Management's Discussion and Analysis

For the Years ended February 28, 2017 and February 29, 2016

Non-IFRS Measures

Throughout this MD&A, Inspira uses a number of financial measures to assess its performance and are intended to provide additional information to investors concerning Inspira. Some of these measures, including net profit (loss) from operations are not calculated in accordance with Generally Accepted Accounting Principles (GAAP), which are based on International Financial Reporting Standards (IFRS), are not defined by GAAP, and do not have standardized meanings that would ensure consistency and comparability between companies using these measures. Readers are cautioned that the disclosure of these items is meant to add to, and not replace, the discussion of financial results as determined in accordance with IFRS. The primary purpose of these non-IFRS measures is to provide supplemental information that may prove useful to investors who wish to consider the impact of certain non-cash or uncontrollable items on the Company's operating performance and who wish to separate revenues and related costs associated with client acquisition that may not be ongoing.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to risks associated with: changes in law, competition, the ability to implement business strategies and pursue business opportunities, state of the capital markets, the availability of funds and resources to pursue operations, dependence on debt markets and interest rates, demand for the lending products Inspira offers at interest rates higher than at which Inspira can borrow, a novel business model, granting of permits and licenses in a highly regulated business, difficulty integrating newly acquired businesses (including RBP Healthcare Technologies), risks of performance by the target, new technologies, risk of billing irregularities by borrowers, low profit market segments, as well as general economic, market and business conditions. See "Risks and Uncertainties".

Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements

(1) *http://www.dualdiagnosis.org/addiction-treatment/mental-health-parity-act-insurance-and-rehab/*

and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding business and operating strategies.

Dated: June 28, 2017

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Inspira Financial Inc. ("Inspira" or the "Company") was prepared by management of the Company and should be read in conjunction with the Company's audited consolidated financial statements for the years ended February 28, 2017 and February 29, 2016. Additional information relating to the Company is available on SEDAR at **www.sedar.com**.

The Audit Committee and the Board of Directors provide an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approves the Financial Statements and MD&A after the completion of its review and recommendation for approval by the Audit Committee, which meets periodically to review all financial reports, prior to filing.

Company Overview

Inspira, formerly Chrysalis Capital IX Corporation ("Chrysalis"), is a publicly traded company listed on the TSX Venture Exchange (the "Exchange") under the symbol "LND".

Inspira provides revolving lines of credit, as well as billing and collection services, to the highly fragmented U.S. mental health and addiction services market.

Market Opportunity

The Parity Act has created new opportunities. Due to the significant increase in demand for addiction treatment, caused by health insurance coverage of addiction treatment services through the passage of the Parity Act, many growing addiction treatment companies now have difficulty with patient tracking, billing and collections from insurance companies. The large and permanently elevated volume of claims has led health insurers (Payors) to implement more complex reimbursement requirements for the mental health sector, similar to those imposed upon service providers in the physical sector.

Service Offering

This market needs financial technology solutions. The addiction market has shifted from a private pay based model to an insurance payment based model with the Parity Act. The complex reimbursement requirements have created capital shortfalls and process improvement for growing treatment centers in the market.

Plans for Growth

The Company is currently focused on growing its business by focusing on software development and integration of its lending, billing and collection services targeting the U.S.

(in Canadian Dollars)

mental health and addiction services market.

Selected Financial Information

The following information provides selected financial data about the Company and should be read in conjunction with the consolidated financial statements.

Results of Operations	For the year ended February 28, 2017
Revenue	**$3,944,408**
Cost of revenue	**825,301**
Financial Margin	**3,119,107**
Expenses by function	
Labor & consulting expenses	**2,373,106**
Legal & audit fees	**969,135**
Facility leases	**93,445**
Public company expenses	**139,831**
General expenses	**589,593**
Depreciation	**83,245**
Sales and marketing	**296,621**
Foreign exchange (gain)	**(16,546)**
Share based compensation	**840,311**
Impairment	**6,385,773**
Net loss before income taxes	**(8,635,407)**

Discussion of Operations

Year ended February 28, 2017 compared with year ended February 29, 2016

The Company reported a net loss for the fiscal year of 2017 of $1,409,323 before stock based compensation ($840,311) and acquisition impairment ($6,385,773) narrowing from a net loss of $1,806,644 before stock based compensation ($1,359,549) for the comparable year of 2016.

