Medwell Capital Corp.

Management Discussion and Analysis
of Financial Condition And Results of Operations

For the Year Ended December 31, 2014

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to help the reader of the consolidated financial statements understand Medwell Capital Corp., referred to herein, together with its subsidiaries as (the "Corporation" or "Medwell"), its operations and present business environment as of March 31, 2015. This MD&A should be read in conjunction with the Corporation's audited consolidated financial statements and accompanying notes for the year ended December 31, 2014.The amounts expressed herein are in Canadian dollars and are as reported under International Financial Reporting Standards ("IFRS").This document is current in all material respects as of March 31, 2015. The financial statements are available on the SEDAR website at www.sedar.com.

Forward – Looking Statements

In order to provide investors of Medwell with an understanding of our current results and future prospects, our communications often include written or oral forward-looking statements. This report and other materials filed with the Canadian securities regulators contain statements that are forward - looking. These statements represent Medwell's intentions, plans, expectations and beliefs and are based on our experience and our assessment of historical and future trends and the application of key assumptions relating to future events and circumstances. These statements may include, but are not limited to, comments about our objectives and priorities for 2015 and beyond, strategies and targets, expectations for our financial condition, and the outlook for our operations and external factors that may impact results.

Forward-looking statements require assumptions and involve risks and uncertainties related to our business and the general economic environment, many of which are beyond our control. There is significant risk that the predictions, forecasts, conclusions or projections we make will not prove to be accurate and that may cause our actual results to be materially different from the targets, expectations, estimates or intentions expressed in the forward-looking statements. We caution readers of this report not to place undue reliance on our forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: general economic conditions in the countries in which we operate; currency fluctuations; our ability to execute projects; our ability to execute our strategic plans; our ability to attract and retain qualified employees; our ability to contain expenses; technology changes and research and development; availability of financial resources to carry out our strategy; our ability to protect our intellectual and intangible properties; legal claims; critical accounting estimates; the possible effects on our activities of war or terrorist activities; disease or illness that affects local, national or international economies; and disruptions to public infrastructure, such as transportation, communications, power or water supply. We caution that this list is not exhaustive of all possible factors.

When relying on forward-looking statements to make decisions with respect to Medwell, investors should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Unless required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Corporation or on its behalf.

Corporate Overview and Outlook

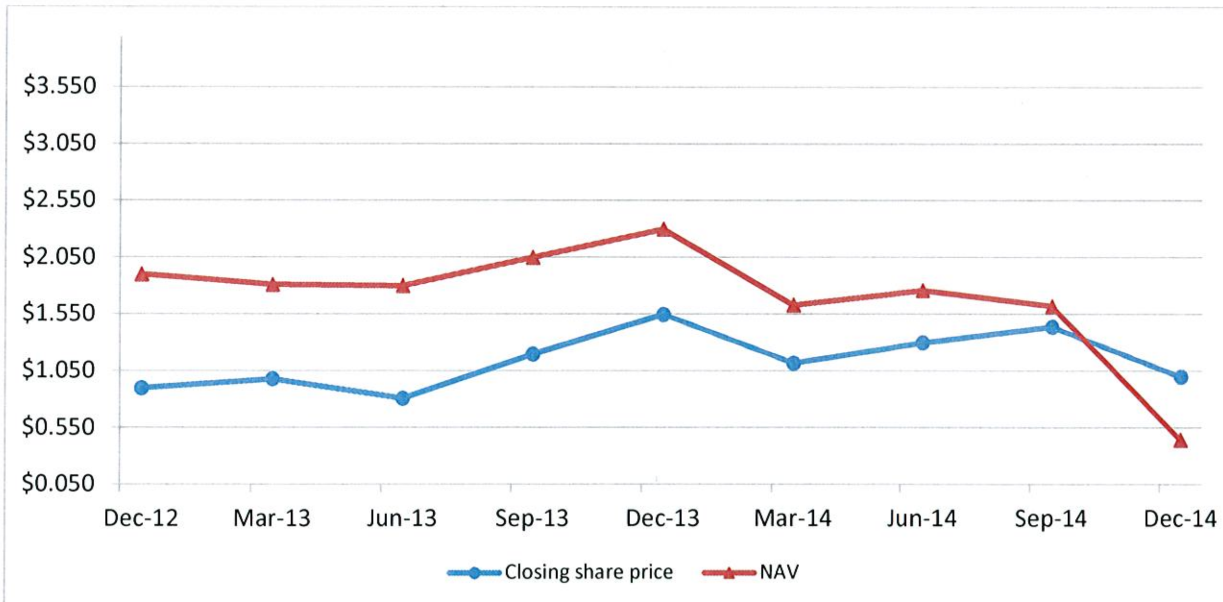
Medwell Capital Corporation ("Medwell" or the "Corporation"), continued in Alberta under the Business Corporations Act, is an investment and advisory firm which directly invests in and advises companies on strategy and corporate and technology development. Medwell's investments are primarily in the healthcare sector and comprise investments in equity, debt and convertible securities, which are acquired for capital appreciation and shorter-term gains.

The majority of the Corporation's investment in the healthcare sector is in two companies to which Medwell has nominated directors.

The Corporation has reduced its headcount to one full time and one part time employee and contract personnel for the Corporation.

Medwell is listed on the TSX Venture Exchange ("TSXV") and its Common shares trade on the TSXV under the trading symbol "MWC". As at March 31, 2015 there were 7,282,589 (December 31, 2013 – 7,282,589; December 31, 2012 – 7,270,071) Common shares of the Corporation issued and outstanding.

