Biosenta Inc.

Management's Discussion & Analysis
For the year ended September 30, 2024

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024, AND 2023

The following management discussion and analysis ("MD&A") of financial results is dated January 28, 2025 and reviews the business of Biosenta Inc. (the "Company" or "Biosenta"), for the year ended September 30, 2024, and should be read in conjunction with the annual consolidated financial statements and related notes for the years ended September 30, 2024 and 2023. This MD&A and the accompanying consolidated financial statements and related notes for the year ended September 30, 2024, and 2023 have been reviewed by the Company's Audit Committee and approved by the Company's Board of Directors.

This release may contain forward-looking statements information and statements which constitute "forward-looking information" under Canadian securities law and which may be material regarding, among other things, the Company's beliefs, plans, objectives, estimates, intentions, and expectations with respect to its operations, capital and funding plans. Inherent in the forward-looking information and statements are known and unknown risks, uncertainties and other factors beyond the Company's ability to control or predict, which give rise to the possibility that the Company's predictions, forecasts, expectations or conclusions will not prove to be accurate, that its assumptions may not be correct, and that the Company's plans, objectives, and statements will not be achieved. Actual results or developments may differ materially from those contemplated by the forward-looking information and statements. Consequently, undue reliance should not be placed on such forward-looking statements. The forward-looking information and statements contained in this MD&A about prospective results of operations, financial position, business development, and operations are based on current assumptions of management. Forward-looking information and statements reflect the Company's views only as of the date of this MD&A.

A. Core Business Strategy and Company Highlights

Biosenta Inc. is a pioneer in developing, producing, and manufacturing an array of chemical compounds for household and industrial applications, utilizing advanced encapsulated nanotechnology. Our products offer comparable efficacy to conventional disinfectants, but with a notable difference — they contain significantly reduced concentrations of active ingredients resulting in lower toxicity.

Biosenta disinfectant and cleaning solutions eliminate 99.9% of common pathogens — including molds, fungi, bacteria, and viruses — upon contact, while also preventing future re-infestation. With an enhanced safety profile due to our low toxicity, our products are tailed for household use.

On the industrial front, Biosenta's compounds are embedded into various materials, such as cement, drywall, paint, plastics, and resins, to ward off microbial growth. With efficacy that spans decades, these compounds safeguard drywall, resin-based furniture, carpet rubber backing, synthetic tufts, textiles, and paper from contamination by molds, fungi, bacteria, and viruses. All of our household and industrial products are eco-friendly and biodegradable.

Biosenta is currently branching into two core business units within the anti-microbial industry. Our aim is to meet the growing demand catalyzed by rising health and environmental apprehensions concerning various microbes, including bacteria, viruses, and fungi, such as mold. Mold exposure can lead to serious health consequences, affecting the immune and nervous systems, liver, kidneys, blood, and potentially cause brain damage.

Under our Industrial Division, we have ambitious plans to manufacture and distribute an antimicrobial filler named "*Tri-Filler*." As an industry standard, Calcium Carbonate is a common filler susceptible to mold when retaining moisture. By introducing Tri-Filler, we aim to revolutionize the industry which is estimated to be $58.5 billion in global revenue. This innovative product performs essential '‘filling' and '‘bulking' akin to Calcium Carbonate, but by adding resistance to mold. With anti-microbial, fire-retardant, and strength-enhancing properties, Tri-Filler's high pH core promises extended commercial product life and broad-spectrum eradications of microorganisms (bacteria, viruses, fungi, algae, etc.)by suppressing of their reproduction.

Biosenta's dry product patent (method and apparatus for the preparation of calcium carbonate coated calcium hydroxide particles) has been issued in Canada, the United States of America, China, Israel, Saudi Arabia, European Union, and Mexico.

Under Biosenta's Consumer Division, we have successfully developed a second generation of the Zeromold™ product, securing all necessary regulatory approvals for distribution in Canada and the United States. This product, named *True ™* in the United States market, has been fully licensed by the Federal Government of the United States and approved by all state governments.