(in Canadian Dollars)

Revenue

For the fiscal year of 2017, revenue totalled $3,944,408 from $2,102,617 in the 2016 fiscal year. The increase in revenue is a result of the acquisition completed at the beginning of the third fiscal quarter and additional credit provided to existing and new clients.

General and administrative

General and administrative expenses relate to finance and administration and consist of salaries and related expenses, legal and audit fees, insurance, expenses related to public reporting and compliance, travel, and other corporate expenses. A breakdown of general and administrative expenses is below:

General and Administrative Expenses	Amounts
Labor & consulting expenses	**2,373,105**
Legal & audit fees	**969,135**
Facility leases	**93,445**
Public company expenses	**139,831**
General expenses	**589,593**
Depreciation	**83,245**
Total General & Administrative Expenses	**4,248,355**

Legal & audit fees

Legal and audit expenses totaled $969,135 for the fiscal 2017 year. Management believes because of the Terranova matter, the Company incurred well above normal legal and audit fees for a company this size.

Facility leases

Facility leases increased to $93,445 for the fiscal 2017 year, an increase from the 2016 fiscal year as a result of the acquisition completed in the third quarter and new location launched in Florida in the fourth quarter.

Public company expenses

Public company expenses totaled $139,831 for the fiscal 2017 year. These costs include exchange listing fees and corporate insurance.

(in Canadian Dollars)

Share based compensation

The Company recognized $840,311 of share-based compensation during the year ended February 28, 2017 versus $1,359,549 in the prior year period. These line items in the financial statement represent an accounting valuation associated with the granting of stock options to employees and consultants of the Company, which are valued using the Black-Scholes valuation model and are expensed over the options' vesting period, but are not an actual cost. Rather, this is a non-cash accounting expense.

Summary of Quarterly Information

	Q1-2016	Q2-2016	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017	Q4-2017
	$	$	$	$	$	$	$	$
Revenue[(1)]	-	983,858	759,106	274,756	807,019	881,879	1,190,408	1,065,102
Net income (loss)	-182,743	-2,808,181	791,491	-891,950	-421,827	-177,992	-361,271	-7,928,265
Basic & diluted loss per share	0.00	-0.08	0.02	-0.03	-0.01	0.00	0.00	-0.17

*Net loss for Q4 includes $6,385,773 in non-recurring acquisition impairment; and $840,311 in non-cash stock-based compensation. Net loss before these items was 474,423.

Liquidity, Capital Resources, and Outlook

The Company's primary sources of short-term liquidity are cash and cash equivalents. As at February 28, 2017, the Company had $8,597,356 of cash and cash equivalents and deposits (February 29, 2016 - $11,756,845) versus $1,146,704 of accounts payable and accrued liabilities and $2,060,848 of debentures maturing in fiscal 2019.

The Company's primary liquidity needs include: funding of new and existing loans, debt service and principal repayment obligations, and ongoing operating costs. The Company considers its current and contemplated sources of liquidity sufficient to meet requirements for the purposes of short-term and long-term operations and growth

Acquisition

On November 3, 2016, 1077863 B.C. Ltd, a subsidiary of the Company, amalgamated with DealtaCore Service and Supply Corp., whom is the parent Company of RBP Healthcare Technologies, Inc. ("RBP"), a Software-As-A-Service ("SAAS") company with a technology platform for the addiction recovery market.

(in Canadian Dollars)

On November 3, 2016, the Company closed on an executed purchase agreement.

Management believes RBP as an acquisition target offer Inspira additional revenue generating service lines, and offered better security on the line of credit collateral for loans to addiction treatment facilities.

Commitments

The Company has lease commitments totaling the following:

2017	$	144,995
2018		239,347
2019		263,214
2020		263,214
2021		217,857
2022		21,190
Total	**$**	**1,149,816**

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements as at February 28, 2017.