Net Asset Value



Net Asset Value ("NAV") per unit is a non-GAAP measure calculated as the value of total assets less the value of total liabilities divided by total number of common shares outstanding, as at a specified date. We believe that the measure provides information useful to our shareholders in understanding our performance, and may assist in the evaluation of our business relative to that of our peers.

The term NAV does not have any standardized meaning according to GAAP and therefore may not be comparable to similar measures presented by other companies. There is no comparable measure presented in Medwell's financial statements and thus no applicable quantitative reconciliation for NAV per unit. The NAV at December 31, 2014 was $0.44 (December 31, 2013 - $2.30; December 31, 2012 - $1.89). The NAV decreased $1.86 for the year ended December 31, 2014 as a result in the distribution of the shares of Spectral Medical Inc. in the amount of $5.5 million. An impairment in the fair value of Mimetogen Pharmaceuticals Inc. in the amount of $2.9 million was also reflected in the December 31, 2014 year end financials (see Note 22).

Investments

Spectral Medical Inc.(formerly Spectral Diagnostics Inc.)

From 2010 through 2014 the Corporation invested a total of $24,361,998 to acquire 71,998,116 common shares and 15,962,500 share purchase warrants in Spectral Medical Inc., formerly Spectral Diagnostics Inc. ("Spectral"), a TSX listed company developing products for diagnosis and treatment of patients suffering from severe sepsis and septic shock. The Corporation has distributed the majority of these shares and warrants to the Medwell shareholders.

A dividend of Spectral warrants was distributed to Medwell shareholders on December 5, 2013 on the basis of two share purchase warrants of Spectral for every one common share of Medwell held. This resulted in the distribution of 14,208,672 Spectral warrants, following which Medwell continued to hold 991,328 warrants. On September 2, 2014 the remaining 991,328 Spectral warrants held by Medwell expired without being exercised.

On July 25, 2014 Medwell last purchased 2,047,782 common shares of Spectral for $600,000 as part of a private placement offering. On October 9, 2014, Medwell's board of directors subsequently approved the distribution of Spectral shares to its shareholders by way of a reduction in stated capital, at a rate of 2.25 shares of Spectral for every one share of Medwell held as of the record date of December 15, 2014. In order to allow for the distribution, at the Corporations' annual general meeting held on November 14, 2014 Medwell's shareholders approved a reduction in the stated capital of Medwell's common shares of an amount equal to the fair market value on the distribution date . There were 7,282,589 Medwell shares outstanding as of the record date. Non-resident shareholders were paid cash of $38,000 in lieu of receiving 113,964 Spectral shares. This resulted in a net distribution of 16,271,886 Spectral shares on the distribution date of January 2, 2015, leaving the Corporation with 1,063,396 shares of Spectral.

While the Corporation and Spectral currently have one director in common, Kevin Giese, as a result of Medwell owning in aggregate less than 5% of the issued and outstanding shares of Spectral after the January 2, 2015 distribution, Medwell has lost its right to specify one of the future board nominees of the Board of Directors of Spectral.

On March 30, 2015, the Corporation further entered into an agreement with Queensbury Ventures Inc. ("Queensbury") and Kevin Giese ("Giese"), for termination of the services of Queensbury and Giese and transfer of ownership to Queensbury of the remaining 1,063,396 shares of Spectral owned by the Corporation with a value of 698,651 based on the 20 day weighted average trading price as at March 30, 2015. The termination and transfer of shares is conditional upon and effective as of the date of the closing of the Arrangement Agreement with GDI Integrated Facility Services Inc., as more particularly described in Subsequent Events.

The Corporation's investment in common shares of Spectral is considered a level 1 investment and is therefore valued at the quoted market price of the common shares of Spectral which, at December 31, 2014 was $0.335 per common share.

Mimetogen Pharmaceuticals Inc.

From 2011 to 2013 the Corporation invested a total of $2,809,661 to acquire 2,674,718 Class B and C convertible preferred shares of Mimetogen Pharmaceuticals Inc. ("Mimetogen"), a private company developing a treatment for dry eye syndrome ("DES").

Medwell currently has ownership of 13.43% and control over 14.13% of Mimetogen's issued and outstanding shares. On a fully diluted basis, Medwell has ownership of approximately 11.19% of all potentially issued and outstanding shares of Mimetogen. The Corporation has the right to appoint a director for so long as it owns greater than 10% of the shares issued and outstanding.

The Class B and Class C preferred shares accrue a fixed, cumulative and preferential dividend at a rate of 8% per annum, and have certain preferential rights associated with them including priority of dividends to the Class A preferred shares and common shares of Mimetogen, conversion provisions to common shares of Mimetogen in the event of certain transactions and at the right of the holder, rights of redemption upon approval of the preferred shareholders, and rights to vote. The Class B and Class C preferred shares also have certain "pay-to-play" provisions whereby the holders may have to provide additional funding to Mimetogen in accordance with the Unanimous Shareholder Agreement, otherwise the Class B and Class C preferred shares will be converted to common shares and the holders will lose certain of their preferential and voting rights.

On September 9, 2014 Mimetogen announced partial topline results from its Phase 3 clinical trial in patients with DES, with full results including primary endpoints yet to be released. On September 11, 2014 it announced the expiry of an exclusive option agreement with Bausch + Lomb, ("B+L Agreement") to in-license Mimetogen's MIM-D3 technology On November 13, 2014 Bausch + Lomb initiated a legal action against Mimetogen for declaratory judgement that the Phase 3 trial was "Not Successful" under the language of the B+L Agreement. The result of this declaratory judgement, if successful is that B+L is not required to make any further payments to Mimetogen, including a potential payment to Mimetogen of $20 million under the agreement. Mimetogen filed a defense and counterclaim to the lawsuit on January 30, 2015.

