ALTA NATURAL HERBS & SUPPLEMENTS LTD

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FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF FEBRUARY 28, 2018 TO ACCOMPANY THE CONSOLIDATED FINANCIAL STATEMENTS OF ALTA NATURAL HERBS & SUPPLEMENTS LTD (THE "COMPANY") FOR THE YEAR ENDED OCTOBER 31, 2017.

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of the Company for the year ended October 31, 2017 which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial amounts are stated in Canadian currency unless stated otherwise.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of the Company. There are many risks and uncertainties attached to the dietary supplements and neutraceuticals business. Given these risks and uncertainties, the reader should not place undo reliance on these forward-looking statements. (See "Risks and Uncertainties" in this MD&A for more information).

Overview of Year – October 31, 2017

The Company's financial position remained strong during the year with $101,058 cash balance remaining at year-end.

During the year ended October 31, 2017, the Company reported a total sales of $1,010,508 (October 31, 2016: $924,696) of which $588,684 (October 31, 2016: $394,079) was from the Alta Healthy Café which was launched in December 2014.

The Company will continue to develop its business strategies with a view to maximizing shareholder value and focusing on its long term goal of growing the Company.

Overall Performance and Description of Business

The Company is a dietary supplements and neutraceuticals company located at 3512 Rosemary Heights Crescent, Surrey, BC V3Z 0M4. The Company is a manufacturer and converter of dietary supplements and neutraceuticals (herbal, botanical and marine-based) for the natural health care products industry. The Company develops and manufactures an extensive line of dietary supplements and neutraceuticals for the supplement industry. The Company was incorporated under the Alberta Business Corporations Act on July 12, 1993 and is currently a publicly traded company listed on the TSX Venture Exchange under the symbol "AHS", and is also a reporting issuer in British Columbia.

On February 15, 2010, the Company announced that it has successfully completed the development of a novel, proprietary technology for concentration and processing of Omega 3 seal oil. The Company's new technology significantly increases the concentration and content of the three therapeutically effective omega 3 fatty acids in seal oil, notably EPA, DPA and DHA, thereby allowing consumers to follow a more concentrated, lower dosage therapeutic regimen. The Company has recently received commitments for purchasing its proprietary, concentrated seal oil capsules and is continuing to develop sales for its product.

On November 12, 2013, the Company incorporated a U.S. subsidiary in Kirkland, WA, USA.

On November 1, 2014, the Company signed a five year lease with Totem Lake Hotel located in Washington State, United States, related to a new business, Alta Healthy Café (the "Café"). The Café serves health meals, drinks, function foods and supplies nutrition supplements. The Café also provides additional services such as meetings, presentations, seminars and health management for individuals.

The Company's continuance is dependent on a variety of different factors including, but not limited to, its ability to obtain adequate financing, to reach sustainable profitable levels of operation, to continue to develop and commercialize its products, and, as required, to obtain regulatory approvals for its products in the specific geological markets, as well as obtain continued financial support from its shareholders.

Selected Annual Information – For the years ended October 31, 2017, 2016 and 2015

	October 31, 2017	October 31, 2016	October 31, 2015
Total sales	$1,010,508	$924,696	$650,859
Gross profit/margin	499,199	411,340	163,355
Gross margin percentage	49%	44%	25%
Stock-based compensation	-	-	-
Other operating expenses	781,564	566,964	691,815
Net income (loss)	(282,365)	(145,048)	(545,984)
Net income (loss) per share	(0.0075)	(0.0039)	(0.0157)
Total assets	393,772	452,468	617,662
Total liabilities	272,804	84,040	110,775
Shareholders' equity	120,968	368,428	506,887
Decrease in cash for the year	$ (9,351)	$ (165,067)	$ (186,258)

Results of Operations - For the year ended October 31, 2017

Sales for the year ended October 31, 2017 were $1,010,508 compared to $924,696 during the comparative year. The Company's gross margin for the year ended October 31, 2017 was 49% versus a gross margin of 44% during the comparative year. The increase in gross margin resulted from increasing sales and improving margins related to the operations from the Café.

Other operating costs during the year ended October 31, 2017 increased to $781,564 compared to $556,964 during the comparative year. The most significant increases were consulting fees $257,349 (2016: $78,026), Salaries and wages $249,323 (2016: $192,593)

The net loss for the year ended October 31, 2017 was $243,206 compared to a net loss of $145,048 during the comparative year.

Inventory was $95,829 as at October 31, 2017 compared to $67,735 as at October 31, 2016. Inventory at the end of October 31, 2017 was comprised of $87,910 in raw materials, $999 in work in progress and $6,920 in finished goods versus October 31, 2016, which was comprised of $50,214 in raw materials, $3,457 in work in progress and $14,064 in finished goods.

Total assets were $393,772 as at October 31, 2017 compared to $452,468 as at October 31, 2016. The decrease in total assets as at October 31, 2016 was mainly due to the decrease in cash and receivables offset by the increase inventory.