(in Canadian Dollars)

Transactions with Related Parties

During the year ended February 28, 2017, the Corporation did not have any related party transactions other than key management compensation. Payment to key management are listed below:

NAME	RELATION	Amount Paid FY17 (CAD)	Share based payments	Total FY17 Compensation
Still Active:				
Dr. Jaime Gerber	**Chairman of the Board**	**$145,940**	**$9,246**	**$155,186**
Edward Brann	**Director, CEO and Interim CFO**	**$0**	**$0**	**$0**
Former:				
The Chrysalis Capital Group Inc.	Rob Munro, COO and Director	$327,135	$536,668	**$863,803**
Townsend Advisors, LLC	Gary Mintz, CCO and Director	$98,701	$242,579	**$341,280**
Costine Management Company	David Costine, Board Director	$72,970	$9,118	**$82,088**
Andrew Folmer	Chief Financial Officer	$2,000	$0	**$2,000**
Marc Hecksel	CEO and Interim CFO	$92,203	$123,291	**$215,494**
Troy Shadian	Director of the Board	$0	$0	**$0**
Marc Lavine	Director of the Board	$0	$18,364	**$18,364**

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, interest and other receivables, credit receivables, accounts payable and accrued liabilities, and debentures. The fair value of these financial instruments approximates their carrying values.

Financial risk management

The Company is exposed to credit, liquidity and market risks related to the use of financial instruments in its operations. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework through its Audit Committee. In this respect, the Audit Committee meets with management and the Company's Risk Management Committee at least quarterly. The Company's risk management policies are established to identify, analyze, limit, control and monitor the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in the risk environment faced by the Company.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a client fails to meet its contractual obligations. In the Company's case, credit risk arises with respect to its lines of credit to clients and any other financial transaction with a counterparty. The carrying amount of these lines of credit represents the Company's maximum credit exposure and is the most significant measurable risk that it faces. The nature of the Company's asset-based lending business involves funding the receivables offered to it by its clients. Typically, the Company files a lien against the pledged receivables and requires either a single or double virtual lockbox arrangement. The Company does not lend on an unsecured basis.

Credit is evaluated by financial underwriters and is authorized by the Credit Committee, supervisory personnel, management and, in the case of credit in excess of $1.0 million, the Company's President and the Chairman of its Board. The Company monitors and controls its risks and exposures through financial, credit, legal and technology based systems and, accordingly, believes that it has procedures in place for evaluating and limiting the credit risks to which it is subject. Credit is subject to ongoing management review. Nevertheless, for a variety of reasons, there will inevitably be defaults by clients or their customers.

The Company's clients' customers have varying payment terms depending on the industries in which they operate, although most customers have payment terms of 30 to 60 days from the invoice date. Clients' receivables generally become "ineligible" for lending purposes when they reach a certain predetermined age, usually above 90 or 120 days from invoice date.

The Company employs a 5-step client approval process to assess credit risk, which reviews, amongst other things, the financial strength of each client and the Company's underlying security. Credit risk is primarily managed by ensuring that, as far as possible, the receivables financed are of the highest quality, that being due from the U.S. Government healthcare programs such as Medicare and Medicaid. The Company does not lend against any patient pay ("co-pay"), inventory, equipment or any other tangible asset.

The Company also minimizes credit risk by limiting the maximum amount that it will lend to any one client, enforcing strict advance rates, disallowing certain types of receivables and making receivables ineligible for lending purposes as they become older. The Company generally mandates the use of a single or double virtual lockbox system, where the clients' receivables are flowed through bank accounts controlled by the Company, thereby allowing it to quickly identify problems as and when they arise and act promptly to minimize credit losses.

The Company's credit exposure at February 28, 2017 relates to its gross credit receivables and interest and other receivables.

b) Concentration risk

Concentration risk arises as a result of the concentration of exposures within a single client. The Company minimizes concentration risk by limiting the maximum amount that it will lend to any one client. As at February 28, 2017 there were no loans outstanding to a client that constituted greater than 20% of the credit receivable balance.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal obligations are its accounts payable and other liabilities, and debentures.