Subsequent to these developments, on March 31, 2015, the Corporation entered into an agreement to sell all of its interest in Mimetogen for the consideration of up to $3,200,000, being comprised of the payment of $250,000 on closing, plus a contingent payment of up to $2,950,000 from amounts received by the purchaser from Mimetogen by reason of its ownership of the Class B and Class C shares prior to the first anniversary of the purchase date (the "Mimetogen Agreement"). The Mimetogen Agreement involves an individual who is not at arm's length to key management associated with the offer, and includes a provision that the President and CEO of Medwell must agree to continue on as a director of Mimetogen for no less than 3 years as the purchaser's appointee. The transaction is to complete by April 30, 2015.

Novation Pharmaceuticals Inc.

The convertible debenture with Novation Pharmaceuticals Inc. is in the amount of $250,000 with an extended maturity date of June 14, 2015. Given the uncertainty with respect to the timing and amount of repayment and absence of sufficient security, the convertible debenture was written down to its estimated net realizable value of $nil during the quarter ended June 30, 2012. Novation has proprietary technology for the screening of novel drug candidates.

Selected Annual Information

The following is selected financial information for the three most recent fiscal years:

(expressed in 000's of Canadian dollars except per share amounts)	Years ended December 31,		
	2014	2013	2012
Unrealized gain (loss) on investments	**(6,591)**	6,715	(1,769)
Realized loss on investments	**(37)**	(662)	-
Contract services	-	275	1,013
General and administrative expense	**1,344**	2,726	3,683
Depreciation of property and equipment	**7**	8	12
Net loss from discontinued operations	-	(1)	(715)
Foreign exchange gain (loss)	**0**	0	(32)
Net income (loss) and comprehensive income (loss)	**(7,992)**	3,625	(5,373)
Net income (loss) per common share – Basic and diluted	**(1.10)**	0.50	(1.03)
Cash and cash equivalents	**2,490**	4,405	6,965
Investments	**6,082**	12,110	6,126
Restricted cash	**594**	629	917
Total assets	**9,237**	17,230	14,281
Dividends paid	-	16	-

Discussion of Continuing Operations and Financial Condition

The consolidated loss from continuing operations of the Corporation for the year ended December 31, 2014 was $8.0 million or $1.10 per share compared with a consolidated net income from continuing operations of $3.6 million or $0.50 per share for the same period in the previous year.

Change in fair value of investments

The Corporation recorded an unrealized loss of $6.6 million (2013 – gain of $6.7 million; 2012 – loss of $ 1.7 million) for the year ended December 31, 2014. The 2014 loss is due to a $2.9 million decline in the value of Mimetogen and a $3.7 million decline in the value of the SDI shares. The 2013 gain is primarily due to a net increase in the value of the SDI shares of $5.4 million. The 2012 loss is due to changes in the fair value of the Corporation's investments.

A realized loss of $37,500 (2013 – $662,025) was recognized for the year ended December 31, 2014 on the expiry of the 991,328 warrants of Spectral with a cost base of $37,500. In 2013, a realized loss of $0.7 million was recognized relating to the sale of investments in 3 companies and distribution of 14,208,672 SDI warrants to the Medwell shareholders.

Revenue

Revenue earned from services agreements totaled $nil (2013 - $275,000; 2012 - $1.0 million) for the year ended December 31, 2014. The year ended December 31, 2013 included contract fees of $175,000 as a result of the 60 day notice contract costs of $ 50,000 and a termination fee of $125,000. The year ended December 31, 2012 included $1.0 million in contract services provided in relation to the agreement with Spectral.

Expenses

Operating, general and administrative

Operating, general and administrative expenses decreased $1.4 million to $1.3 million for the year ended December 31, 2014 (2013 – $2.7 million). Operating, general and administrative expenses decreased $1.0 million to $2.7 million for the year ended December 31, 2013 (2012 – $3.7 million).

	Years ended December 31,		
	2014	**2013**	**2012**
	$	**$**	**$**
Salaries and short-term employee benefits	878	2,014	2,189
Professional fees	184	230	705
Office expenditures	66	88	112
Regulatory and filing fees	40	85	92
Travel	66	161	292
Rent and insurance	110	148	293
	1,344	2,726	3,683

(a) The $1.1 million decrease in wages and benefits for the year ended December 31, 2014 is due to termination of a position, compared to the prior period and which includes $788,000 paid out on the termination of a position with the Company. The $175,000 decrease in wages and benefits for the year ended December 31, 2013 is due to termination of a position, compared to the prior period and which includes $788,000 paid out on termination of a position with the Company.

(b) The decrease in remaining expenses of $0.3 million for the year ended December 31, 2014 is a result of the reduced costs associated with smaller operations. The decrease in the remaining expenses of $0.8 million for the year ended December 31, 2013 is a result of the change in the services agreement with Spectral to no longer include clinical and regulatory consulting. This reduced Medwell's corresponding costs to service this portion of the existing contract in 2013.

Stock-based compensation

Total stock-based compensation decreased to $73,000 for the year ended December 31, 2014, from $85,800 of the same period in the prior year. The decrease is the result of fewer options issued, a change in the underlying stock price of the Corporation's common stock and decreased volatility used in the calculation to reflect current market conditions as well as expected future volatility of the stock price.

The fair value of stock options awarded to employees, directors and consultants of $73,000 was recorded to stock-based compensation expense and contributed surplus in the vesting period in the year ended December 31, 2014.

