 countries. As Vice-President and General Counsel. Elizabeth was involved in all aspects of the business operations of the company in addition to overseeing the company's legal risk management processes. Elizabeth brings 25 years of legal and management experience to LINK Business Law Group, a firm which addresses the business needs of

companies by providing strategic and legal risk management advice as well as general counsel services. Her clients include both start-up and established companies in a number of industries.

Carl F. Perez, Consultant

Carl F. Perez received his Ph.D. in Biophysics from the University of California, Berkeley in 1984. He has a distinguished leadership record in academic research programs, and biologics and drug development with 30 years of research-team supervision and leadership in the pharmaceutical industry. Carl is experienced in all phases of drug discovery, technology transfer, process development, biological assay development, preclinical development, medical diagnostics, manufacturing and clinical support. He possesses a broad scientific background in cancer, immunology, molecular biology, and inflammation; and is a co-inventor on 18 issued US patents. Carl is providing scientific and technical support to the Company.

SELECTED FINANCIAL DATA

The following table presents selected audited financial information for the years indicated.

	Year ended		
	March 31, 2017	March 31, 2016	March 31, 2015
Total Revenue	\$ --	\$ --	\$ --
Interest income	--	--	1,452
Expenses	890,369	426,777	280,013
Impairment	82,487	3,272,484	27,500
Other	9,632		
Net income (loss)	(985,488)	(3,698,261)	(306,061)
Total assets	202,971	116,952	179,740
Total long-term liabilities	-	--	--
Net earnings (loss) per share <u>(basic and diluted)</u>	(0.03)	(0.11)	(0.03)

The financial information presented in the table above is from the Company's financial statements prepared in accordance with International Financial Reporting Standards. The reporting currency for all periods is Canadian dollars.

SELECTED QUARTERLY INFORMATION

The following tables present unaudited selected financial information for the previous eight quarters:

For the quarter ended	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Net and comprehensive loss	(\$508,448)	(\$330,068)	(\$277,563)	(\$169,706)
Loss per share – basic and diluted	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.00)
For the quarter ended	June 30, 2016	March 31, 2017	December 31, 2016	September 30, 2016
Net and comprehensive loss	(\$202,151)	(\$3,471,201)	(\$106,612)	(\$33,627)
Loss per share – basic and diluted	(\$0.01)	(\$0.11)	(\$0.00)	(\$0.00)

Discussion of operating results – three months ended June 30, 2017

The Company experienced a loss of \$508,448 for the period ended June 30, 2017 as compared to the previous comparative period loss of \$202,151. Expenses were similar to the previous period with the exception of interest expense, research costs and stock based compensation. With all loans paid off in 2017 there is no interest expense in the current quarter. Research costs increased in 2017 with additional studies undertaken. The Company granted 3,400,000 stock options at \$0.18 per share giving rise to \$291,863 in stock based compensation

Liquidity and Capital Resources

The Company had cash of \$4,488 at June 30, 2017, compared to \$179,962 at March 31, 2017. The Company had working capital deficiency of \$202,230 at June 30, 2017 compared to working capital of \$15,646 as at March 31, 2017.

The current working capital balance is insufficient to meet the Company's capital requirements for the next six months, so, the Company plans to raise additional funds for operating capital. There can be no assurance that the Company will be successful in securing the necessary working capital in a timely manner, or at all.

Year ended March 31, 2017

The Company closed a non-brokered private placement in three tranches issuing a total of 14,515,000 Units at \$0.10 per unit. Each Unit consists of one common share of the Company and one warrant to purchase an additional share at \$0.15 per share for a period of two years. The first tranche of 9,335,000 Units closed on December 16, 2016 with the Company issuing 9,335,000 common shares and 9,335,000 warrants exercisable at \$0.15 until December 16, 2018. The second tranche of 450,000 Units closed on December 30, 2016 with the Company issuing 450,000 common shares with 450,000 warrants exercisable until December 30, 2018. The third tranche of 4,730,000 Units closed on February 21, 2017 with the Company issuing 4,730,000 common shares with warrants exercisable until February 21, 2019. The Company incurred issue costs of \$13,506.

Effectively on March 30, 2017, the Company returned to treasury and cancelled the 12,232,788 common shares issued in connection to the acquisition of LeenLife SA.

To support our existing and new customer programs, we will need to raise additional capital to fund our future operations. Our cash needs will depend on numerous factors, including our revenues, completion of our product development activities, including packaging and marketing, market acceptance of our omega products, and our ability to reduce and control costs. If we are unable to secure additional financing, it will have a material adverse effect on our business and we may have to limit operations in a manner inconsistent with our development and commercialization plans. If additional funds are raised through the issuance of equity securities, it will be dilutive to our stockholders and could result in a decrease in our stock price.