At February 28, 2017, the Company had total assets of $22,877,241, which substantially exceeded its total liabilities of $3,207,552.

All financial assets and liabilities, other than debentures are expected to be settled within 12 months at the values stated in the consolidated statements of financial position. The debentures are expected to be settled in fiscal 2019.

d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its financial instruments. The objective of managing market risk is to control market risk exposures within acceptable parameters, while optimizing the return on risk.

e) Currency risk

The Company is exposed to currency risk primarily in its foreign operations which operate in U.S. Dollars, to the full extent of the foreign operations net assets and U.S. denominated assets of approximately USD$16.9 million at February 28, 2017. The Company's investment in its foreign operations is not hedged as it is long-term in nature. Unrealized foreign exchange gains or losses arise on translation of the assets and liabilities of the Company's foreign operations into Canadian dollars each period end. Resulting foreign exchange gains or losses are credited or charged to other comprehensive income or loss with a corresponding entry to the AOCI component of equity. The Company is also subject to foreign currency risk on the earnings of its foreign operations which report in U.S. dollars and are unhedged.

The Company's Canadian operations have some assets and liabilities denominated in foreign currencies, principally cash and cash equivalents. These assets are not hedged.

f) Interest rate risk

Interest rate risk pertains to the risk of loss due to the volatility of interest rates. The Company's lending and borrowing rates are usually based on floating bank prime rates of interest and are typically variable. The Company actively manages its interest rate exposure, where possible. The interest rate on the Company's debt is at a fixed rate until maturity.

Disclosure of Outstanding Share Data

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

Common shares outstanding	45,841,454
Warrants	572,278
Stock options	2,754,473
Fully diluted	49,168,205

Risks and Uncertainties

The Company has a limited history of existence. The securities of the Company should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

<u>Ability to Manage Growth</u>: Recent rapid growth in all areas of Inspira's business has placed, and is expected to continue to place, a significant strain on managerial, operational and technical resources. Inspira expects operating expenses and staffing levels to increase in the future. To manage such growth, Inspira must expand its operational and technical capabilities and manage its employee base while effectively administering multiple relationships with various third parties. There can be no assurance that Inspira will be able to manage its expanding operations effectively. Any failure to implement cohesive management and operating systems, to add resources on a cost-effective basis or to properly manage Inspira's expansion could have a material adverse effect on its business and results of operations.

Capital Investment: The timing and amount of capital expenditures by Inspira will be dependent upon Inspira's ability to utilize credit facilities, raise new debt, generate cash from operations, meet working capital requirements and sell additional shares in order to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to Inspira for necessary or desirable capital expenditures or that the amount required will be the same as currently estimated. Lack of these funds could limit the future growth of Inspira and its subsidiaries and their respective cash flows.

Unproven Market: It is anticipated that the market for Inspira's potential products will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and the degree of commercial viability of the potential products.

Failure to Develop Successful New Product Offerings: There can be no assurance that Inspira can develop new products that are competitive with other products in the same category, that the products developed by Inspira will receive widespread acceptance or that new products will yield favourable margins. Failure to develop and successfully market new products at favourable margins could have a material adverse impact on Inspira's business, financial condition, results of operations and the amount of cash available for distribution to shareholders.

Competitive Environment: The industry in which Inspira operates is highly competitive. Inspira's success depends, in part, on its ability to be efficient in all aspects of the business and achieve the appropriate cost structure. Some of Inspira's competitors have economic resources greater than those of Inspira and are well established as suppliers to the markets that Inspira will serve. Accordingly, such competitors may have lower cost structures allowing them to better withstand volatility within the industry and throughout the economy as a whole, while retaining significantly greater operating and financial flexibility than Inspira. There can be no assurance that Inspira will be able to manage costs and achieve efficiencies to allow it to compete successfully against its current or future competitors or that such competition will not have a material adverse effect on Inspira's business, financial condition, results of operations and the amount of cash available for distribution to shareholders.