Total stock-based compensation decreased to $85,800 for the year ended December 31, 2013, from $233,000 of the same period in the prior year. The decrease is the result of fewer options issued, a change in the underlying stock price of the Corporation's common stock and decreased volatility used in the calculation to reflect current market conditions as well as expected future volatility of the stock price.

The fair value of stock options awarded to employees, directors and consultants of $85,800 was recorded to stock-based compensation expense and contributed surplus in the vesting period in the year ended December 31, 2013.

The Corporation used the Black-Scholes option valuation model to estimate the fair value of the options granted during the year ended December 31, 2014, 2013 and 2012 and used the following weighted average assumptions:

	2014	2013	2012
Volatility	84.32%	77.28%	63.14%
Risk-free interest rate	1.71%	1.70%	1.31%
Expected life of the options	60 months	60 months	60 months
Dividend yield	0.0%	0.0%	0.0%
Exercise price	$1.45	$1.56	$0.130
Closing market price on date of grant	$1.45	$1.56	$0.130
Fair value per common share option	$0.97	$0.98	0.07

The Black-Scholes option valuation model used by the Corporation to determine fair values was developed for use in estimating the fair value of freely traded options that are fully transferable and have no vesting restrictions. This model requires the use of assumptions, including future stock price volatility and expected time until exercise. The Corporation uses historical volatility of its common shares to estimate its future stock price volatility. The risk-free interest rate for the expected life of the options was based on the yield available on government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected time until exercise is based upon the contractual term, taking into account expected employee exercise and expected post-vesting employment termination behavior. Forfeitures are recognized in the period they arise.

The Corporation has recognized a liability at December 31, 2014 in the amount of $461,000 (2013 - $330,000; 2012 - $247,500) in accordance with IAS 19, Employee benefits. The amount accrued is estimated based on a payment of $475,000 at the end of two years discounted at 1.5%. The discount rate is based on high quality Canadian bond yields over a similar time period. The accretion expense has been included in salaries and short term employee benefits. As at December 31, 2014 management revised its estimated time payment of the liability from 7 years to 2 years and revised its discount rate from 4.6% to 1.5%. The resulting $115,000 re-measurement loss is recorded in other comprehensive loss.

Liquidity and Solvency

The Corporation has financed its investments, its operations, previous research and development programs and required capital expenditures from public and private sales of equity, the exercise of warrants and stock options, interest earned on cash and cash equivalents and short-term investments, and up-front fees and milestone payments from a former licensing partner.

To maximize value from its capital resources and ensure overall financial stability, the Corporation has developed financial planning, budgeting, monitoring and governance systems.

The Corporation's capital needs consist of maintaining funds available for investment and to meet its ongoing operating expenditures, operating activities, corporate administration, working capital and capital expenditures.

Since inception, the Corporation has incurred significant losses each year. The accumulated deficit from inception to December 31, 2014, is $170.9 million. Unless the Corporation is able to generate sufficient revenue or capital appreciation on its investments, it will continue to incur losses from operations and may not achieve or maintain profitability. Given the nature of the Corporation's activities, the results of operations and financial condition are dependent upon the market value of the securities that comprise their portfolio.

The Corporation anticipates that it will have sufficient resources to meet its obligations for the foreseeable future. The development or investment into additional technologies by the Corporation may require a significant infusion of additional funds. There can be no assurance that the Corporation will be able to obtain adequate financing, or financing on terms that are reasonable or acceptable for these or other purposes. Failure to obtain such additional financing could result in delay or indefinite postponement of further investment.

Adequacy of financial resources

At December 31, 2014 cash and cash equivalents and restricted cash $3.1 million as compared to $5.0 million at December 31, 2013. At December 31, 2014 the Corporation had working capital of $2.7 million as compared to $4.6 million at December 31, 2013. The $1.9 million decrease in working capital is a direct result of the events described in *Cash used in operating activities* and as described in the *"Corporate Overview and Outlook"* section. A GIC in the amount of $558,000 has been pledged as collateral for the employee share purchase loan and is part of the $594,000 restricted cash.

In the year ended December 31, 2014, the Corporation had a decrease in cash and cash equivalents of $1.9 million compared to $2.9 million decrease in the prior year. The decrease in cash and cash equivalents in the year ended December 31, 2014, is the net result of $1.9 million (2013 – $2.5 million) in net operating activities incurred in the operation of the Corporation and amounts used in discontinued operations of $nil (2013 - $0.1 million).

The Corporation has accrued liabilities of $490,000 as well as contingent obligations that may come due upon the occurrence of certain future events. The accrued liabilities is largely comprised of an employee future benefit obligation of $461,000 that is to be paid if the President and Chief Executive Officer terminates his service agreement; however in the event the Corporation terminates this service agreement it will trigger a total payment of $1,800,000 plus GST (note 15). In addition, if the Corporation terminates the service agreement with the CFO it will trigger a payment of $25,000.

At December 31, 2013 cash and cash equivalents, restricted cash and short-term investments totaled $5.0 million as compared to $7.9 million at December 31, 2012. At December 31, 2013 the Corporation had working capital of $4.6 million as compared to $7.4 million at December 31, 2012. The $2.8 million decrease in working capital is a direct result of the events described in *Cash used in operating activities* and as described in the *"Corporate Overview and Outlook"* section. The Corporation currently has sufficient working capital to meet its obligations as they come due for the next fiscal year.

In the year ended December 31, 2013, the Corporation had a decrease in cash and cash equivalents of $2.9 million compared to $2.6 million decrease in the prior year. The decrease in cash and cash equivalents in the year ended December 31, 201, is the net result of $2.5 million (2012 – $2.5 million) in net operating activities incurred in the operation of the Corporation and amounts used in discontinued operations of $0.1million (2012 - $0.6 million).

Short term cash and cash equivalents

Medwell has implemented a disciplined approach to the management of liquidity, capital and overall stability. The Corporation invests its cash reserves primarily in liquid short term bank acceptances and Guaranteed Investment Certificates with maturities of less than 1 year with an average term to maturity of approximately 90 days. The interest rates carried on these investments and investments with maturities greater than 1 year varies from 0.88% to 2.00%, depending on length and carrying value. Cash and cash equivalents, restricted cash and short-term investments are on deposit with Canadian chartered banks.

The Corporation manages its interest rate risk by attempting to maximize the interest income earned on funds on deposit while maintaining the liquidity necessary to conduct operations on a day-to-day basis.

Currency Risk and Foreign Exchange

The Corporation's functional currency is the Canadian dollar. At December 31, 2014 the Corporation held no US denominated cash or cash equivalents and incurred no foreign exchange gain or loss in the year.

Off-Balance Sheet Arrangements

As of December 31, 2014 the Corporation did not have any off-balance sheet arrangements other than those listed and described under the Contractual Obligations and Commitments section and those disclosed in Note 12 to the audited consolidated financial statements for the year ended December 31, 2014.

Financial Instruments

Financial instruments of the Corporation consist of cash and cash equivalents, investments, restricted cash, accounts receivable and accounts payable and accrued liabilities. The fair value of cash and cash equivalents, investments, restricted cash, accounts receivable and accounts payable and accrued liabilities approximates their carrying amount due to their immediate or short-term maturity.

	2014 $	2013 $	2012 $
Financial assets			
Cash and cash equivalents	2,490	4,405	6,965
Investments held for distribution to shareholders	5,451	-	-
Investments	631	12,110	6,126
Restricted cash	594	629	917
Accounts receivable	22	5	188
	9,188	17,149	14,196

Financial liabilities			
Accounts payable and accrued liabilities	490	449	564
Distributions to shareholders payable	5,489	-	-
	5,979	449	564

The Corporation has classified its financial instruments as follows:

- Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. The Corporation's financial assets and liabilities at fair value through profit or loss comprise investments in equity securities, associates and derivatives. Financial assets at fair value through profit or loss are initially recognized, and subsequently carried, at fair value, with changes recognized in profit or loss. Transaction costs are expensed as incurred. Gains and losses arising from changes in fair value are presented in the statement of income within other gains and losses in the period in which they arise.

- Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. The Corporation's loans and receivables are comprised of trade receivables and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

- Financial liabilities at amortized cost: Financial liabilities at amortized cost include trade accounts payable. Trade payables are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

The Corporation is required to identify and measure embedded derivatives that require separation from the related host contract and measure those embedded derivatives at fair value. Subsequent changes in fair value of embedded derivatives are recognized in the consolidated statement of loss in the period the change occurs. The Corporation does not enter into derivative financial instruments for speculative or trading purposes and has not identified or measured any embedded derivatives that require separation for the years ended December 31, 2014, 2013 and 2012. Please see note 16 of Medwell's audited consolidated financial statements for the year ended December 31, 2014 for a description of the Financial Instruments of the Corporation.

The Corporation's activities are exposed to a variety of financial risks including concentration risk, liquidity risk, market risk, currency risk, interest rate risk and credit risk. The Corporation's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Corporation's financial results. Risk management is carried out by financial management in conjunction with overall corporate governance. The Corporation has determined the fair value of its financial instruments as follows:

a) Financial instruments that are not measured at fair value on the balance sheet are represented by cash and cash equivalents, restricted cash, accounts receivable and accounts payable and accrued liabilities. The fair values of these instruments approximate their carrying values due to their short-term nature.

b) Financial instruments measured at fair value are categorized within the fair value hierarchy. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety, if a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

At the end of each financial reporting period, the Corporation's management estimates the fair value of its investments based on the criteria below and records such valuations in the consolidated financial statements.

i) Level 1

Financial instruments categorized as Level 1 in the hierarchy include investments in the common shares of publicly traded companies listed on an active stock exchange. These instruments are recorded at fair value based upon the closing bid price at the balance sheet date. If an active market does not exist, the investments are recorded at fair value using a valuation technique based upon management's estimates which consider reliable, observable market inputs.

The amounts at which investments in publicly traded companies could be disposed of may differ from fair value as a result of a number of factors including, but not limited to, premiums paid for large blocks of shares.

ii) Level 2

Financial instruments categorized as Level 2 in the hierarchy include warrants and options not traded on a recognized securities exchange. These instruments are recorded at fair value using a valuation technique that considers the exercise price, the closing bid price of the underlying shares, time value adjustments, volatility and liquidity. The fair value of any warrants or options that the Corporation holds in a public company is calculated each reporting period using the Black-Scholes pricing model.

iii) Level 3

Financial instruments categorized as Level 3 in the hierarchy include investments in private companies. These instruments are initially recorded at cost, being the fair value at the time of acquisition. At each reporting period thereafter, the fair value of an investment may, depending upon the circumstances, be adjusted by applying one or more valuation techniques. The Corporation uses a market approach, and uses the transaction price paid for an identical or similar instrument valuation technique.

Under the transaction price paid for an identical or similar instrument valuation technique, the Corporation considers whether the transaction price paid to invest in an instrument that is identical or similar to the unquoted equity instrument being valued might be a reasonable starting point for measuring the fair value of the unquoted equity instrument at the measurement date. The Corporation takes into consideration all information about the performance and operations of the investee that becomes reasonably available to the Corporation after the date of initial recognition up to the measurement date.