Biosenta has also secured a wet product patent (a disinfectant formulation comprising calcium hydroxide and sodium hypochlorite) in the United States of America, Canada, and the European Union.

On June 23, 2020 we debuted our disinfectant product called *True* ™. The disinfectant is clinically proven to eliminate a variety of viruses, bacteria, and fungi, has been recognized by Health Canada and added to its list of approved disinfectants for the use against SARS-CoV-2 (COVID-19).

True ™ delivers high-level disinfection sought after by healthcare providers and hospitals, ensuring patients are treated in clean and safe environments. The unique patented formula is proven to effectively create safe environments in offices, schools, industrial and commercial facilities when used appropriately on various applications including sealed wood, plastic, stone, concrete, tile, and other non-porous hard surfaces. *True ™* offers long-lasting protection post-application, marking a milestone in our commitment to public health and safety.

Significant Events

The Company received EPA approval for the label in 2015 and all US state approvals during the year ended September 30, 2020. Compared to other competitors in the disinfectant industry, *True ™* is a unique disinfectant as it does not require a warning, caution, or danger label, underlining its safety profile for human use. The *True ™* disinfectant product is market ready and poised for commercialization.

On September 24, 2020, following years of focused research in the antimicrobial space, Biosenta entered into a four-year research partnership with the University of Calgary Research Group and AMPAK Inc. from Toronto, Ontario. This partnership enables the University team to undertake a new generation of research in the world of nanoparticles for use as an antimicrobial filler in commercial construction materials, plastic consumer products, and goods packaging.

The University of Calgary team has an impressive track record, having previously increased concrete's tensile strength by 80%. They have also enhanced the performance of drilling fluids and ceramic membranes using nanoparticle technology. AMPAK Inc. as the first industry research partner, will contribute to plastic product development, research and development, and consumer packaging.

The partnership aims to standardize the production process of Biosenta's patented food-grade nanoparticles, Tri-filler, which demonstrates anti-microbial, strength-enhancing, and fire-retardant capabilities. This product holds immense potential to transform the anti-viral properties of everyday surfaces, ranging from clothing and paint to drywall and packaging materials.

The project is actively seeking partnerships with businesses interested in enhancing their products' and materials' anti-microbial properties. Concurrently, the University team is conducting extensive research into the effects of nanoparticle exposure on human health. Early findings indicate that the inclusion of these particles in cement results in effective biocidal attributes. Further research is slated for Summer 2023 across multiple consultation surfaces like drywall, paint, plastic, glass, carpet, etc.

Research funds from Biosenta are matched by Mitacs Accelerate funding that builds partnerships between academia, industry, and the world.

In conjunction with research efforts, Biosenta is engaging in discussions with additional industry partners in cement and paint sectors to explore the potential of Tri-Filler in their production processes. Licensing agreements for all major categories including concrete, drywall, paint, plastics, and paper, are being considered.

On October 5, 2022, Biosenta signed a Memorandum of Understanding with Voran Group Ventures Ltd, anticipated to facilitate the commercialization of Biosenta's Tri-Filler antimicrobial products in Canadian and global markets. On May 31, 2023, negotiations with Voran Group Ventures Ltd. were discontinued.

Further, Biosenta announced the termination of its joint venture agreement with 19443391 Ontario Inc., reflecting feedback from potential partners and advisors suggesting that the agreement was a barrier to commercialization and capital raising. Biosenta terminated its joint venture agreement with 19443391 Ontario Inc., reflecting feedback from potential partners and advisors suggesting that the agreement was a barrier to commercialization and capital raising.

On July 17, 2023, Biosenta completed its agreement to terminate the existing Joint Venture Agreement with 19443391 Ontario Inc and issued 3,000,000 common shares at an aggregate subscription price of $1,200,000 and a non-transferable promissory note in the principal amount of $6,500,000. More information regarding the terms of the JV Agreement termination, please refer to the official document available on SEDAR.

On December 27, 2023, the Company completed a non-brokered private placement of 1,250,000 units for gross proceeds of $500,000. Each unit entitles the holder to one common share and one half of one common share warrant. Each warrant entitles the holder to one common share at an exercise price of $0.80 per share for a period of eighteen months from the date of issuance. The Company issued 1,250,000 common shares and 625,000 common share warrants.