Management is confident that the collectability of remaining amounts receivable will not be an issue, as the Company maintains close relationships with its customers.

Total liabilities were $272,804 as at October 31, 2017 as compared to $84,040 as at October 31, 2016. The increase in liabilities is due primarily to the increase in accounts payable.

Results of Operations - For the fourth quarter ended October 31, 2017

Sales for the three months ended October 31, 2017 were $289,524 compared to $263,482 during the comparative period. The Company's gross margin for the three month period ended October 31, 2017 was 63% versus a gross margin of 56% during the comparative period. The increase in gross margin resulted from increasing sales and improving margins related to the operations from the Café.

Other operating costs during the three months ended October 31, 2017 increased to $338,3111 compared to an increase to $166,891 during the comparative period. The most significant increase was consulting fees $211,690 (2016: $2,102).

The net loss for the three months ended October 31, 2017 was $121,526 compared to a net loss of $7,839 during the comparative period.

Summary of Quarterly Results:

	4th Quarter Oct 31, 2017	3rd Quarter Jul 31, 2017	2nd Quarter Apr 30, 2017	1st Quarter Jan 31, 2017
Revenue	$ 289,524	$ 224,859	$ 224,281	$ 271,844
Gross profit margin	183,354	82,699	117,758	115,388
Gross margin percentage	63%	37%	52%	42%
Operating expenses	338,311	136,493	172,028	134,732
Net loss	(121,526)	(56,275)	(38,444)	(26,962)
Basic and diluted loss per share*	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	393,772	332,905	419,812	436,900
Working capital(deficiency)	15,512	108,560	172,365	198,354

	4th Quarter Oct 31, 2016	3rd Quarter July 31, 2016	2nd Quarter Apr 30, 2016	1th Quarter Jan 31, 2016
Revenue	$ 263,483	$ 247,720	$ 145,194	$ 268,299
Gross profit margin	146,395	139,885	36,192	88,868
Gross margin percentage	56%	56%	25%	33%
Operating expenses	166,891	164,499	125,943	109,631
Net loss	(7,839)	(33,319)	(83,715)	(20,175)
Basic and diluted loss per share*	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	452,468	475,537	463,819	614,181
Working capital	215,964	212,087	230,494	268,299

* No exercise or conversion is assumed during the years in which a net loss is incurred, as the effect is anti-dilutive.

New Opportunities

The Company continues to evaluate new markets and customers and is focused on growth opportunities within Canada and globally.

Outstanding Share Data

The Company has an authorized share capital of an unlimited number of common shares without nominal or par value, of which 37,514,237 were issued and outstanding as at the date of this report.

The Company has 180,000 outstanding and exercisable stock options at October 31, 2017, with an exercise price of $0.20, expiring on December 11, 2018.

Related Party Transactions

During the year ended October 31, 2017, the Company paid or accrued salary and wages of $15,600 (2016 - $15,600) and rent of $7,200 (2016: $7,200) to Mr. Haofang Song, the Chief Financial Officer of the Company.

During the year ended October 31, 2017, the Company paid or accrued consulting fees of $174,136 (2016 – $Nil) to directors of the Company.

During the year ended October 31, 2017, the Company recorded a gain of $18,486 (2016 - $Nil) for the write-off of accounts payable and accrued liabilities that had been recorded as owing to related parties.

As at October 31, 2017, the Company owed $191,844 (2016 - $14,063) to Mr. Jianfang Jin, Mr. Haofang Song, and Mr. William Xiong which is included in accounts payable and accrued liabilities.

The transactions are in the normal course of operations and measured at the exchange rate amount established and agreed to by all parties.

Liquidity and Solvency

The following table summarizes the Company's cash on hand, working capital and cash flow:

As at	October 31, 2017	October 31, 2016
Cash	$ 101,058	$ 111,536
Working capital	15,512	215,964

Period ended	October 31, 2017	October 31, 2016
Cash used in operating activities	$ (9,351)	$ (165,067)
Cash used in investing activities	-	-
Cash provided by financing activities	-	-
Effect of foreign exchange on cash	(1,127)	6,589
Change in cash	$ (10,478)	$ (158,478)

The Company is dependent on financing to fund its business activities and general and administrative costs.

The Company will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities.

Capital Resources

The Company's operations currently generate negative cash flow. The Company depends on equity sales and loans to assist in financing its operations and to cover administrative and other expenses. The Company may encounter difficulty sourcing future financings. This could further hinder the Company's ability to continue operations. The Company is continuing its focus on looking for financing opportunities, additional revenue sources and on cost reduction and controlling overhead costs.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet transactions.

Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company.

Accounting Policies

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgements or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

Critical Accounting Estimates

The Company prepares its consolidated financial statements in accordance with IFRS, which require management to estimate various matters that are inherently uncertain as of the date of the consolidated financial statements. Accounting estimates are deemed critical when a different estimate could have reasonably been used or where changes in the estimate are reasonably likely to occur from period to period, and would materially impact the Company's consolidated financial statements. The Company's significant accounting policies are discussed in the consolidated financial statements. Critical estimates in these accounting policies are discussed below.

