NEUTRISCI INTERNATIONAL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016

August 26, 2016

MANAGEMENT'S RESPONSIBILTY FOR FINANCIAL REPORTING

This management's discussion and analysis ("MD&A") reports on the operating results and financial condition of NeutriSci International Inc. ("NeutriSci" or the "Company") for the three and six months ended June 30, 2016 and is prepared as at August 26, 2016. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2016 and audited financial statements for the year ended December 31, 2015 and the fifteen months ended December 31, 2014 and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") (the "Financial Statements"). Other information contained in these documents has also been prepared by management and is consistent with the data contained in the Financial Statements. All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statements of a 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 was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in this MD&A. The Board of Directors' approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward looking statements include but are not limited to statements concerning:

- The Company's outstanding indebtedness, and the Company's intentions with respect to the repayment or refinancing of that indebtedness
- The Company's success at completing future financings
- The Company's sales and marketing strategies and objectives

- The Company’s cost reductions and other financial operating objectives
- The availability of qualified employees for business operations
- General business and economic conditions
- The Company’s ability to meet its financial obligations as they become due
- The positive cash flows and financial viability of its new product lines
- The Company’s ability to manage growth with respect to its business
- The Company’s tax position, anticipated tax refunds and the tax rates applicable to the Company

Readers are cautioned that the preceding list of risks, uncertainties, assumptions and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by these forward looking statements. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, investors in securities of the Company should not place undue reliance on these forward-looking statements. The forward-looking statements contained in this document are made as of the date hereof.

OVERVIEW

NeutriSci International Inc. (the "Company" or “NeutriSci”) was incorporated under the laws of the Province of Alberta on September 9, 2009 and was continued into British Columbia under the BCBCA on November 26, 2014 in conjunction with the reverse take-over of Disani Capital Corp. The Company’s shares are listed on Tier 2 of the TSX Venture Exchange (the “Exchange”) under the symbol “NU”. The Company’s head office is at 4015 - 1st Street SE, Calgary, Alberta T2G 4X7 and the Company’s registered office is 2200 – 885 West Georgia Street, Vancouver BC, Canada, V6C 3E8.

NeutriSci is focused on the market development for its nutraceutical products.

NeutriSci's products utilize a unique and patented form of Pterostilbene called pTeroPure®. pTeroPure® Pterostilbene is a form of all-trans Pterostilbene that is found naturally in blueberries, and is manufactured for NeutriSci by ChromaDex Corp. ("ChromaDex") in the US. NeutriSci has recently launched neuenergy™, a new and innovative energy tab designed to deliver enhanced focus and mental clarity with no sugar, no calories and no crash associated with typical energy products. The efficacy of neuenergy™ is based on a molecular combination of pTeroPure® Pterostilbene and a low dose of caffeine, called PurEnergy® (also manufactured by ChromaDex). The resulting co-crystal provides a novel, next-generation alternative to high-dose caffeine products and is the base ingredient of neuenergy™. In clinical studies, the co-crystal ingredient demonstrated a significantly more efficient cellular uptake when compared with standard caffeine alone. neuenergy™ offers consumers a great-tasting, safe and very effective alternative to today's high-caffeine energy products.

The Company has a history of losses and anticipates further losses in the development of its business. As at June 30, 2016, the Company has an accumulated deficit of $24,639,512 (December 31, 2015 - $23,492,552). Continuing business as a going concern is dependent upon the success of the neuenergy™ product in the retail storefront and online markets, the existing cash flows, and the ability of the Company to obtain additional debt or equity financing all of which are uncertain. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

DEVELOPMENTS

The Company has been focusing its efforts on developing and growing the market for NeutriSci's new product, neuenergy™, after completing its going public transaction late in 2014. During this year, the Company's primary focus has been on establishing and setting up distribution within Chain and Drug/Mass retailers such as Meijer and 7-Eleven, online distribution such as Amazon, and through the Company's own product website.