Foreign currency risk: The Company operates in the United States. Accordingly, a portion of its financial resources is held in currencies other than the Canadian dollar. The Company's policy is to manage financial exposure to foreign exchange fluctuations and attempt to neutralize the impact of foreign exchange movements on its operating results where possible.

Dependence upon Management: Inspira's operations are dependent on the abilities, experience and efforts of its senior management. There can be no assurance that Inspira would be able to find qualified replacements for the individuals who make up its senior management team if their services were no longer available. The loss of services of one or more members of its senior management could adversely affect the business of Inspira.

Inability to Implement the Business Strategy: The growth and expansion of Inspira's business is heavily dependent upon the successful implementation of Inspira's business strategy. There can be no assurance that Inspira will be successful in the implementation of its business strategy.

Economic conditions: The Company operates in the United States. Economic weakness can affect the Company's ability to attract new business as quality prospects become limited. Further, the Company's clients and their customers are often adversely affected by economic slowdowns and this can lead to increases in its provision for credit and loan losses.

Issuance of Debt: From time to time, Inspira may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase Inspira's debt levels above industry standards. The level of Inspira's indebtedness from time to time could impair Inspira's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Conflicts of Interest: Certain of the directors of Inspira are also directors and officers of other companies, some of which may be in the healthcare sector, and conflicts of interest may arise between their duties as directors of Inspira and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under the applicable corporate statute.

Dilution and Future Issuances of Inspira Shares: Inspira may issue additional Inspira Shares in the future, which may dilute a shareholder's holdings in Inspira. Inspira's articles permit the issuance of an unlimited number of Inspira Shares and the shareholders of Inspira will have no pre-emptive rights in connection with such further issuances. The board of directors of Inspira has the discretion to determine the terms of issue of further issuances of Inspira Shares.

Future Sales of Inspira Shares by Directors and Officers: Subject to compliance with applicable securities laws, directors and officers and their affiliates may sell some or all of their securities in Inspira in the future. No prediction can be made as to the effect, if any, such future sales will have on the market price of Inspira's securities. However, the future sale of a substantial number of securities by Inspira's directors and officers and their controlled entities, or the perception that such sales could occur, could adversely affect prevailing market prices for Inspira's securities.

Credit risk: The Company is in the business of making asset-based loans. Operating results can be adversely affected by large bankruptcies and/or insolvencies.

Requirement for Permits and Licences in a Highly Regulated Business: Inspira will be subject to regulation from both United States federal and state authorities. Regulatory action could disrupt Inspira's ability to provide services. Such regulatory action could come in the form of actions based upon Inspira's operation. Regulatory action could prevent or delay reimbursement for certain services. There could also be legislative action that could adversely affect Inspira's business model, including a decision by the United States government to become the exclusive provider of healthcare services at some time in the future. Conversely, budgetary problems in the United States could lead to reduced funding, substantial modification or elimination of Medicare programs, which would end reimbursement for many patients. There can be no assurance that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the business of Inspira. Amendments to current laws and regulations could have a substantial adverse impact on Inspira.

Risk of Third Party Claims for Infringement: A third party may claim that Inspira has infringed such third party's rights or may challenge the right of Inspira to its intellectual property. In such event, Inspira will undertake a review to determine what, if any, action should be taken with respect to such claim. Any claim, whether or not with merit, could be time consuming to evaluate, result in costly litigation, cause delays in the operations of Inspira or the development of its intellectual property or require Inspira to enter into licensing arrangements that may require the payment of a licence fee or royalties to the owner of the intellectual property. Such royalty or licensing arrangements, if required, may not be available on terms acceptable to Inspira.

Privacy Legislation: The *Health Insurance Portability and Accountability Act of 1996* ("**HIPAA**") required the United States Department of Health and Human Services to adopt standards to protect the privacy and security of individually identifiable health-related information. The department released regulations containing privacy standards in December 2000 and published revisions to the final regulations in August 2002. The privacy regulations extensively regulate the use and disclosure of individually identifiable health related information. The regulations also provide patients with significant new rights related to the understanding and controlling how their health information is used or disclosed. The security regulations require healthcare providers to implement administrative, physical and technical practices to protect the security of identifiable health information that is maintained or transmitted electronically.