Valuation of share-based payments

Estimating fair value for granted stock options and compensatory warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts and also at each reporting period. The assessment of the carrying amount often requires estimates and assumptions such as discount rates, future capital requirements and future operating performance.

Useful Life of Property and Equipment

Property and equipment is depreciated over its estimated useful life. Estimated useful lives are determined based on current facts and past experience, and take into consideration the anticipated physical life of the asset, the potential for technological obsolescence, and regulations.

Inventories

Inventory is valued at the lower of cost and net realizable value. Net realizable value is determined with reference to the estimated selling price. The Company estimates selling price based upon assumptions about future demand and current and anticipated retail market conditions

Recent Accounting Announcements

IFRS 9 – Financial Instruments: Classification and Measurement was issued in December 2009, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted if the date of initial application is before February 1, 2015, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning November 1, 2018. The Company is currently evaluating the impact of the adoption of this standard on its financial statements.

IFRS 15 *Revenue from Contracts with Customers* was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 *Leases* was issued on January 13, 2016 which requires entities to recognize lease assets and lease obligations on the balance sheet. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are "capitalized" by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognizes a financial liability representing its obligations to make future lease payments. This standard is effective for reporting periods beginning on or after January 1, 2019.

Financial Instruments

Designation and Valuation of Financial Instruments

The three levels of the fair value hierarchy are:

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: inputs that are not based on observable market data.

The Company enters into financial instruments to finance its operations in the normal course of business. The fair values of cash, accounts payable and accrued liabilities approximate their carrying values due to the short-term maturity of these instruments.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at October 31, 2017 as follows:

	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash	$ 101,058	-	-	$ 101,058

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Foreign exchange risk

The Company operates in Canada and the United States of America and it is therefore exposed to foreign exchange risk arising from transactions denominated in US Dollars.

The Company's cash are denominated in both Canadian and US Dollars. Such foreign currency balances, which is held in the Company's subsidiary, are subject to fluctuation against the Canadian Dollars.

The Company's functional and reporting currency is the Canadian dollar and while some major purchases are transacted in United States dollars, the Company has been able to pass any currency fluctuations onto the customer. As a result, the Company's exposure to foreign currency risk is minimal.

Credit risk

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company performs ongoing credit evaluations of its trade receivables, but does not require collateral. The Company establishes an allowance for doubtful accounts based on the credit risk applicable to particular customers and historical data. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Capital management

The Company defines its capital as shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the growth and development of its operations and safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company does prepare annual expenditure budgets that are updated as necessary. The annual and updated budgets are approved by the Company's Board of Directors. The Company has historically relied on financings and debt to fund its activities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Risks and Uncertainties

The Company's principal activity is as a manufacturer and converter of dietary supplements and neutraceuticals (herbal, botanical and marine-based) for the natural health care products industry. Companies in this industry are subject to many and varied kinds of risk, including but not limited to foreign exchange risk and Interest rate risk.

Additionally, the Company's limited operating history makes it difficult to evaluate the Company's current business and forecast future results.

The Company's future performance is dependent on key personnel. The loss of the services of any of the Company's executives or Board of Directors could have a material adverse effect on the Company.

The Company's future performance is dependent on key suppliers and manufacturers and a loss of any suppliers or manufacturers could have a material adverse effect on the Company by reducing or eliminating the ability of the Company to manufacture or sell its products. If the Company is unable to manufacture its products, there is a risk that customers will be lost and that the Company will be unable to regain these customers.

There is no assurance that the Company will be able to secure the funds needed for future development, and failure to secure such funds could lead to a lack of opportunities for growth or cause the cessation of its business.

Competitors are already well established in the market for dietary supplements and neutraceuticals. The introduction of new products into these existing markets could be met with aggressive marketing, price cutting and distribution impediments by competitors.

The Company has a limited number of customers and is dependent on a few key accounts to maintain its current levels of sales. The Company has maintained and developed these relationships over a number of years by providing excellent customer service. The success of this strategy is reflected in the ongoing growth in sales.

The Company is subject to the laws and regulations relating to dietary supplements and neutraceutical's matters in all jurisdictions in which it operates.

Other

Additional information relating to the Company's operations and activities can be found by visiting the Company's website at www.altanatural.ca and www.sedar.com.

Trends

Trends in the industry can materially affect how the company is performing. The price of supplements remains good and the Company is advancing its operations as quickly as possible while still remaining prudent when considering large cost items.

Outlook

The outlook for the supplements market remains strong and this is reflected in the Company's ongoing activity. The prospect for financing the Company's projects is good and this should enable the Company to continue as a viable entity.

Cautionary Statement

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans and our other future plans and objectives are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statement. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date of statements are made, and the Company endeavours to update corporate information and material facts on a timely basis. Forward-looking statements are subject to risks, uncertainties and other actors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks.