MEDX HEALTH CORP

Management Discussion and Analysis for the Year ended December 31, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2012

Numbers in this report are as of May 15, 2013 unless indicated otherwise.

The following is a discussion of the consolidated financial position, results of operations and cash flows for MedX Health Corp. for the years ended December 31, 2012 and December 31, 2011 and should be read in conjunction with the Company's audited consolidated financial statements and related notes included therein of the Company for the years ended December 31, 2012 and December 31, 2011. The accompanying audited consolidated financial statements of MedX Health Corp. are prepared in accordance with International Financial Reporting Standards ("IFRS"), using accounting policies issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and are stated in Canadian dollars. This discussion and analysis does not form part of the financial statements. References herein to "MedX", the "Company" "we" and "our" mean MedX Health Corp. and its subsidiaries, unless otherwise noted.

FORWARD LOOKING STATEMENTS

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties, which may cause actual results to differ materially from the statements made. This MD&A has been approved by the Board of Directors of the Company. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to such risks and uncertainties. Many factors could cause our actual results to differ materially from the statements made. Such risks and uncertainties include, without limitation, the various factors set forth in the "Risks related to the Company" section of the MD & A provided below, and are also discussed in public disclosure documents filed with Canadian regulatory authorities. No assurance can be given that results, performance or achievements expressed in, or implied by, forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them. MedX disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

COMPANY OVERVIEW

MedX Health Corp. ("MedX" or "the Company") was incorporated on April 15, 1999 under the laws of Ontario. MedX is a leader in the development, manufacture and distribution of quality low level laser light technology and light imaging systems, for use in numerous medical settings for tissue repair including rehab/sports medicine, dentistry, wound care, aesthetics, pain management, and imaging of suspicious moles or lesions.

MedX products offer effective treatment through a powerful and proven modality – giving patients a rapid, drug-free and non-invasive healing solution. MedX products are used by practitioners in clinics, academic facilities, and hospitals as well as by professional athletes and sports teams to improve quality of life through accelerating healing and reducing pain. MedX brand products are US Food and Drug Administration approved, CE mark approved and Health Canada cleared and are produced in an ISO: 13485 CMDCAS certified manufacturing and testing facility. For a complete profile of MedX Health Corp. and its products visit www.medxhealth.com.

OVERALL PERFORMANCE

The Company's overall performance is not atypical of emerging medical device organizations as it continues development of new technology, products and markets. The Company successfully raised funds through an IPO in 2008 and is listed on the TSX Venture Exchange. Trading symbol – MDX.

The Company reported revenues of $728,286 for the year ended December 31, 2012, representing a 17% decrease from revenues of $872,584 for the year ended December 31, 2011. The comprehensive loss for fiscal 2012 was $ 539,224 or $0.02 per share compared to a comprehensive loss of $868,089 or $0.02 per share for fiscal 2011. The cash balance at December 31, 2012 was $16,051, which compares to $58,705 at December 31, 2011.

The Company's working capital deficiency decreased to $4,512,363 as at December 31, 2012 from $4,580,423 at December 31, 2011.

Historical Annual Information (in $000's except per share figures)

	2012	2011	2010
Revenues	728	873	657
Cost of goods sold	300	350	244
Gross profit (loss)	428	523	413
Comprehensive loss	(539)	(868)	(993)
Per share	(0.02)	(0.02)	(0.03)
Total assets	475	762	418

RESULTS OF OPERATIONS

Fiscal year ended December 31, 2012 compared with fiscal year ended December 31, 2011.

REVENUES

Revenues for fiscal 2012 were $728,286, representing a 17% decrease from the revenues of $872,584 in fiscal 2011. The Company intends to continue rebuilding its distribution base in the rehabilitation market in North America as well as internationally, and to commence extensive sales and marketing initiatives with new product introductions and development.

On a geographic basis, 71% of sales in 2012 were to customers outside Canada, compared to 51% in 2011. Sales of Siascopy products amounted to $99,423 or 14% of fiscal 2012 sales.

The Company recognizes revenue when goods are shipped to distributors. MedX does not accept returns from distributors except on their ceasing to be sellers of the Company's products.

MedX provides a limited two year warranty on parts and labour of the Laser products, and a limited one year warranty on parts and labour of the Siascopy products. The Company's policy is to only accept authorized returns and will either repair or replace products under warranty, provided that the damage was not caused by misuse or abuse. The Company estimates warranty costs based on sales volume.

EXPENSES

Cost of Sales and Gross Profit

Gross profit decreased to 59% versus 60% in the same period last year. This decrease was mainly due to lower gross margins on the Laser products.

Selling, General and Administrative Expenses

Selling, General and Administrative expenses increased by 56% (from $1,136,778 to $1,708,366) from fiscal 2011 to fiscal 2012, primarily due to higher consultancy fees spent on fiscal and strategic services. The Company continues to closely monitor operating costs.