The Corporation considers factors that might indicate that the transaction price might not be representative of fair value at the measurement date. These factors include:

- A significant change in the performance of the investee compared with budgets, plans or milestones;
- Changes in expectation as to whether the investee's technical product milestones will be achieved;
- A significant change in the market for the investee's equity or its products or potential products;
- A significant change in the global economy or the economic environment in which the investee operates;
- A significant change in the performance of comparable entities, or in the valuations implied by the overall market;
- Internal matters of the investee such as fraud, commercial disputes, litigation, changes in management or strategy; and
- Evidence from external transactions in the investee's equity, either by the investee or by transfers of equity instruments between third parties.

The Corporation also considers the existence of factors such as whether the environment in which the investee operates is dynamic, whether there have been changes in market conditions, or the passage of time.

In the absence of the changes described above the fair value of the investment is left unchanged.

Determining the fair value of the Corporation's investments in private companies is subject to certain limitations; which can include, the lack of available and/or reliable financial information. Application of the valuation policies described above may involve uncertainties and determinations based on management's judgement and any value estimated from the techniques applied may not be realized.

The adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized and may differ from values that might be determined if a ready market existed.

The amount at which an investment in a private company could be disposed of may differ from its carrying value due to the availability and/or reliability of information available to, and determinations reached by, management. Any fair value estimated by the application of these techniques may not be realized.

The Corporation's CFO is responsible for performing a valuation of financial instruments, including Level 3 fair values. The valuation processes and results are reviewed and approved by the CEO at least once every quarter, in line with the Corporation's quarterly reporting dates. Valuation results are discussed with the Audit Committee as part of its quarterly review of the corporation's consolidated financial statements.

Related Party Transactions

During the year ended December 31, 2014, 2013 and 2012, the Corporation paid for legal fees to professional firms in which certain directors or officers have interests. The Corporation paid for professional fees in the amount of $71,000 (2013 - $89,000; 2012 - $271,000). These are included in the operating, general and administration expenses.

In addition to the professional fees, the Company received $nil in revenue from Spectral Diagnostics Inc. (2013 - $275,000; 2012 - $ 913,000) for the year ended December 31, 2014.

On March 15, 2013 Spectral provided notice of termination of the services agreement to be effective May 14, 2013. In addition to the 60 day notice contract costs of $66,667, a termination fee of $125,000 was received on May 14, 2013 representing 50% of the remaining contracts due to December 31, 2013.

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Contractual Obligations and Commitments

In continuing operations, the Corporation has periodically entered into short and long-term contractual arrangements for office facilities and equipment. In addition, a special committee was struck and the members of the committee are entitled to an aggregate of $50,000 in fees to be paid in 2015. The following table presents commitments arising from these arrangements currently in force over the next five years:

(expressed in thousands of Canadian dollars)	< 1 year $	1 to 5 years $	> 5 years $
Lease for office space	21	-	-
Equipment lease	11	15	-
Special Committee fees	50	-	-
	82	15	-

The lease for the Edmonton office space is on a month to month basis with the lease cost fixed until December 31, 2014 with early termination available upon 6 months written notice by either part.

Pursuant to an agreement dated January 1, 2006 and amended January 1, 2011 between the Corporation and an entity through which the services of the President and Chief Executive Officer (collectively the CEO) are provided, if the CEO terminates the service agreement for any reason, the CEO is entitled to be paid the equivalent of the prior year's base compensation, provided the CEO does not accept employment with a third party for a period of six months from the date of termination. An additional amount is payable should the CEO terminate the agreement for a significant personal or immediate family illness. Under the agreement, if the Corporation terminates the agreement at any time or if the CEO terminates the agreement between three and six months after any change in control then the corporation must pay the CEO $1,800,000 plus GST.

Share Information

The following class of shares and equity securities potentially convertible into common shares were outstanding:

	March 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Common shares	7,282,589	7,282,589	7,282,589	7.270.071
Options to purchase Common shares	397,435	411,500	354,689	352.113

All data presented in this document is presented on post consolidation share basis.

Changes in or Adoption of Accounting Policies

Effective January 1, 2014, the Corporation adopted the Investment Entities amendments to IFRS 10, Consolidated Financial Statements IFRS, 12, Disclosure of Interest in Other Entities and IAS 27 Separate Financial Statements. The amendments to IFRS 10 define an investment entity and introduce and exception from the consolidation requirements for investment entities. If this exception is met an investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with IAS 3.

On adoption of the amendments, the Corporation has determined that it meets the definition of an investment entity. The Corporation has multiple unrelated investors and holds multiple investments through its 100% owned subsidiary Medwell Healthcare Limited Partnership (the Partnership) in the form of equity or similar interests. The Corporation has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

a) The Corporation has obtained funds for the purpose of providing investors with investment management services.

b) The Corporation's business purpose, which was communicated directly to investors, is investing solely for the returns from capital appreciation and investment income.

c) The performance of the investments made by the Corporation are measured and evaluated on a fair value basis.

Although the Corporation does not meet all of the typical characteristics of an investment entity (namely, the Corporation does not have multiple investments), management believes it is nevertheless an investment entity because the Partnership was formed in connection with the Corporation and the Corporation effects multiple investments through the Partnership. The Partnership is owned by Medwell Partnership GP Ltd. which is owned 100% by the Corporation. Medwell Partnership GP Ltd.'s only purpose is to hold the Corporation's investment in the Partnership.