In addition to HIPAA, there are numerous federal and state laws and regulations addressing patient and consumer privacy concerns, including unauthorized access or theft of personal information. State statutes and regulations vary from state to state. Lawsuits, including class actions and action by state attorneys general, directed at companies that have experienced a privacy or security breach can also occur.

Inspira believes that the cost of compliance with HIPAA and other federal and state privacy laws will not have a material adverse effect on its business, financial condition, results of operations or cash flows. However, there can be no assurance that a breach of privacy or security will not occur. If there is a breach, Inspira may be subject to various penalties and damages and may be required to incur costs to mitigate the impact of the breach on affected individuals.

<u>Strategic Relationships with Third Parties</u>: Inspira anticipates that it will continue to depend on the relationships with various third parties, including hospitals, long-term care facilities and physicians to grow its business. Identifying, negotiating and documenting relationships with third parties requires significant time and resources. Inspira's competitors may be effective in providing incentives to their parties to favour their solutions or may prevent Inspira from developing strategic relationships with these parties. In addition, these third parties may not perform as expected under any agreement with them and Inspira may have disagreements or disputes with these parties, which could negatively affect Inspira's brand and reputation. It is possible that these third parties may not be able to devote the resources that Inspira expects from the relationship. If Inspira is unsuccessful in establishing or maintaining its relationship with these third parties, Inspira's ability to compete in the marketplace or to grow its revenue could be impaired, and operating results would suffer. Even if Inspira is successful, these relationships may not result in improved operating results.

<u>Information Technology Systems</u>: Inspira's business depends, in part, on the continued and uninterrupted performance of its information technology systems. Sustained system failures or interruptions could disrupt Inspira's ability to operate effectively, which in turn could adversely affect its business, results of operations and financial condition. Inspira's computer systems may be vulnerable to damage from a variety of sources, including physical or electronic break-ins, computer viruses and similar disruptive problems. Despite precautions taken and the extensive mitigation strategies put in place by Inspira, unanticipated problems affecting the information technology systems could cause interruptions for which Inspira's insurance policies may not provide adequate compensation.

<u>General Litigation Risk</u>: Disputes are common in the United States healthcare industry and as such, in the normal course of business, Inspira might be involved in various legal actions and proceedings which arise from time to time, some of which may be substantial. There is no assurance that Inspira's insurance arrangements will be sufficient to cover any particular claim or claims that may arise in the future. Furthermore, Inspira is subject to the risk of claims and legal actions for various commercial and contractual matters in respect of which insurance is not available.

<u>Exchange Rate Fluctuations</u>: Exchange rate fluctuations may affect the costs that Inspira incurs in its operations. The appreciation of non-United States dollar currencies against the United States dollar can increase the cost of operations in United States dollar terms.

Loss of Foreign Private Issuer Status: Inspira may lose its foreign private issuer status in the future, which could result in significant additional costs and expenses. As a foreign private issuer, as defined in Rule 3b-4 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), Inspira is currently exempt from certain of the provisions of the U.S. federal securities laws. For example, an issuer with total assets in excess of US$10 million and whose outstanding equity securities are held by 2,000 or more persons, or 500 or more persons who are not "accredited investors", must register such securities as a class under the Exchange Act. However, as a foreign private issuer subject to Canadian continuous disclosure requirements, Inspira may claim the exemption from registration under the Exchange Act provided by Rule 12g3-2(b) thereunder, even if these thresholds are exceeded. To be considered a foreign private issuer, Inspira must satisfy a United States shareholder test (not more than 50% of the voting securities of a company must be held by residents of the United States) if any of the following disqualifying conditions apply: (i) the majority of Inspira's executive officers or directors are United States citizens or residents; (ii) more than 50 percent of Inspira's assets are located in the United States; or (iii) Inspira's business of is administered principally in the United States. A substantial number of Inspira's outstanding voting securities are directly or indirectly held of record by residents of the United States. If the Company loses its status as a foreign private issuer, these regulations could apply and it could also be required to commence reporting on forms required of U.S. domestic companies, such as Forms 10-K, 10-Q and 8-K. It could also become subject to U.S. proxy rules, and certain holders of its equity securities could become subject to the insider reporting and "short swing" profit rules under Section 16 of the Exchange Act. In addition, any securities issued by Inspira if it loses foreign private issuer status would become subject to certain rules and restrictions under the Securities Act of 1933, as amended, even if they are issued or resold outside the United States. Compliance with the additional disclosure, compliance and timing requirements under these securities laws would likely result in increased expenses and would require the Company's management to devote substantial time and resources to comply with new regulatory requirements.