Key and strategic milestones met during the first two quarters of 2016 included:

- Secured distribution agreements with Mac's Convenience Stores ("Mac's") and Shefield Group. Shefield Group is one of Canada's pre-eminent franchisors and has convenience stores in malls across Canada, and Mac's has more than 850 stores in Canada. Shipments to Shefield and Mac's commenced in June 2016.
- Closed a private placement for gross proceeds of $469,000. See Share Capital section for details.
- Secured distribution agreement with 7-Eleven Canada ("7-Eleven"). 7-Eleven is an international chain of convenience stores that operates, franchises and licenses some 56,400 stores in 18 countries including 503 corporately owned and operated stores in Canada. neuenergy™ is available on 7-Eleven store shelves across Canada.
- Established long term partnership with one of Canada's leading marketing companies, Venture Communications Inc. Venture Communications and the Company are working together to develop and launch a marketing strategy that establishes neuenergy™ as a strong, health-conscious option in the growing alternative energy products market. Subject to TSX-V approval, NeutriSci will issue 361,111 common shares in connection with the establishment of the partnership with Venture Communications.
- Engaged Skanderbeg Capital Advisors to provide certain investor relations services with a term expiring on December 31, 2016. In addition to the monthly services fee, the Company granted 300,000 incentive stock to Skanderbeg at an exercise price of $0.18, vesting quarterly and expiring three years from the date of grant.
- Completed English/French relabeling program.
- Completed redesign of external packaging for neuenergy™ based on distributor and consumer feedback. External packaging has been significantly reduced to make the product easier for retailers to display at check-outs. This redesign has resulted in a 24% reduction in packaging and manufacturing costs.

OUTLOOK

Going forward the Company will continue to focus on expanding the existing distribution network for neuenergy™ in Canada and the US by adding more Chain, Drug/Mass retailers, Grocery and Convenience store partnerships. In order to support the Company's distribution partners and the growing volume of re-orders, the Company is participating in more branding and marketing opportunities as well as in-store programs.

Due to the growing demand and popularity of neuenergy™, the Company has been approached by several third party groups interested in distributing neuenergy™ in International markets. As part of the long-term strategic plan to market neuenergy™ to a global audience, increase shareholder value and position the Company for future expansion, the Company is also working towards establishing distribution and licensing agreements in these overseas markets.

SUMMARY OF QUARTERLY RESULTS[1]

	2nd Quarter Ended Jun 30, 2016	1st Quarter Ended Mar 31, 2016	4th Quarter Ended Dec 31, 2015	3rd Quarter Ended Sept 30, 2015
Total revenue	$34,944	$17,861	$(2,617)	$2,726
Net loss and comprehensive loss	$(439,127)	$(707,833)	$(2,347,882)	$(334,696)
Basic and diluted loss per share	$(0.01)	$(0.01)	$(0.05)	$(0.01)

	2nd Quarter Ended Jun 30, 2015	1st Quarter Ended Mar 31, 2015	4th Quarter Ended Dec 31, 2014	3rd Quarter Ended Sept 30, 2014
Total revenue	$20,533	$3,470	$36,695	$27,931
Net loss and comprehensive loss	$(465,073)	$(603,735)	$(8,669,716)	$(157,021)
Basic and diluted loss per share	$(0.02)	$(0.04)	$(0.63)	$(0.02)

1 Financial information prepared using accounting policies consistent with IFRS as issued by the International Accounting Standard Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting

During the quarter ended December 31, 2014, the Company's operations sustained minimal sales activity and product development while it focused on completing its going public transaction, which completed on November 26, 2014. The Company is now focusing its efforts on developing and growing the market for its newest product, neuenergy™. During the first and second quarters ended March 31, 2015 and June 30, 2015, the Company's primary focus was on setting up retail distributors and it continued this focus into its third and fourth quarter of 2015. The results during 2015 reflect minimal sales through distributors established during the year. During 2016, the retail distributors established in 2015 started to load in product into their retail chains. The Company expects sales to ramp up from these retailer chains during the fourth quarter of 2016 and into 2017.

The Company intends to relaunch or sell its inventory of the BluScience™ product line, but as it is currently focused on the launch of neuenergy ™ in the immediate term, it made the determination to take a significant write-down of its BluScience™ product inventory during the quarter ended December 31, 2014. Loss for the period ended December 31, 2014 includes the impairment of goodwill associated with the BluScience™ product line of $3,290,365, and an impairment of the BluScience™ inventory of $3,462,400, and was partially offset by a gain on settlement of debt of $917,547.

The impairment write-down for the BluScience™ product inventory in the three months ended December 31, 2014 was followed by an additional write-down in the three months ended December 31, 2015 of $1,614,388.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2016

The following is an analysis of the Company's operating results for the three months ended June 30, 2016, and includes a comparison against the three months ended June 30, 2015.

Sales revenue, which consisted primarily of sales of the neuenergy™ product line for the three months ended June 30, 2016 was $34,944, as compared to $20,533 for the three months ended June 30, 2015. The Company has been working to gain traction through distribution partners of its neuenergy™.

Cost of sales for the three months ended June 30, 2016 was $16,988, as compared to $9,694 for the three months ended June 30, 2015.