Notwithstanding the exception from the consolidation requirements for the investment entities, the amendments require an investment entity to consolidate a subsidiary that provides services that relate to the investment entity's investment activities. The Corporation has reviewed each of its subsidiaries and has determined that each of its subsidiaries provide services that relate to the investment entity's investment activities. Therefore, the Corporation continued to consolidate these entities and does not have any unconsolidated subsidiaries upon adoption of the amendments. The adoption of the amendments did not result in any changes to the Corporation's results of operations or financial position.

Accounting standards issued but not yet applied

IFRS 9 Financial instruments

IFRS 9, Financial Instruments, (IFRS9) addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of the IFRS 9 was issued in July, 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. For financial liabilities there were no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness tests. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Corporation is yet to assess the impact of IFRS 9 on its consolidated financial statements.

Critical Accounting Estimates

The Corporation makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. These policies are set out in note 3 to the audited consolidated financial statements. The following are the estimates and judgments applied by management that most significantly affect the Corporation's financial statements.

These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a) Critical accounting estimates

Significant accounts that require estimates as the basis for determining the stated amounts include investments and share-based compensation and the estimation of the guarantee obligation.

b) Critical accounting judgments

Significant judgment by management is required to determine the applicability of measurement exemption referred to in this note with respect to designation of investments in associates at fair value through profit or loss in accordance with IAS 39 "Financial Instruments: Recognition and Measurement". In management's judgment, the fair value measurement for its investments in associates provides more relevant information for management and investors.

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques (note 16). The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

In determining the Corporation's status as an investment entity in accordance with IFRS 10, the Corporation considered the definition of an investment entity per IFRS 10.

As required under IFRS, at each reporting period, management assesses whether there are any material uncertainties that would cause significant doubt as to the Corporation's ability to continue as a going concern. Significant judgment is involved in making this assessment. Management has developed and considered its financial planning, budgeting, monitoring and governance systems in making its determination that it is a going concern as of the year end date and for the foreseeable future.

Risks and Uncertainties

The Corporation's operations involve certain risks and uncertainties that are inherent to the Corporation's industry. The significant additional risks and uncertainties faced by the Corporation are described below.

Portfolio Exposure

Given the nature of our activities, our results of operations and financial condition are dependent upon the market value of the securities that comprise our portfolio. Market value can be reflective of the actual or anticipated operating results of our portfolio companies and/or the general market conditions that affect the sectors in which we invest. Our investment activities are currently concentrated primarily in the healthcare industry. Additionally, as at December 31, 2014 our investment portfolio consisted of two investments which we believe exhibits potential for growth and positive cash flows but which may not ever mature or generate the returns we expect or may require a number of years to do so.

Biotechnology, healthcare and technology companies may never achieve commercial discoveries and production. This may create an irregular pattern in our revenues (if any) and an investment in our securities may only be suitable for investors who are prepared to hold their investment for a long period of time. Macro factors such as fluctuations in commodity prices and global political and economic conditions could have an adverse effect on one or more investments to which we are exposed, thereby negatively impacting one or more of our portfolio companies concurrently. Company-specific risks, such as the risks associated with clinical operations generally, could have an adverse effect on one or more of our portfolio companies at any point in time. Company-specific and industry-specific risks which materially adversely affect our portfolio investments may have a materially adverse impact on our operating results.

Concentration of Investments

We may participate in a limited number of investments and, as a consequence, our financial results may be substantially adversely affected by the unfavourable performance of a single investment, or sector. Completion of one or more investments may result in a highly concentrated investment by us in a particular company, business, industry or sector.

Operating Results for the Three months Ended December 31, 2014

The consolidated net loss from continuing operations of the Corporation for the three months ended December 31, 2014 was $3.0 million or $0.41 per share as compared with consolidated net income of $2.4 million or $0.33 per share for the previous year.

Changes in fair value of investments

The Corporation recorded an unrealized loss of $ 2.5 million (unrealized gain in 2013 - $3.4 million) for the three months ended December 31, 2014. The movement is due to changes in the fair value of the investment in Mimetogen.

Expenses

Operating, general and administrative expenses decreased $0.1 million to $0.4 million for the three months ended December 31, 2014 (2013 – $0.5 million). Expenses were higher in the fourth quarter as compared to the prior three quarters largely as a result of increased legal and professional fees associated with the year end and the distribution of the SDI shares on January 2, 2015.

Operating Results for the Three months Ended December 31, 2013

The consolidated net income from continuing operations of the Corporation for the three months ended December 31, 2013 was $2.4 million or $0.33 per share compared with consolidated net loss of $1.5 million or $0.19 per share for the previous year. The increase in net income was the result of an unrealized gain on investments of $3.4 million (2012 – $0.8 million).

The net loss for the three months ended December 31, 2013 after the unrealized loss on investment, the realized loss and the stock based compensation, totaled $0.5 million.

Changes in fair value of investments

The Corporation recorded an unrealized gain of $ 3.4 million (2012 - $0.8 million) for the three months ended December 31, 2013. The movement is due to changes in the fair value of the Corporation's investments, primarily the investment in Spectral.

Expenses

Operating, general and administrative expenses decreased $0.3 million to $0.5 million for the three months ended December 31, 2013 (2012 – $0.8 million). The decrease is a direct reflection to the reductions in staffing, space and administration implemented by the Corporation during 2013

Subsequent events

Arrangement Agreement with GDI Integrated Facility Services Inc.

On March 31, 2015, the Corporation entered into an arrangement agreement (the Arrangement Agreement) with GDI Integrated Facility Services Inc. (GDI), a private company, relating to a transaction (the Arrangement) pursuant to which the Corporation proposes to acquire, among other things, all of the issued and outstanding securities of GDI in exchange for the issuance of shares of the Corporation and cash consideration. As part of the Arrangement, GDI will be liquidated into the Corporation to form a single entity to be renamed "GDI Integrated Facility Services Inc." that will carry on the business of GDI.

