Management Discussion and Analysis

Dated: February 28, 2018

The following management's discussion and analysis of the financial condition and results of operations of Visionstate Corp. (the "Company"), for the quarter ended December 31, 2017, should be read in conjunction with the audited consolidated financial statements and the notes thereto for the fiscal year ending September 30, 2017.

The Company's financial statements have been prepared using International Financial Reporting Standards ("IFRS") that are applicable to a going concern which contemplates the realization of assets and settlement of liabilities in the norm al course of operations. The Company's external auditors, Collins Barrow Edmonton LLP, have performed an audit of the consolidated financial statements.

All amounts have been expressed in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

Forward-Looking Information

This MD&A may contain "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein may be forward-looking statements. Generally, forward-looking statements may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved.

These forward-looking statements reflect the Company's current beliefs and are based on information currently available to the Company and on assumptions the Company believes are reasonable. These assumptions include, but are not limited to, demand for the Company's products, meeting budgets and forecasts and future costs and expenses being based on historical costs and expenses, adjusted for inflation. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements. Such risks and other factors may include, but are not limited to: the early stage development of the Company's products; general business, economic, competitive, political and social uncertainties; an un-diversified customer base for the Company's products; competition; delay or failure to receive board or regulatory approvals; changes in legislation affecting the Company; timing and availability of external financing on acceptable terms; conclusions of economic evaluations; and lack of qualified, skilled labor or loss of key individuals.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those described in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

Business Overview

Visionstate Corp. conducts its operations and derives revenue primarily through Visionstate Inc., a software company that specializes in applications for the growing Internet of Things (IoT) market. The Company's focus is on the facility management industry where cleaning and maintenance are daily activities and have historically relied upon paper-based systems for tracking this information.

Visionstate's main product is a tablet-sized smart device called WANDA that replaces the antiquated paper-based system of tracking cleaning and maintenance activities in public restrooms. The device displays the last time cleaned, invites the public to flag issues, and is prominently displayed at the entrance to restrooms or areas where cleaning activities are conducted.

The power behind WANDA lies in the analytics dashboard that collects information on important issues related to restroom management such as public alerts, cleaning times, resources used, and maintenance and cleaning activities performed. The analytics can then be used to identify areas where greater efficiencies can be achieved, such as cleaning schedules and efficient use of supplies and labour. As well, the analytics are utilized by facility operations departments for future planning of resources including staffing and budgets.

The WANDA product is also being utilized for raising the public's perception about the importance of cleanliness, as well as the mitigation of risk through the collection of data pertinent to when and how certain areas were cleaned.

Visionstate markets its WANDA product primarily through prominent resellers in the facility management industry - both suppliers of these products and those that provide services. This strategy reduces Visionstate's reliance on managing sales teams while enabling the Company to tap into large sales networks through these resellers. Management believes this strategy will serve to protect Visionstate from potential competitors by establishing early relationships with the more prominent players in the facility management sector.

The Company sells its product as a bundled solution, whereby Visionstate's WANDA software is bundled with a tablet-sized device and then sold to customers. The business model is earning revenue through the initial sale of the WANDA unit, and through residual license revenue. The Company's objective is to mass market the device in order to build residuals through license fees.

The interest in WANDA has increased dramatically through 2017 and into 2018, based on the growing interest in smart devices and the analytics they collect. Visionstate has had success particularly in hospitals, shopping centers, airports and large private or public buildings. The Company has deployed approximately 150 units to date, and these units have been installed in locations throughout North America.

WANDA's success is due to the analytics generated on cleaning and maintenance activities, resulting in new efficiencies that were not achievable through the use of paper-based monitoring. Moreover, as the WANDA technology expands, the Company plans to integrate device-driven sensors to provide real time analytics on their performance. This includes, for example, sensors in hand soap dispensers that provide real time reporting on the supply status. This paves the way for just in time inventory and therefore adds significant value to the WANDA provided analytics.