Operating expenses for the three months ended June 30, 2016 were $320,758, as compared to $386,554 for the three months ended June 30, 2015. This decrease in operating expenses was mainly due to lower advertising and promotion and share based compensation expense. These decreases are offset slightly by the increase in salaries and travel expenses as the Company ramps up its operations in connection with the launch of neuenergy™.

General and administrative costs for the three months ended June 30, 2016 were $149,733 as compared to $89,348 for the three months ended June 30, 2015. The increase in general and administrative expenses is the result of an increase in management and professional fees which supports the activity in the period.

Comprehensive loss for the period

As a result of the activities discussed above, the Company experienced a comprehensive loss for the three months ended June 30, 2016 of $439,127 as compared to comprehensive loss of $465,074 for the three months ended June 30, 2015.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2016

The following is an analysis of the Company's operating results for the six months ended June 30, 2016, and includes a comparison against the six months ended June 30, 2015.

Sales revenue, which consisted primarily of sales of the neuenergy™ product line for the six months ended June 30, 2016 was $52,805, as compared to $24,003 for the six months ended June 30, 2015. The Company has been working to gain traction through distribution partners of its neuenergy™.

Cost of sales for the six months ended June 30, 2016 was $37,934, as compared to $11,102 for the six months ended June 30, 2015.

Operating expenses for the six months ended June 30, 2016 were $932,416, as compared to $807,559 for the six months ended June 30, 2015. This increase in operating expenses was mainly due to higher salaries, benefits, travel expenses and advertising costs – as the Company increased its headcount and ramped up its operations in connection with the launch of neuenergy™. These increases are offset by lower share-based compensation expense as less stock options vested during the six months ended June 30, 2016 when compared to the same period in 2015.

General and administrative costs for the six months ended June 30, 2016 were $301,546, as compared to $267,862 for the six months ended June 30, 2015. This increase in general and administrative expenses is the result of an increase in management and professional fees to support the activities undertaken in the period.

Finance expense for the six months ended June 30, 2016 was $9,124 as compared to $6,916 for the six months ended June 30, 2015. The Company incurred interest fees on regulatory filings.

Gain on forgiveness of debt for the six months ended June 30, 2016 was $20,763 (2015 - $Nil). The gain on settlement of debt reflects the negotiation of settlement of certain accounts payable and accrued liabilities.

Comprehensive loss for the period

As a result of the activities discussed above, the Company experienced a comprehensive loss for the six months ended June 30, 2016 of $1,146,960 as compared to a comprehensive loss of $1,068,808 for the six months ended June 30, 2015.

RISKS AND UNCERTAINTIES

The significant risks and uncertainties of the Company are detailed in management's discussion and analysis for the year ended December 31, 2015. There have been no material changes in the period.

LIQUIDITY AND CAPITAL RESOURCES

The Company defines capital as consisting of shareholder's equity. The Company's objectives when managing capital are to support the identification and acquisition of a new business opportunity, and thus the creation of shareholder value, as well as to ensure that the Company is able to meet its financial obligations as they become due.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at June 30, 2016, the Company is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during the six months ended June 30, 2016.

The Company's objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational and investing requirements at any point in time. The Company has historically financed its operations primarily through related party debt and the sale of share capital by way of private placements.

The Company has a history of losses. The future success of the Company is dependent on the success of its nutraceutical products in the market together with the ability to finance the necessary funding, at agreeable terms, to support the growth of the business. As at June 30, 2016, the Company had an accumulated deficit of $24,639,512 (December 31, 2015 - $23,492,552) and negative working capital of $401,023 (December 31, 2015 – positive working capital of $700,768).

The Company had an opening cash position of $1,299,528. During the six months ended June 30, 2016, operating activities consumed cash of $1,155,591, and the Company acquired $782 in computer assets. During the period, the Company repaid US$60,000 (Cdn$77,445) on the US$500,000 note payable of which US$440,000 ($Cdn$571,145) remains outstanding. As a result of these activities, the Company experienced a net decrease in cash for the six months ended June 30, 2016 of $1,236,294; leaving the Company with a June 30, 2016 cash balance of $63,233.

The Company expects to incur further losses in the development of its business over the next twelve months and will require additional cash to support these operations. As such the Company is subject to significant liquidity risk.

Consequently, the Company will require additional financing to accomplish its long term strategic objectives. Future funding may be obtained by means of issuing share capital, the exercise of the Company's stock options, the exercise of warrants, the exercise of broker warrants, and/or debt financing.

There can be no certainty of the Company's ability to raise additional financing through these means. If the Company is unable to finance itself through these means, it is possible that the Company will be unable to continue as a going concern. These factors raise significant doubt as to the ability of the Company to continue as a going concern.

The Company's condensed consolidated interim financial statements have been prepared in accordance with IFRS under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVES

(a) Authorized Unlimited number of common shares without par value.
Unlimited number of preferred shares without par value.

(b) Common Share Issuances

The Company did not issue any shares during the six months ended June 30, 2016. The Company had 55,621,695 common shares issued and outstanding as at June 30, 2016. Subsequent to the quarter end, the Company issued 4,690,000 units for $0.10 / unit, with each unit consisting of one common share and one half of one common share purchase warrant. In connection with this financing, the Company also issued 189,000 common shares as finders' fees. As at the date of this MD&A, the Company has 60,311,293 common shares issued and outstanding.

(c) Stock Options

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2015	**2,533,447**	**$ 0.46**
Granted	300,000	0.18
Cancelled	(350,000)	$ 0.75
Balance, June 30, 2016 as at the date of this MD&A	**2,483,447**	**$ 0.38**

A summary of the Company's stock options at the date of this MD&A are as follows:

Grant Date	Number of Options outstanding	Number of Options exercisable	Weighted Average Exercise Price	Expiry date
July 15, 2013	216,667	216,667	$ 0.30	July 15, 2018
November 26, 2014	800,000	600,000	$ 0.75	November 26, 2019
November 24, 2015	416,000	416,000	$ 0.18	November 25, 2020
November 24, 2015	375,390	375,390	$ 0.18	November 25, 2017
November 24, 2015	375,390	375,390	$ 0.25	November 25, 2017
May 11, 2016	300,000	300,000	$ 0.18	January 1, 2019
Total	**2,483,447**	**2,283,447**	**$ 0.38**	

(d) Warrants

The following summarizes the warrant activity:

	Number of Warrants	Weighted average exercise price
Total warrants outstanding, December 31, 2015	**17,943,964**	**$ 0.38**
Expired	(2,868,631)	0.96
Total warrants outstanding, June 30, 2016	**14,735,333**	**$ 0.25**
Granted	2,345,000	$ 0.18
Total warrants outstanding, the date of this MD&A	**17,080,333**	**$ 0.24**

A summary of warrants outstanding at the date of this MD&A are as follows:

Number of Warrants outstanding	Weighted Average Exercise Prices	Expiry date
1,722,333	$0.25	September 28, 2017
13,013,000	$0.25	November 25, 2017
2,345,000	$0.18	July 27, 2017
17,080,333	**$0.24**	

Broker Warrants

A summary of the Company's broker warrants activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2015	**929,509**	**$ 0.38**
Expired	(221,669)	1.00
Balance, June 30, 2016 and the date of this MD&A	**707,840**	**$ 0.18**

A summary of broker warrants outstanding at the date of this MD&A are as follows:

Grant date	Number of Warrants outstanding	Weighted Average Exercise Prices	Expiry date
November 25, 2015	707,840[(1)]	Cdn$0.18	November 25, 2017

[(1)] *These warrants are exercisable into units. Each unit consists of one common share and one common share purchase warrant exercisable at a price of $0.25 for a period of two years.*

RELATED PARTY TRANSACTIONS

The Company had transactions with the following related parties:

Related party	Relationship
Anfield Sujir Kennedy Durno LLP ("ASKD LLP")	Director of the Company was formerly a partner at the law firm
Cassels Brock & Blackwell LLP	Director of the Company is a partner at the law firm
Emprise Capital Corp.	Directors and Officers in common with the Company

The Company incurred the following expenses with companies controlled by directors and officers of the Company.

Name of the related party	Nature of the Services	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Cassels Brock & Blackwell LLP	Legal	**$ 4,106**	$ -
Emprise Capital Corp.	Management	**45,000**	45,000
		$ 49,106	$ 45,000

The following table comprises amounts due to related parties included within accounts payable and accrued liabilities:

	June 30, 2016	December 31, 2015
Officers of the Company	**$ -**	$ 13,129
ASKD LLP	**28,982**	28,982
Total	**$ 28,982**	$ 42,111

The following table comprises amounts due from related parties for expense advances:

	June 30, 2016	December 31, 2015
Officers of the Company	**$ -**	$ 13,129
ASKD LLP	**28,982**	28,982
Total	**$ 28,982**	$ 42,111

Key management personnel compensation:

Key management personnel include those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consists of the Company's executive and non-executive directors, officers and senior management.

	For the six months ending June 30, 2016	For the six months ending June 30, 2015
Salaries and benefits	**$ 81,881**	$ 134,918
Share-based payments	**-**	107,782
Management fees	**2,500**	89,056
	$ 84,381	$ 331,756

FINANCIAL INSTRUMENTS

(a) Fair Value

The fair values of receivables, due from related parties, goods and services tax receivable, accounts payable and accrued liabilities, and notes payable approximate their carrying values due to their short term maturity. The Company's other financial instruments, cash, under the fair value hierarchy, are based on level one quoted prices in active markets for identical assets or liabilities.

(b) Financial Risk Factors

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

I. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at June 30, 2016 the Company has a note payable due in the amount of US$440,000 (Note 8 of the accompanying unaudited condensed consolidated interim financial statements). The balance is non-interest bearing but subject to foreign exchange fluctuation.

II. Interest rate risk

Interest risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in interest rates. The Company's sensitively to interest rates is currently immaterial.

III. Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

IV. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

At June 30, 2016, the Company had a cash balance of $63,233 to settle current liabilities of $821,736. The Company is currently subject to significant liquidity risks and remains dependant on the financial support of its debtors and shareholders. Refer to Note 1 for additional details.

V. Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company places its cash with institutions of high credit worthiness. The Company's cash is currently held in Canadian based banking institutions, authorized under the Bank Act (Canada) to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. Management has assessed there to be a low level of credit risk associated with its cash balances.

At June 30, 2016, the Company's goods and services tax receivable consists of amounts due from the Government of Canada. The Company believes the credit risk associated with this balance is minimal. Additionally, the Company has balances due from related parties. The Company anticipates that it will realize these balances through expenditures incurred on behalf of the Company by these related parties.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(a) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year which include:

- Income taxes - Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and future periods. Deferred tax assets, if any, are recognized to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse.
- Fair value of stock options and warrants - Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity.
- Inventories - Inventories are valued at the lower of cost and net realizable value. Cost of inventory includes cost of purchase (purchase price, import duties, transport, handling, and other costs directly attributable to the acquisition of inventories), and other costs incurred in bringing the inventories to their present location and condition. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in profit or loss in the period for any difference between book value and net realizable value.
- Estimated product returns - Revenue from product sales is recognized net of estimated sales discounts, credits, returns, rebates and allowances. The return allowance is determined based on an analysis of the historical rate of returns, industry return data, and current market conditions, which is applied directly against sales.

- Impairment of non-financial assets - The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to asset impairment. The recoverable amount of an asset or a cash-generating unit ("CGU") is determined using the greater of fair value less costs to sell and value in use which requires the use of various judgments, estimates, and assumptions. The Company identifies CGUs as identifiable groups of assets that are largely independent of the cash inflows from other assets or groups of assets. Value in use calculations require estimations of discount rates and future cash flows derived from revenue growth, gross margin and operating costs. Fair value less costs to sell calculations require the Company to estimate fair value of an asset or a CGU using market values of similar assets as well as estimations of the related costs to sell.

(b) Critical accounting judgements

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are, but are not limited to, the following:

- Deferred income taxes – judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.
- Functional currency – As disclosed in Note 3(c) of the condensed consolidated interim financial statements.
- Going concern – As disclosed in Note 1 to the condensed consolidated interim financial statements.

CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

Functional and Presentation Currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. To date, the functional currency of the Company, Britlor Health and Wellness Inc., and 1580306 AB Ltd., has been judged to be the Canadian dollar. The functional currency of NeutriSci International Corp. ("NeutriSci International") was determined to be the United States dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Changes to the Company's sales composition and focus for market penetration has resulted in a change to the currency in which the Company's management conducts its operating, capital and financing decisions. Consequently, the functional currency of NeutriSci International became the Cdn$ effective January 1, 2016. Concurrently, the Company adopted the Cdn$ as the presentation currency for the consolidated entity as of January 1, 2016. Upon the change of functional currency as at January 1, 2016, the Company recognized an impact of $252,299 to accumulated other comprehensive income.

For comparative reporting purposes, historical financial statements were translated into the Cdn$ reporting currency whereby assets and liabilities were translated at the closing rate in effect at the end of the comparative periods; revenues, expenses and cash flows were translated at the average rate in effect for the comparative periods and equity transactions were translated at historic rates. These financial statements are presented in Canadian dollars. All financial information is expressed in Canadian dollars unless otherwise stated.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.

- IFRS 15: New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2018.

OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.

ADDITIONAL INFORMATION

Additional information relating to the Company is available at www.sedar.com.