Pursuant to the Arrangement Agreement, the Corporation has been assigned a value fixed at $11,200,000, an amount equal to $1.54 per issued and outstanding common share of the Corporation as at March 31, 2015.

Concurrently with the closing of the Arrangement, the Corporation will carry out a public offering of equity (the Offering), which will be conditional on, and will close concurrently with the Arrangement. As part of the Arrangement, the Corporation will consolidate its currently issued and outstanding Common Shares by a ratio to be mutually determined by the Corporation and GDI and amend the terms of the Common Shares to create Subordinate Voting Shares and Multiple Voting Shares. A portion of the proceeds to be received by the Corporation from the Offering will be used to pay the Cash Consideration.

As the Arrangement is subject to the completion of the Offering, and certain shareholder, court, and regulatory approvals and other consents and waivers, there is uncertainty as to the timing and completion of the transaction.
Because Birch Hill Equity Partners has an ownership position in both the Corporation and GDI, this transaction is considered a related party transaction.

The Corporation's board of directors has approved the Arrangement Agreement based on a third party fairness opinion and the recommendation of a special committee to the board.

Agreement with Queensbury and Sale of shares of Spectral Medical Inc.

On March 31, 2015, the Corporation entered into an agreement with Queensbury Ventures Inc. ("Queensbury") and Kevin Giese ("Giese"), whereby the services of Queensbury and Giese, the latter as Chairman, CEO and President of the Corporation, are to be terminated, subject to the closing the Arrangement Agreement with GDI. Under the terms of this agreement: the Corporation will pay the outstanding third party share purchase loan in the amount of $558,000 (see Note11), transfer to Queensbury the ownership in 1,063,396 shares of Spectral Medical Inc. with a value of $698,651 based on the 20 day weighted average trading price as at March 30, 2015, and pay Queensbury cash in the amounts of $443,349 on closing, $100,000 over the next 12 months, and GST on all of the above amounts; and Giese agrees to provide certain ongoing advisory services to the Corporation for the next 12 months, and to be nominated to the board of directors of the New GDI on the same remuneration terms as other independent directors. Upon completion of the transaction, no additional payments will be owed by the Corporation to Queensbury or Giese.

Twelve Quarter Review

Financial Information – Quarterly

(expressed in thousands of Canadian dollars except per share amounts)

	2014				2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue												
Unrealized gain (loss) on investments, net	$(2,502)	$(697)	$1,223	$(4,615)	$3,407	$3,052	$493	$(237)	$(799)	$196	$(110)	$1,057)
Realized loss on investments	-	37	-	-	(371)	(140)	-	(151)	-	-	-	375
Contract Revenue	-	-	-	-	-	-	175	100	100	163	375	375
Interest Income	11	11	25	13	15	27	22	54	16	13	5	13
Expenses												
Operating, general & administration	439	281	284	340	503	1,202	521	500	864	820	1,106	893
Stock-based Compensation	-	73	-	-	86	-	-	-	-	-	3	223
Amortization of property and equipment	2	1	2	2	2	2	2	2	3	2	3	4
(Gain) Loss on disposal of property and equipment	-	-	-	-	-	-	-	-	(4)	-	-	-
Foreign exchange loss (gain)	-	-	-	-	-	-	-	-	-	-	-	31
Net income (loss) from continuing operations	(2,932)	(1,078)	962	(4,944)	2,460	1,735	167	(736)	(1,546)	(450)	(842)	(1,820)
Net income (loss) from discontinued operations	-	-	-	-	-	-	(1)	-	-	(518)	(127)	(70)
Net income (loss)	$(2,932)	$(1,078)	$962	$(4,944)	$2,460	$1,735	$166	$(736)	$(1,546)	$(968)	$(969)	$(1,890)
Earnings (loss) per common share – Basic and diluted	$(0.41)	$(0.14)	$0.13	$(0.68)	$0.33	$0.24	$0.02	$(0.10)	$(0.19)	$(0.10)	$(0.19)	$(0.40)
Earnings (loss) per common share – discontinued operations – Basic and diluted	-	-	-	-	-	-	-	-	-	$(0.11)	$(0.02)	$(0.02)
Earnings (loss) Per common share – Basic and diluted	$(0.41)	$(0.14)	$0.13	$(0.68)	$0.33	$0.24	$0.02	$(0.10)	$(0.19)	$(0.21)	$(0.21)	$(0.42)

Internal Control and Disclosure Control Over Financial Reporting

Management of the Corporation is responsible for the design, implementation and monitoring of effective internal controls over financial reporting (as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings), to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with IFRS. Management has established processes which are in place to provide the Corporation's certifying officers with sufficient knowledge to support management representations to confirm that reasonable diligence has been exercised that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the years presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of the operations and cash flows of the Corporation, as of the date of and for the years presented by the consolidated financial statements.

The Corporation's CEO and CFO have evaluated the disclosure controls and procedures and concluded they are operating effectively notwithstanding the Corporation's limited staff. As a result, internal controls which rely on segregation of duties, in some cases are not possible. This inherent weakness is substantially overcome by the Corporation's reliance on the senior management review and approval process.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"), the Corporation utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

(a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
(b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Corporation's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional Corporate Information

Additional information on Medwell Capital Corp. may be obtained in its regulatory filings including its Annual Information Form, Information Circular, annual and quarterly reports and proxy circulars filed with the various provincial security commissions in Canada through SEDAR at www.sedar.com or at the Corporation's web site at www.medwellcapital.com.