We cannot provide any assurances that we will be able to secure additional funding from public offerings on terms acceptable to us, if at all. If we are unable to obtain the requisite amount of financing needed to fund our planned operations, it would have a material adverse effect on our business and ability to continue as a going concern.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

During the period ended June 30, 2017, the Company entered into the following transactions with related parties:

- (a) Management fees of \$55,500 were paid or accrued to be paid to Stan Lis, CEO and a director of the Company;
- (b) Automobile expenses of \$4,500 were paid or accrued to be paid to Stan Lis, CEO and a director of the Company;
- (c) Professional fees of \$55,500 were paid or accrued to be paid to Casey Forward, CFO and a director of the Company;
- (d) Automobile expenses of \$4,500 were paid or accrued to be paid to Casey Forward, CFO and a director of the Company;
- (e) Stock based compensation to directors and officers was estimated at \$184,561.

During the period ended June 30, 2016 the following transactions were entered into:

- (f) Management fees of \$54,000 were paid or accrued to be paid to Stan Lis, CEO and a director of the Company;
- (g) Consulting fees of \$54,000 were paid or accrued to be paid to Casey Forward, CFO and a director of the Company;

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties. As at June 30, 2017, \$50,033 (March 31, 2017, \$64,303) was owing to related parties.

Subsequent Events

A director exercised 300,000 stock options at a price of \$0.18 per share.

Particulars of Outstanding Securities of the Issuer

Authorized: unlimited common shares without par value
 unlimited preferred shares without par value

Issued and Outstanding:

	Number of Shares
Balance as at June 30, 2017	34,015,318
Exercise of stock options	300,000
Balance as at August 28, 2017	34,315,318

Stock Options

	Number of Options
Balance as at June 30, 2017	3,400,000
Granted	-
Exercised	(300,000)
Balance as at August 28, 2017	3,100,000

Warrants

	Number of Warrants
Balance as at June 30, 2017	14,515,000
	-
Balance as at August 28, 2017	14,515,000

Complex and Non-Routine Transactions

The Company may be required to record complex and non-routine transactions. These sometimes will be extremely technical in nature and require an in-depth understanding of with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”). Finance staff will consult with their third-party expert advisors as needed in connection with the recording and reporting of complex and non-routine transactions. In addition, an annual audit will be completed and presented to the Audit Committee for its review and approval.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The significant accounting policies and estimates are summarized in Note 3 of the June 30, 2017 financial statements.

Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. Accounts which require management to make material estimates and significant assumptions in determining amounts recorded include valuation of share-based transactions and provision for deferred income tax.

Financial instruments

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial instruments at fair value through profit or loss (FVTPL).

Financial instruments are classified as FVTPL when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of selling in the near term. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method less any impairment.

Available-for-sale financial assets

Available-for-sale are non-derivative financial assets that are designated as available-for-sale or that are not classified in any other financial asset categories. Subsequent to initial recognition, changes in fair value, other than impairment losses, are recognized in other comprehensive income (loss) and presented in the fair value reserve in shareholders' equity. When the financial assets are sold or an impairment write-down is required, losses accumulated in the fair value reserve recognized in shareholders' equity are included in profit or loss.

Financial liabilities

Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Company's accounts payable, accrued liabilities, property option payable and advance on subscription are classified as financial liabilities.

Transaction costs incurred on initial recognition of financial instruments classified as loans and receivables and other financial liabilities are included in the initial fair value amount.

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire.

Financial liabilities are derecognized only when the Company's obligations are discharged, cancelled or they expire.

The Company has classified its financial instruments as follows:

<u>Financial Instrument</u>	<u>Classification</u>
Cash and cash equivalents	FVTPL
GST receivable and prepaid expenses	Loans and receivables
Due from a related party	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Promissory note payable	Other liabilities
Loan payable	Other liabilities

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Segment reporting

A reportable segment, as defined by 'IFRS 8 Operating Segments', is a distinguishable business or geographical component of the Company, which are subject to risks and rewards that are different from those of other segments. The Company considers its primary reporting format to be business segments. The Company considers that it has only one reportable segment, being the development of the omega fatty acid products.

RISK FACTORS

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. However, this risk is managed by using a major bank that is a high credit quality financial institutions as determined by rating agencies.

Liquidity Risk

The Company believes that at the present time it will not face significant liquidity risk as it will be able to secure sufficient funding from a private placement.

RISKS AND UNCERTAINTIES

Acquisition and Expansion

The key to the Company's ongoing success will be its ability to create and enhance value through the skill, creativity and energy of its management team and the opportunities which the market presents. SPT will continue to seek out acquisition and expansion opportunities that offer acceptable risk-adjusted rates of return.

Regulatory Risk

The Company and its proposed business are subject to various government legislation and regulations. Any change in such legislation or regulations adverse to the Company or its investments could affect the operating and financial performance of the Company. In addition, laws and policies relating to the protection of the environment have become increasingly important in recent years. Environmental laws and regulations can change rapidly and the Company may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have a material adverse effect on the Company's business, financial condition or results of operations.

FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks Factors section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. SPT Sulphur Polymer Technologies Inc. has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf.

OFFICERS AND DIRECTORS

Stan Lis	President, CEO & Director
Casey Forward	Director & CFO
Marcin Lukaszewicz	Director
Mike Wystrach	Director
Brian Banducci	Director
Glen Macdonald	Director

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