

MEDIFOCUS INC.

FORM 51-102F1

MANAGEMENT'S DISCUSSION & ANALYSIS AS AT JUNE 30, 2008.

The following discussion and analysis should be read in conjunction with the Company's financial statements as at June 30, 2008.

Date

This management discussion and analysis ("MD&A") is dated August 28, 2008 and is in respect of the period ending June 30, 2008.

Overall Performance

Medifocus Inc. (the "Company") is classified as a "Capital Pool Company" for the purposes of Policy 2.4 of the TSX Venture Exchange (the "Exchange"). As a result, the Company's current business is to identify and evaluate businesses and assets with a view to completing a "Qualifying Transaction". Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a non-arm's length Qualifying Transaction is also subject to "majority of the minority approval" in accordance with Policy 2.4 of the Exchange. The Company has not conducted commercial operations other than to enter into discussions for the purpose of identifying potential acquisitions. The Company is reviewing assets and businesses in the medical treatment sectors in various geographical areas.

Until completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. Except as described in the Company's press release dated May 30, 2008 (the "Press Release"), the funds raised pursuant to the Company's initial public offering will be utilized only for the identification and evaluation of potential Qualifying Transactions and, to the extent permitted by Policy 2.4, for general and administrative expenses.

As disclosed in the Press Release, the Company has concluded the process of identifying potential acquisitions with a view to completing the Qualifying Transaction. The Company is in the process of entering into a definitive share exchange agreement ("Share Exchange Agreement") with Celsion (Canada) Limited ("Celsion Canada"). The Company has agreed to buy, and the shareholders of Celsion Canada have agreed to sell to Medifocus, all of the issued and outstanding shares in the capital stock of Celsion (Canada) (the "Celsion Shares"). Following the Qualifying Transaction, Celsion Canada will become a wholly-owned subsidiary of Medifocus. The completion of the Qualifying Transaction is subject to the Exchange approval and all other necessary regulatory approvals.

Initial Public Offering

On June 29, 2006, the Company issued, for cash, 4,600,000 common shares at \$0.20 to the public pursuant to a prospectus dated June 20, 2006.

Liquidity

As at June 30, 2008, the Company had cash and cash equivalents of \$54,430 and Government of Canada Treasury Bills in the amount of \$896,634 all of which were generated from the proceeds of the initial capitalization and the initial public offering.

Results of Operations

Prior to the completion of the initial public offering, the Company had no operations. Since then the Company's only activity has been to attempt to identify businesses with a view to completing a Qualifying Transaction. For the period, April 1, 2008 to June 30, 2008, the Company earned interest income in the amount of \$7,554 and incurred general and administrative costs of \$46,353 which consisted mainly of legal and accounting expenses. Net loss for the period was \$38,799 or \$0.0058 on a per share basis or \$0.005 on a fully diluted per share basis.

Outstanding Share Data

There are 6,650,000 common shares issued and outstanding. There are options outstanding pursuant to stock option agreements entitling the directors of the Company to purchase up to an aggregate of 665,000 common shares at a price of \$0.20 per share on or at any time prior to June 29, 2011. The agent and sub-agents for the Company's initial public offering were compensated, in part, through the granting of options to purchase up to 460,000 common shares at a price of \$0.20 per share at any time on or prior to July 12, 2008.

Risks and Uncertainties

The Company's sole objective is to identify and complete a satisfactory Qualifying Transaction. There is no assurance that it will be able to do so. If the Company does not complete a Qualifying Transaction within the time permitted by the Exchange its common shares could be delisted.

Proposed Qualifying Transaction

The Company has concluded the process of identifying potential acquisitions with a view to completing the Qualifying Transaction. The Company is in the process of entering into the Share Exchange Agreement with Celsion Canada.

The Qualifying Transaction will proceed by way of a share exchange. Pursuant to the terms and subject to the conditions of the Share Exchange Agreement, Medifocus has agreed to buy, and the shareholders of Celsion Canada have agreed to sell to Medifocus, all of the Celsion Shares. The consideration payable for the direct purchase of the Celsion Shares will be satisfied by the issuance on the closing date of an aggregate of 11,200,000 Medifocus Shares at a deemed issue price of \$0.50 per share and the issuance of long-term debt of Medifocus in an amount of \$166,667 payable to the shareholders of Celsion Canada, and will occur at an exchange ratio of 103,494.97 Medifocus Shares for each Celsion Share. The Share Exchange Agreement is being negotiated at arm's length among Medifocus, Celsion Canada and the shareholders of Celsion Canada. In no event will the number of Medifocus Shares issued or reserved for issuance in connection with the Share Exchange Agreement exceed 11,200,000 Medifocus Shares.

Following the Qualifying Transaction, Celsion Canada will become a wholly-owned subsidiary of Medifocus. Upon completion of the Qualifying Transaction, Medifocus will carry on the business of Celsion Canada under the current Celsion Canada management. Dr. Augustine Cheung will serve as Chief Executive Officer and Director, Charles Shelton will serve as Executive Vice President and General Counsel, and John Mon will serve as Chief Operating Officer of Medifocus. In addition, in connection with the completion of the transaction, Maurice Colson will resign as a director of Medifocus. Herbert Gasser and Joe Tai will continue as directors of Medifocus and Andy Lam, Jeffrey Collins and Grant Walsh will become directors of Medifocus. Herbert Gasser will become Chairman of the board of directors of Medifocus.

The completion of the Qualifying Transaction is subject to Exchange approval and all other necessary regulatory approvals. It is also subject to additional conditions precedent, satisfactory completion of due diligence reviews by both parties, approvals of the board of directors of Medifocus and Celsion Canada and certain other conditions customary for transactions of this nature. The completion of the Qualifying Transaction is also subject to the successful completion of a concurrent offering of units of Medifocus to raise additional working capital for Medifocus following the completion of the Qualifying Transaction. This offering is for minimum gross proceeds of \$2,000,000 and will consist of a minimum of 4,000,000 units of Medifocus at a price of \$0.50 per unit. Each unit will consist of one common share of Medifocus and one common share purchase warrant entitling its holder to purchase one additional common share at a price of \$0.60 for a period of 24 months following the completion of the Qualifying Transaction.

Upon completion of the proposed Qualifying Transaction, it is expected that Medifocus will be a Tier 2 Issuer. The proposed Qualifying Transaction is an arm's length transaction and accordingly does not require shareholder approval.

Trading in Medifocus Shares has been halted pending the completion of certain due diligence investigations by the Exchange. Medifocus has made a request to the Exchange that trading resume as soon as possible; however, there can be no assurance that trading in Medifocus Shares will resume prior to the completion of the Qualifying Transaction.

Disclosure Controls and Procedures

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of June 30, 2008. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer has concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, are effective to ensure that information required to be disclosed in reports filed or submitted by the Company under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules.

Transactions with Related Parties

There were no related party transactions during the period ended June 30, 2008.