LEXAGENE HOLDINGS INC.

Management's Discussion and Analysis
For the Year Ended
February 28, 2017

General

This management discussion and analysis of financial position and results of operations ("MD&A) is prepared as at June 26, 2017 and should be read in conjunction with the audited consolidated financial statements for the year ended February 28, 2017 and related notes of LexaGene Holdings Inc. ("LexaGene" or the "Company"). These audited consolidated financial statements, including comparatives, have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the condensed interim consolidated financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in United States dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

Description of Business

LexaGene Holdings Inc. (the "Company" or "LexaGene") was incorporated on April 26, 2007, under the laws of the province of British Columbia, Canada. The head office, principal address, records office and registered address of the Company are located at 750 West Pender Street, Suite 303, Vancouver, British Columbia, Canada, V6C 2T7. The Company's common shares are listed on the TSX Venture exchange under the trading symbol "LXG". On October 12, 2016 the Company completed a reverse takeover transaction (Note 5) for its TSX-V listing. Concurrent with the closing of the reverse take over transaction the Company changed its name from Wolfeye Resources Corp. to LexaGene Holdings Inc. The principal business of the Company is to research, develop and commercialize pathogen detection devices in the bio-chemical industry.

The net assets and operating results of Lexagene Holdings Inc. have been included in the financial statements from the date of the RTO transaction, which is October 12, 2016. The Statement of Financial Position as of February 29, 2016 is that of Bionomics Diagnostics Inc. For allocation of the purchase price refer to the Note 5 of the consolidated financial statements for the year ended February 28, 2017 for additional details.

Up to May 2015 the Company was a natural resource company engaged in the acquisition, exploration, and evaluation of assets ("mineral properties"). Following the acquisition of BDI, the Company is engaged in development and commercialization of a proprietary technology for automated pathogen detection. The Company trades on the TSX Venture Exchange (the "Exchange") under the symbol LXG and on the OTCQB Venture Market in the United States under the symbol LXXGF. In February 2017 LexaGene launched its new website www.lexagene.com. The website consolidates information already in the public domain.

Summary of Operations, Events and Future Plans

On June 30th 2016, The Company announced that it has exited Phase II of its development plan and is progressing onto Phase III.

In Phase II, each of the known technical risks of the product have been evaluated. Using subsystems, we have successfully 1) assembled a chain of reagent slugs, 2) merged these reagent slugs with a DNA-containing master mix to form a chain of reactions, 3) transported these reactions through tubing, valves, and the thermal cycler, 4) confirmed sufficient mixing of DNA in master mix occurs allowing for relatively consistent DNA input levels across a series of slugs, 5) confirmed these reactions remain intact during thermal cycling with minimal movement, 6) confirmed bacteria are captured in the cartridge, and the cartridge can be used to extract and purified DNA to a sufficient purity level to allow for PCR amplification, and 7) delivered decontamination fluids through the system and shown the assembly of a chain of reagent slugs can be repeated. Together, these tasks represent the major risk points of the technology. Although we have retired the major risk points, we will not know how well the instrument performs until it is fully assembled and tested. And even once the instrument goes through initial testing, much work will remain to improve its performance.

In Phase III, we are focusing on determining the optimal geometric placement of instrument's components within its casing. We have already begun this process. The instrument's chassis and outside casing have been built. This 'show-model' will be brought to conferences, however, instrument will not be fully assembled until the end of Phase III, which is scheduled for early October 2017.

In early October, we anticipate progressing onto Phase IV, when we will test the prototype to ensure the instrument meets all the pre-defined specifications. By the end of Phase IV, which is scheduled for the end of November, we expect to be able to successfully demonstrate that the proof-of-principle of the technology has been established.

Soon after Phase IV is completed, The Company will be looking to close another round financing to secure sufficient capital to sustain The Company through commercialization.

In March 2017, LexaGene announced that DMG Productions has selected LexaGene to be featured in an upcoming episode of *Innovations with Ed Begley Jr.* The show will air in the third quarter of

2017 on the FOX Business Network, which is viewed by approximately 85 million households worldwide. As a benefit of being selected, DMG will also produce a 30-second educational commercial spot to air during prime-time on networks such as the Discovery Channel, Fox Business, CNN, TLC, Travel Channel, RFD-TV, and Food Network. "Of the thousands of biotech companies out there, to be selected and invited by DMG Productions to participate in *Innovations with Ed Begley Jr.* is quite an honor. We are very excited to have the opportunity to show the world the features of our technology that separates us from the competition and will enable us to make a positive impact on so many different industries" said Dr. Jack Regan, LexaGene's Founder and CEO.

Michele Nehls, Producer for *Innovations* said, "My team is constantly looking at the biotech space for stories that we think are compelling. We ran across LexaGene and were excited to learn that the company is building an open-access platform to bring automated diagnostic to fields that are currently not being supported by the bigger companies. Their technology has the potential to make a big impact on food safety, veterinary diagnostics, and even pandemic prevention; and we think the general public will enjoy learning about this company and the technological advances they are making."

Corporate Changes

Upon closing of the RTO, Yari Nieken, Chris Cherry, and Nizar Bharmal resigned as directors of the Company. Additionally, Nizar Bharmal has resigned as director, President, Chief Executive Officer and Corporate Secretary. The Company is led by Dr. Jack Regan, who has been appointed President and Chief Executive Officer. Other board members include Jim Hutchens, Daryl Rebeck, Eric Olsen and Tom Slezak. Zula Kropivnitski is the company's Chief Financial Officer and Corporate Secretary.

In regards to the management of The Company, Mr. Jim Hutchens, a Director, has voluntarily resigned from his position as a director to focus on other business endeavors.

Selected Yearly Information

	February 28, 2017	**February 29, 2016**	**19-day period ended February 29, 2015**
Total assets	$ 1,052,274	$ 77,278	$ 5,865
Working capital (deficiency)	$ 818,142	$ (27,281)	$ (4,470)
Loss for the year	$ 4,483,215	$ 59,399	$ 5,262
Loss per share	$ 0.17	$ (0.01)	$ (53.15)

Twelve months ended February 28, 2017

During the twelve months ended February 28, 2017, the Company recorded net loss of $4,483,215 compared to a net loss of $59,399 for the year ended February 29, 2016. The significant change during the period ended February 28, 2017 compared to the year ended February 28, 2016 is due to completed acquisition of Bionomics Diagnostics Inc. by the Company and recorded fair value consideration related to this transaction of $3,484,241. For details refer to the note 5 of the consolidated financial statements for the year ended February 28, 2017. Another significant change during the year ended February 28, 2017 compared to the same period ended February 29, 2016 is increase in research and development expenses by $446,652. Consulting fees for the current period increased by $64,521 from $12,658 incurred during year ended February 29, 2016. During the year ended February 28, 2017 the Company granted stock options to directors, officers and consultants. Accordingly, $174,698 was recorded as share based compensation. No stock options were granted during the year ended February 29, 2016. During the year ended February 28, 2017 the Company recorded $111,189 expense in wages and salaries. No wages and salaries were recorded in the comparative period.

The Company's 2015 fiscal year comprised 19 days from incorporation to February 28, 2015, therefore assets and expenses are significantly lower in 2015 as compared to 2016.

Selected Quarterly Information

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. All dollar amounts are in United States dollars.

Quarter Ended	Net income (loss) for the period	Net income (loss) per Share (Basic & Diluted)	Total Assets
February 28, 2017	$ (434,753)	$ (0.01)	$ 1,052,274
November 30, 2016	$ (3,744,375)	$ (0.12)	$ 1,041,225
August 31, 2016	$ (200,818)	$ (0.01)	$ 62,452
May 31, 2016	$ (103,269)	$ (0.01)	$ 61,888
February 29, 2016	$ (20,552)	$ (0.00)	$ 77,278
November 30, 2015	$ (7,134)	$ (0.00)	$ 24,280
August 31, 2015	$ 521	$ (0.00)	$ 27,380
May 31, 2015	$ (32,235)	$ (0.00)	$ 45,838

Results of Operations

Three months ended February 28, 2017

During the three months ended February 28, 2017, the Company recorded net loss of $434,753 compared to a net loss of $20,552 for the three months ended February 29, 2016. In October 2016 the Company completed acquisition of Bionomics Diagnostics Inc. For details refer to the note 5 of the consolidated financial statements for the year ended February 28, 2017. As a result of this transaction Bionomics Diagnostics became a company listed on the TSX in Canada and OTCQB in the United States. The significant change during the three months period ended February 28, 2017 compared to the same period ended February 29, 2016 is due to increase in research and development of $180,707, professional fees of $75,999, wages and salaries of $111,189 and transfer agent and filing fees of $13,388.

Financial Condition, Liquidity and Capital Resource

The Company's working capital as of February 28, 2017 was $818,142 including cash of $867,483 compared to a working capital deficit of $27,281 including cash of $18,716 as of February 29, 2016.

The Company's business currently does not generate positive cash flows from sales. The Company is reliant on equity financing to provide the necessary cash to continue research and development of the instrument described in the Summary of Operations, events and Future Plans section of this management discussion and analysis. There can be no assurance that equity financings will be available to the Company in the future with terms that are satisfactory to the Company.

The Company has not entered into any off-balance sheet arrangements.

Related Party Transactions

During the period from March 1, 2016 up to the completion of the Transaction the Company paid $2,261 to a former director in form of a management fee, $30,143 in administration expenses to a management company for providing administrative services including CFO services, and $26,375 in consulting fees to a director of the Company. All these fees are included in the Transaction fair value consideration expense. During the period from the completion of the Transaction to the end of the period the Company paid $103,760 in wages to directors of the Company and $15,072 in administration expenses to a management company for providing administrative services including CFO services.

During the year ended February 28, 2017 the company granted stock options to the directors and officer for a total of $63,718.

Changes in Accounting Policies

Refer to Note 2 of the consolidated financial statements which discloses a change in the Company's presentation currency.

Refer to Note 3 (m) of the consolidated financial statements which discloses recent accounting pronouncements that are not yet mandatory to adopt.

Financial Instruments and Risk Management

Fair Values

The fair values of cash, receivables, short-term loan and trade payables approximate their book values because of the short-term nature of these instruments.

(a) ***Financial Risk Management***

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

(b) ***Financial Instrument Risk Exposure***

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

Credit Risk

Credit risk is the risk of a financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company's receivables consist of tax receivables due from federal government agencies and a short term loan. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Such fluctuations may be significant.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency risk

Currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company is exposed to currency risk through financial assets and liabilities denominated in currencies other than the Canadian dollar, the Company's presentation currency.

The Company's financial instruments denominated in currencies that are not the United States dollar as at February 28, 2017 are as follows:

	CAD$	US$ equivalent
Cash	1,093,991	825,745
Accounts payable and accrued liabilities	95,012	71,715

(c) Price risk

The Company is exposed to price risk with respect to commodity and 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. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Risks and Uncertainties

LexaGene is active in the biotechnology industry, which means it is exposed to a number of risks. There is a financial risk as the continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. The Company has incurred operating losses since its inception and has experienced negative operating cash flows.

The Company is dependent upon its current management and if the services of such personnel were withdrawn for any reason, this could have a material adverse impact on the Company's operating activities.

Contingencies

The Company is not aware of any contingencies or pending legal proceedings as of June 26, 2017.

Additional share information

The Company is authorized to issue an unlimited number of common shares without par value. As at June 26, 2017, the Company has 50,415,103 common shares issued and outstanding.

The Company has the following warrants outstanding and exercisable as at June 26, 2017:

Number of warrants	Exercise Price		Expiry Date
2,260,000	$	0.08	June 20, 2019
1,000,000	$	0.08	May 7, 2018
346,320	$	0.25	October 4, 2018
6,685,363	$	0.60	March 13, 2020

During the year ended February 28, 017 the Company granted stock options to purchase a total of 1,675,000 common shares at a price of CAD$0.33 per common share, and 500,000 common shares at a price of CAD$0.363 per common share. 217,500 Options vest on the date of grant and the rest of the options vest every six months thereafter. The stock options expire on July 27, 2020.

The Company did not have stock options or warrants outstanding as of February 29, 2016.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.sedar.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Cautionary Statement on Forward Looking Information

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: product development technical risks, lifesciences market risks, fluctuation in the equity markets that affect the Company's ability to raise capital, government regulations, competition, litigation risks, and commercial viability risks.