In 2018 the Company will continue its research and development on sensors for these devices, as well as water sensors that can measure performance of toilets, urinals and faucets. The Company's objective is to become a world leader in IoT solutions for facility mangers, and can significantly impact efficiencies as it relates to resource usage. By installing this type of smart technology, facilities are better positioned to obtain LEED certification in the efficient use of precious resources such as water and human resources.

The Company is also investigating opportunities for its proprietary software platform in other verticals such as hospitality. In 2017 Visionstate continued its development of the cross vertical application for WANDA targeting the cleaning and maintenance of guest rooms in hotels. CINDI, as the product is called, provides hotel managers the ability to track and monitor cleaning activities as well as guest requests and alerts. The Company recently invested into Chatbot AI with the intent of integrating AI into Cindi to develop a personal concierge.

Most recently, the Company has been investigating other verticals into which to invest in order to diversify across other rising innovation including AI, Renewable Energy, and Cryptocurrency. Management feels it is beneficial to shareholders to diversify the Company holdings in order to expand the offering of returns on investment.

Overall Performance

During fiscal year 2017, Visionstate Corp. was focused on advancing its relationship with a global distribution partner, which culminated into a distributorship agreement with Bunzl Canada. This partnership will significantly advance the WANDA product's footprint through Bunzl's global reach giving Visionstate the opportunity to entrench itself in with the major players in the facility management industry, and to continue the development of smart devices.

During the fiscal year 2017 the company invested resources into three main things – development of CINDI, research into Sensor technology and expanding the reach of reseller and partner relationships for WANDA.

During the year ended September 30, 2017, selling, general and administrative expenses increased to $495,177 from $316,177 in the year ended September 30, 2016. This was a result of the addition of a business manager to oversee the operations, as well as increased expenses relating to investor relations activities and legal expenses as a result of exploring and pursuing acquisitions and partnerships.

Gross revenues for the year decreased by $121,570 to $174,465 ($296,035 in September 2016) from that of the previous year (approximately 50%), and the gross margin percentage decreased to 51% (2016 – 68%) as a result of US exchange rates affecting the cost of the hardware as well as the Company exiting the directory business to focus on WANDA and the building of related reseller relationships. Management were aware that there would be decreased revenue numbers for this fiscal year however felt it was necessary to shift the focus of the operating company to partnerships with global reaching resellers in order to have quick and efficient market penetration by WANDA. Management believes that disruptive technology like WANDA and CINDI are best sold through relationships with the large players in the industry rather than traditional sales methods. The Company believes this strategy, over the long term, will generate a greater amount of market penetration as it requires significantly less intervention at deployment.

Revenues are driven primarily by the sale of these IoT products and are also derived from monthly licensing and software support, thus as the number of units increase, so does the revenue.

During the first quarter of Fiscal 2018, the Company continued working toward the distribution partnership with Bunzl Canada culminating in a tour by the Company's CEO to various Bunzl locations in Canada and the UK to train the Bunzl sales team on the Wanda product. By February 28, 2018, the Bunzl team should be fully trained and engaged in selling the product to the Bunzl client base and beyond.

During Fiscal 2018, the Company is looking at expanding its product base and is investing into other relevant technology such as renewable energy and Blockchain technology.

Selected Annual Information

The following table details the company's previous three years performance (in Canadian dollars) based on audited financial results prepared in accordance with International Financial Reporting Standards.

	2015	2016	2017
Total Revenue	$ 215,785	$ 296,035	$ 174,465
Net Loss	$ (1,154,618)	$ (329,056)	$ (814,476)
Basic and Diluted Net Loss per Common Share	$ (0.05)	$ (0.01)	$ (0.01)
Total Assets	$ 174,966	$ 218,581	$ 26,569
Total Long Term Financial Liabilities	$ -	$ -	$ 50,249

Results of Operations

The accompanying interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary and operating division, Visionstate Inc. and have been prepared in accordance with International Financial Reporting Standards ("IFRS") for financial statements and include all of the disclosures normally contained in the Company's annual financial statements.