SUMMARY OF QUARTERLY RESULTS

(000's) Except for Per Share Data

Year	2012				2011			
	4th	**3rd**	**2nd**	**1st**	**4th**	**3rd**	**2nd**	**1st**
Revenues	193	174	158	203	389	181	175	127
Comprehensive gain (loss)	513	(329)	(365)	(358)	(201)	(268)	(185)	(214)
Per Share	0.01	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

As the foregoing Table indicates, results over the past eight Quarters fluctuate and are driven principally by revenues. Revenues over the two years demonstrate a growth in sales only during the Fourth Quarter of fiscal 2011 and the First Quarter of fiscal 2012, however the remaining Quarters declined significantly. As a result of working capital shortage during the first half of fiscal 2012 together with a changed approach to sales strategy, sales during the Second and Third Quarters of fiscal 2012 dropped back but started to grow back during the Fourth Quarter of fiscal 2012. The Fourth Quarter of fiscal 2012 recorded a Comprehensive gain compared to the prior seven Quarters; this gain was principally accounted for by settlement of certain debts by share issuances from Treasury.

Management has now implemented a new strategic approach to its sales of MoleMate™ products which it believes will generate greater sales and market penetration during fiscal 2013.

LIQUIDITY AND CAPITAL RESOURCES

For fiscal 2012, the Company incurred negative cash flow from operations of $59,488 (2011– negative $84,896). This result is significantly less than the operating fiscal 2012 net loss of $539,224 (2011 – 868,089) ; largely a result of the Company's ability to settle debt with common shares in lieu of cash.The Company's liabilities continue to exceed its assets. At December 31, 2012, the Company had a working capital deficit of $4,580,423 compared with a working capital deficit of $4,517,945 at December 31, 2011 due primarily to a decrease in inventories.

The Company negotiated with certain debt holders to exchange shares for debt, and to defer the payment of some of its liabilities, including interest, until the Company is able to settle those liabilities. The Company's ability to continue as a going concern is still dependent on the support of its debt holders, and the attainment of profitable operations. The Company's loans are payable on demand and there can be no assurance these loans will remain available to the Company. In addition the Company requires further funding to ensure that it can maintain operations. While the Company is pursuing a number of alternatives, there can be no guarantee that the Company will be successful in completing any of these alternatives.

REVIEW OF THE FOURTH QUARTER OF 2012

During the Fourth Quarter of 2012, the single largest event was settlement of debt by issuance of shares from the Treasury. During this period Management was also actively engaged on exploring and developing new strategic directions for sales of the Company's Molemate™ products. It is anticipated that the new strategic approaches will lead to acquisition of several new major distribution channels during fiscal 2013. Also during the Fourth Quarter of 2012, the Company entered into an agreement with Byron Capital Markets Ltd. pursuant to which Byron agreed to provide consulting services and advice in connection with the Company's strategic developments.

FUTURE OUTLOOK

Management believes that the future success of the Company depends primarily upon its ability to generate operating income on a timely basis from the sale of low level lasers and light imaging devices, and on its ability to raise future capital to promote sales of its products. The Company's intention is to reach profitable operations through a combination of revenue increases and minimizing operating costs.

The Company is increasingly emphasizing the marketing of third party products. MedX Health acquired the worldwide assets of MoleMate™ in June 2011. This unique skin imaging system is FDA and Health Canada approved and now available for sale in the US, Canada, and the UK. MoleMate™ uses a hand-held device designed for office or clinic use that utilizes light to view up to 2mm beneath suspicious moles in a pain free, non-invasive manner, creating images for physicians to evaluate moles and lesions often eliminating the need for skin biopsies resulting in less pain, scarring, and expense.

MedX also plans to continue restructuring the Company through the use of shares to retire debt, acquire key technologies and raise cash to support the existing and newly acquired products.

RISKS RELATED TO THE COMPANY

Operating Losses

The Company has experienced operating losses since incorporation in 1999. As at December 31, 2012, MedX has a deficit of $19,613,639. The Company may continue to incur additional losses and negative cash flows from operations and may never achieve profitability. Its success will depend mainly on its ability to generate enough operating income to achieve profitability and to develop products that will enable it to enter further markets beyond the Sports and Rehab market segments. MedX may be unable to achieve profitability and this inability could have a material adverse effect on the Company's business, results of operations and financial condition.

Capital Requirements / Financing

The Company relies on funding from internally generated revenues and external sources to provide sufficient capital to continue ongoing operations. There is no certainty that internal profits will be generated or that the Company will be successful in attracting external sources of capital. If MedX does not have sufficient capital to fund its operations, it may be required to curtail certain business operations.

Exchange Rate Risks

MedX reports its financial results in Canadian Dollars. A substantial amount of revenues are derived from customers in the United States and abroad which are transacted in US dollars or other foreign currencies. If the US dollar appreciates against the Canadian dollar, the reported revenues of the Company will benefit and its margins and results of operations will improve, and vice-versa.