Holding Corporation: Inspira is considered a holding corporation and a substantial portion of its assets is the capital stock of its subsidiaries. As a result, the holders of Inspira Shares are subject to risks attributable to its subsidiaries. As a holding corporation, Inspira conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenue. Consequently, Inspira's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to Inspira. The ability of the subsidiaries of Inspira to pay dividends and other distributions depend on their operating results and is subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of bankruptcy, liquidation or reorganization of any of Inspira's subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Inspira.

Internal Control over Financial Reporting and Disclosure Controls and Procedures: Inspira may face risks if there are deficiencies in its internal controls over financial reporting and disclosure controls and procedures. Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external reporting purposes. Management is responsible for establishing and maintaining adequate internal controls over financial reporting appropriate to the nature and size of Inspira. The board of directors, in conjunction with its Audit Committee, is responsible for assessing the progress and sufficiency of internal controls over financial reporting and disclosure controls and procedures and will make adjustments as necessary. However, these initiatives may not be effective at remedying any deficiencies in internal control over financial reporting and disclosure controls and procedures. Any deficiencies, if uncorrected, could result in Inspira's financial statements being inaccurate and in future adjustments or restatements of its financial statements, which could adversely affect the price of Inspira Shares and Inspira's business, financial condition and results of operations.

Key Credentialed Employees: Inspira will rely on a number of key employees and licensed providers with specialized training in the delivery of Inspira's services. Inspira's operations will be adversely affected if any of the key employees cease their employment with Inspira or if Inspira is unable to recruit and retain qualified staff.

Ability to Implement Acquisition Strategy: Inspira may not be able to effectively implement its acquisition strategy. There is the possibility that Inspira will not be able to reduce costs, improve profits or roll out additional rehabilitation facilities fast enough to meet its objectives.

Subsequent Events

Inspira on April 28, 2017 announced that at the request of warrant holders, it has approved the extension of the expiry dates of a total of 251,247 common share purchase warrants exercisable at $3.5484 per share ($0.40 pre consolidation on January 27, 2016) originally issued by Inspira in its April/May 2015 offering of non-convertible debentures for gross proceeds of $2,228,750 (the "Debenture Warrants"). Accordingly, effective on the expiry dates (April 30, 2017, May 1, 2017 and May 4, 2017) of the 251,247 (2,228,750 pre consolidation on January 27, 2016) Debenture Warrants (i) the expiry dates of the Debenture Warrants will be extended to November 4, 2018, subject to acceleration in the event that the volume weighted average trading price of Inspira's shares on the TSXV exceeds $0.96 for a period of 10 consecutive trading days at any time after May 4, 2017, wherein Inspira may accelerate the expiry date of the Debenture Warrants by issuing a press release within 21 calendar days and in such case the Debenture Warrants will expire on the 30th calendar day after the date on which such press release is issued, and (ii) the exercise price of the Debenture Warrants will decrease to $0.80, roughly three times today's stock price. Each warrant entitles the holder to purchase one common share in the capital of Inspira. None of the holders of the Debenture Warrants is or ever was an insider, director, officer, advisor, consultant or employee of Inspira.

Other Information

Additional information about the Company is available on SEDAR at www.sedar.com.