Revenue

Total revenues for the quarter ended December 31, 2017 were $75,850 ($23,360 for the quarter ended December 2016). The increase in revenue was mainly a result of expanding Wanda sales. The Company completed its pilot roll out of Wanda to Compass USA facilities in 2013, and in fiscal 2014 executed an amendment to the pilot agreement as a preferred supplier to Compass USA. As a result, Compass facilities are purchasing and deploying Wanda units in both Canada and the US, in increasing numbers. In the past, Company revenues were affected by the fact that Visionstate had relied on one product, VICCI, the interactive directory, for most of its sales, and as a result, revenues fluctuated according to the roll out schedule determined by the customer. This is no longer the case as the Company has diversified its product offerings and is expanding its sales efforts into other global markets. In the quarter ended December 2017, Management focused on establishing its reseller relationship with Bunzl with the intent that sales from that effort will pay off in the following quarters.

The gross margin for the quarter ended December 31, 2017 was $49,118 ($15,441 for the quarter ended December 31, 2016). The Gross Margin percentage for this quarter decreased by one percent to 65% (2016 – 66%).

Selling, General and Administrative

Selling, general and administrative expenses for the quarter ended December 31, 2017 were $171,506 ($152,571 for the quarter ended December 31, 2016). These costs include software development, marketing and sales expenses, public company compliance fees, investor relations costs, accounting and legal fees, staffing and general office expenses.

Selling, general and administrative expenses have increased as a result of increased activity toward exploring acquisitions and partnerships. In the previous year, the Company scaled back in order to rebuild and reshape the focus of the company and is now pursuing its goals.

Summary of Quarterly Results

Description	Oct 17 – Dec 17	Jul 17 – Sep 17	Apr 17 – Jun 17	Jan 17 – Mar 17	Oct 16 – Dec 16	Jul 16 – Sep 16	Apr 16 – Jun 16	Jan 16 – Mar 16
Total Revenue	75,850	50,218	69,024	31,863	23,360	76,572	35,709	32,323
Net Loss	((135,666)	(423,783)	(109,303)	(128,330)	(153,060)	(148,257)	(45,289)	(77,326)
Basic and Diluted Net Loss Per Common Share	(.00)	(.01)	(.00)	(.00)	(.00)	(.00)	(.00)	(.00)

The quarterly results of the Company mainly fluctuate as a result of variations in revenue, amortization, public company costs and staffing included in selling, general and administrative expenses. Revenue varies directly on the client's roll out schedule as well as the types of products sold, amortization varies due to the development stage of the intangible assets and staffing costs vary depending on projects the Company is working on.

Liquidity and Capital Resources

The Company has limited financial resources and its ability to continue as a going concern is dependent on attaining profitability. Visionstate continues to deploy its client management software which has given the company a proprietary platform upon which to customize each client, and this has given the company the ability to deploy in much shorter periods of time to a larger and more varied customer base.

Furthermore, the company is beginning to receive requests for quotations from different market sectors and is beginning to see a definite increase in interest for its product in different areas of the marketplace. The Company is also continuing to roll its products out into the US market, reaching a larger marketplace thereby getting a competitive advantage.

As at the quarter end, the Company had negative working capital and is dependent on recurring licensing fees, sales of product and related party advances to ensure adequate cash flow to cover expenses and continue as a going concern. There are no assurances the Company will be able to raise additional funds or attain profitability. The company however continues to deploy its products and establish strategic reseller and other relationships, expanding its US product penetration and is currently in discussions with potential partners for the possibility of a joint venture with a new product the Company is currently developing.

Related Party Transactions

The Company paid management and accounting fees in the amount of $9,000 (2016 - $10,500) to a company controlled by a member of management and $8,041 (2016 - $8,198) in interest to related parties.

Advances from Related Parties	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016
Due to an individual related to a director, unsecured, interest payable at 10% per annum and without specified terms of repayment.	$22,657	$37,511	$42,982	$37,926	$37,001
Due to a company owned by an individual related to a director, unsecured, interest payable at 12% and without specified terms of repayment	11,872	11,872	11,872	11,872	11,872
Due to a director, unsecured, interest payable at 10% per annum and without specified terms of repayment	-	-	15,533	15,533	11,250
Due to a company owned by a director, unsecured, interest payable monthly at 10% per annum, and without specified terms of repayment	42,750	37,000	45,388	54,069	67,700
Due to a director, unsecured, interest payable monthly at 10% percent per annum, and without specified terms of repayment	-	-	-	7,995	7,819
Due to a company owned by a director, unsecured, interest payable monthly at 10% per annum, and without specified terms of repayment	7,377	5,640	11,699	11,427	11,148
Due to a director, unsecured, non-interest bearing and without specified terms of repayment	-	-	-	-	16,533
Due to a director, unsecured, interest payable at 10% per annum, and without specified terms of repayment	4,000	4,000	4,000	4,000	4,000
Due to a company owned by a director, unsecured, interest payable monthly at 10% per annum, and without specified terms of repayment	40,969	71,145	85.752	81,153	114,874
Due to a company controlled by a director, unsecured, interest payable at 10% per annum and without specified terms of repayment	83,700	83,700	83,700	72,700	62,750
Due to a director, unsecured, interest payable at 10% per annum, and without specified terms of repayment	6,122	11,905	6,250	6,250	-
	$219,447	$262,773	$307,176	$302,925	$344,947

The advances from related parties have been provided to the Company for working capital purposes.

Share Data

Shares Outstanding: 122,243,625 common shares as at February 28, 2018.

Stock Options Outstanding: Nil options to purchase common shares are outstanding as at February 28, 2018.

Common Share Purchase Warrants Outstanding: Nil as at February 28, 2018

Future Accounting Pronouncements

Effective October 1, 2018, the Company will be required to adopt IFRS 9 - Financial Instruments", as the first phase of the IASB's project to replace IAS 39 - Financial Instruments: Recognition and Measurement". The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. A detailed review will completed in the future in order to determine if this standard will have significant impacts.

IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15") was issued by the IASB in May 2014 and will replace IAS 11 "Construction Contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programmes". IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfers of Assets from Customers" and SIC-31 "Revenue – Barter Transactions Involving Advertising Services". IFRS 15 provides new standards for recognizing revenue from contracts with customers and establishes a single revenue recognition and measurement framework that applies to contracts with customers. The new standard is effective October 1, 2018 with early adoption permitted.

IFRS 16 Leases was issued by the IASB in January 2016. The new standard replaces IAS 17 Leases and requires lessees to recognize all leases on the balance sheet. IFRS 16 removes the classification of leases as either operating leases or finance leases (for the lessee—the lease customer), treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the requirements. Earlier application is permitted for companies that also apply IFRS 15 Revenue from Contracts with Customers. IFRS 16 is effective for the Company's fiscal year beginning October 1, 2019. The Company is currently assessing the impact of this standard on its consolidated financial statements.

Management is currently assessing the potential impact of the adoption of these new standards on the Company's consolidated financial statements.

Financial Instruments

The Company's financial instruments consist of cash and bank indebtedness, accounts receivable, accounts payable and accrued liabilities, convertible debentures, advances from related parties and promissory note payable.

The Company has designated its financial assets and liabilities as follows:

Financial statement item	Classification	Measurement
Cash, Investment and Bank Indebtedness	Fair Value through profit and loss	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Financial liabilities measured at amortized cost	Amortized cost
Convertible debentures	Financial liabilities measured at amortized cost	Amortized cost
Advances from related parties	Financial liabilities measured at amortized cost	Amortized cost
Promissory note payable	Financial liabilities measured at amortized cost	Amortized cost

Fair Value

The carrying values of accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these instruments. Financial instruments also include advances from related parties, convertible debentures and promissory notes payable. Management considers that no events have occurred subsequent to the inception of these financing arrangements that would indicate that fair value differs substantially from carrying value.

Included in advances from related parties are advances from a company owned by a director in the amount of $7,377 which are non-interest bearing. As a result the Company believes the fair value of this financial instrument to be less than the carrying value at December 31, 2017. However due to the uncertainty as to the eventual repayment date of this financial instrument, the Company is unable to estimate the fair value.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consists of accounts receivable. The maximum exposure to credit risk as represented by the carrying amount of the financial assets is $ 6,028 as at December 31, 2017. In the normal course of business, the Company evaluates the financial condition of its customers on a continuing basis and reviews the credit worthiness of all new customers. Management assesses the need for allowances for potential credit losses by considering the credit risk of specific customers, historical trends and other information. At September 30, 2016, no accounts receivable are past due or impaired.

The aging of accounts receivable is as follows:

	December 31, 2017	September 30, 2017
Current	$ 397	$ 4,342
31 – 90 days	4,791	1,648
91+ days	840	11,050
	$ 6,028	$ 17,040

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The $100,000 convertible debenture is due on demand. The Company is currently negotiating with debenture holders to extend the terms or convert their debentures to shares. The Company is actively working towards increasing marketing activities to improve sales of its software to meet future working capital requirements, but it may have to seek equity or debt financing

At December 31, 2017, the Company had cash in the amount of $42,683 and accounts receivable of $6,028 with which to meet its obligations. At December 31, 2017, the Company had a working capital deficiency of $782,399.

The contractual maturity of the Company's liabilities of $838,107 at December 31, 2017 is due on demand.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the future cash flows of financial instruments will fluctuate due to changes in interest rates. The Company is susceptible to interest rate fair value risk on its fixed rate debt.

Capital Management

The Company considers the contributed surplus of $1,908,678 (September 30, 2017 - $1,908,678) share capital of $7,208,682 (September 30, 2017 - $6,837,882), advances from related parties of $219,447 (September 30, 2017 – $262,773) and convertible debentures of $177,000 (September 30, 2017 – $177,000) as capital. The Company's objectives when managing its capital structure are to provide sufficient capital to maintain its current operations and to continue with the development of new and existing products. The Company has no externally imposed capital restrictions.

The Company's officers and senior management take full responsibility for managing the Company's capital and do so through regular meetings and review of financial information. The Company's Board of Directors is responsible for overseeing this process.

The Company is receiving greater interest from the Canadian, US and European marketplaces, including hospitals, airports and shopping centers, in its applications. As well, the Company has successfully entered into several reseller agreements that management feels will assist the Company to expand its market reach more expeditiously. Management believes that successful execution of its business plan will result in sufficient cash flow to meet its objectives and current obligations.

Methods used by the Company to manage its capital include the issuance of new share capital and issuance of convertible debentures.

The Company's capital management objectives have remained unchanged over the years presented.

Critical Accounting Policies and Estimates

The preparation of the Company's interim condensed consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect amounts reported in the interim condensed consolidated financial statements and accompanying notes.

There is a full discussion and description of the Company's critical accounting policies in the audited consolidated financial statements for the fiscal year ended September 30, 2017

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Future Plans and Outlook

Visionstate has successfully demonstrated a market for WANDA in the facility management space. The product's footprint continues to expand in airports, shopping centres and hospitals throughout North America and the Company is now receiving international attention.

This demand stems from the products' uniqueness in the industry, also by the fact WANDA is a smart device that provides analytics never before available with paper-based tracking. The product's appeal is particularly found in facilities in which cleanliness is especially important, which explains the increasing demand shown from hospitals.

Moving forward, the Company's goal is to focus sales and technology development on WANDA to continue to secure it as the leading product of its kind on the market. Visionstate management is executing a strategic plan to focus on WANDA while achieving profitability as quickly as possible. This objective can be accomplished by focusing on WANDA and innovations related to smart devices.

To capture market share as quickly as possible Visionstate will continue to execute on its existing reseller relationship with Bunzl. WANDA lends well to this business model as it can be shipped completely bundled directly from the manufacturer to the end customer.

To achieve profitability for shareholders, Company management continues to explore other investment opportunities. In particular, management has an eye to revolutionary technologies such as renewable energy including solar and wind energy, artificial intelligence, Blockchain technology and other such new innovations.