Lack of Dividends

MedX anticipates that for the foreseeable future, the Company's earnings, if any, will be retained for use in the business and that no dividends will be paid on the common shares. Declaration of dividends on the Company's common shares will depend on, among other things, future earnings, cash requirements and general business conditions.

Other Risks and Uncertainties

MedX is an early stage commercial company facing corresponding risks. Future results may differ materially because of fluctuations in the Company's operating results due to changes in the cost of electronic components used to manufacture the Company's products, changes in the regulatory environment for medical devices in the United States, Canada, and internationally, changes in the Company's markets including competitors' new product introductions and significant fluctuations in the value of the Canadian dollar.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

SHARE CAPITAL

At the end of December 31, 2012, there were 39,551,146 shares outstanding (2011 – 35,356,453). During 2012, a total of 4,194,693 shares (2011 - 1,242,370) were issued to settle debt. Since January 1, 2013, a further 1,794,365 shares have been issued, and the total number of shares outstanding as of the date of this Report is 41,345,511.

STOCK OPTIONS AND WARRANTS

The Company has a stock option plan for directors, officers, employees and consultants for the purchase of shares of the Company as designated from time to time by the Board of Directors. Terms and conditions of the options and vesting provisions are at the discretion of the Board. 2,475,000 options were issued during 2012. As at December 31, 2012 and as at the date of this Report there were a total of 4,953,000 options outstanding, exercisable at a weighted average price of $0.13.

As at December 31, 2012 and the date of this Report, there were 200,000 Warrants outstanding, exercisable to purchase common shares at $0.10 per share, valid to November 8, 2013.

ACCOUNTING POLICIES AND ESTIMATES

The Q1, 2011 statements were the Company's first consolidated interim financial statements prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34").. There have been no changes in accounting policy or IFRS exemptions between the Q1, 2011 interim statements and these December 31, 2012 statements. The Company is required to prepare its consolidated financial statements in accordance with IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the period of the consolidated financial statements.

Accounting standards and interpretations issued not yet adopted

A number of new standards, interpretations and amendments to existing standards are not yet effective for the year ended December 31, 2012, and have not been applied in preparing these financial statements. This listing of standards, interpretations and amendments issued includes those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied in the future. The Company intends to adopt these standards when they become effective.

ii) IFRS 9, *Financial Instruments*, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part

of a fair value change due to an entity's own credit risk is recorded in other comprehensive income (loss) rather than in profit or loss unless this creates a mismatch. The standard becomes effective for annual periods beginning on or after January 1, 2015 with early adoption permitted. The Company is currently assessing the impact of adopting IFRS 9 on our consolidated financial statements.

iii) IFRS 10, Consolidated Financial Statements, was issued to replace SIC-12, Consolidation—Special Purpose Entities and parts of IAS 27, Consolidated and Separate Financial Statements. The new consolidation standard changes the definition of control so that the same criteria apply to all entities, both operating and special purpose entities, to determine control. The revised definition focuses on the need to have both power and variable returns before control is present. The standard becomes effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company is currently assessing the impact of adopting IFRS10 on our consolidated financial statements.

iv) IFRS 11, Joint Arrangements was issued to replace IAS 31, Interests in Joint Ventures. The new standard reduces the type of joint arrangements to two: joint arrangements and joint operations. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation even if the joint arrangement operates as a separate legal entity. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. The standard becomes effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company is currently assessing the impact of adopting IFRS11 on our consolidated financial statements.

v) IFRS 12, Disclosure of Interests in Other Entities, establishes a comprehensive disclosure standard for entities reporting under IFRS 11 and 12 and replaces the disclosure standards currently found in IAS 28, Investments in Associates. The standard carries forward existing disclosures and also introduces significant additional disclosures that address the nature of, and risks associated with, an entity's interests in other entities. This amendment affects presentation only and has no impact upon the Company's financial position or performance. The standard becomes effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company is currently assessing the impact of adopting IFRS12 on our consolidated financial statements.

vi) IFRS 13, Fair Value Measurement, is a single source of guidance for all fair value measurements required by IFRS to reduce the complexity and improve the consistency across its application. The standard provides a definition of fair value and guidance on how to measure fair value as well as the requirements for enhanced disclosures. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards with IFRS. The standard becomes effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company is currently assessing the impact of adopting IFRS13 on our consolidated financial statements.

OTHER INFORMATION

The Company had no off-balance sheet arrangements as at the end of fiscal 2012.

For further information please refer to the audited financial statements for the years ended December 31, 2012 and 2011, and the unaudited interim financial statements for the three, six and nine month periods ended March 31, June 30 and September 30, 2012, respectively.

Information may also be obtained from documents filed by the Company on SEDAR, at www.sedar.com.

Dated: May 15, 2013