On February 21, 2024 the Company entered into debt settlement agreements (the "Agreements") with certain creditors (together, the "Creditors"), pursuant to which the Company agreed to settle an aggregate amount of $784,919 in outstanding debt (the "Debt Settlement") in exchange for the issuance of 1,962,297 units at a price of $0.40 per unit (each, a "Unit"). Each Unit consists of one common share of the Company (each a, "Common Share") and one half of one common share purchase warrants (each whole warrant, a "Warrant"). Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain events, one Common Share at an exercise price of $0.80 for a period of 18 months from the Debt Settlement closing date.

On April 26, 2024, the Company issued 1,500,000 units through a non-brokered private placement for gross proceeds of $600,000. Each unit consists of one common share in the capital of the Company and one half of the common share purchase warrant. Each warrant will entitle the holder to acquire one common share in the capital of the Company at an exercise price of $0.80 per share for a period of eighteen months from the date of issuance. The Company issued 1,500,000 common shares and 750,000 common share warrants, accordingly. The proceeds from issuance were allocated between shares and warrants based on relative fair values. The relative fair value of the shares was determined to be $405,373 based on the market price of shares on the date of issuance.

B. Overall Performance

Intellectual Property

Biosenta has issued a dry product patent (method and apparatus for the preparation of calcium carbonate coated calcium hydroxide particles) in Canada, the United States of America, China, Israel, Saudi Arabia, European Union and Mexico.

Biosenta has issued a wet product patent (disinfectant formulation comprising calcium hydroxide and sodium hypochlorite) in the United States of America, Canada, and the European Union.

Industrial Division: *Tri-Filler*

In 2018, Biosenta entered a five year Joint Venture (JV) agreement to develop, market, and grow the sales of *Tri-Filler*. After fulfilling the JV terms, Biosenta announced the termination of the agreement on June 23, 2023, opening up opportunities for licensing its technologies to other industry partners and discussing future financing options.

On September 24, 2020, Biosenta partnered with the University of Calgary Research Group and AMPAK Inc. to standardize the production process of Tri-filler. Despite ending negotiations for commercializing Tri-Filler with Voran Group Ventures Ltd, Biosenta is currently exploring discussions with potential industry partners in the paint, drywall, and concrete industries.

Biosenta has commissioned a bench-scale manufacturing plant for the purpose of producing the Tri-Filler antimicrobial product. The idea of a “bench-scale” is in reference to the size of the equipment and production capacity, and is used for research, development, and small-scale production for the products. Once the Tri-Filler product process has been thoroughly tested and optimized at the bench-scale level, it can then further be scaled up to pilot-scale and, eventually to full-scale production for commercial purposes.

During the year ended September 30, 2024, the Company successfully constructed and commenced operations of a bench scale production plant which showcased the ability to produce up to 15 kilograms of TriFiller daily. This is a significant milestone for the Company and is a scale-up from the previous capacity limited to smaller quantities for lab testing purposes only. The results from production not only surpassed expectations but also is evidence that the Trifiller antimicrobial technology is ready for accelerated development and scaling towards industrial manufacturing applications.

On April 23, 2024, the Company entered into a License Agreement with an entity in connection with the use of Company's license Tri-Filler® technology. The license was exclusive for certain specialty concrete products and non-exclusive for other concrete products. According to the terms of the License Agreement, the entity agreed to pay the Company a one-time license access fee of $200,000 and royalties based on sales of the licensed products.

During 2024, the Company received only $20,000 of the license access fee, leaving $180,000 outstanding. Please refer litigation section below for details.

Consumer Division : *True* ™ Disinfectant

Biosenta's household disinfectants and cleaners eliminate 99.99% of potentially deadly pathogens with significantly lower concentrations of active ingredients, leading to lower toxicity. However, due to limited working capital, the production of the Mold Erase product line has temporarily closed. The company's current focus is on the Tri-filler product, it plans to invest in marketing its *True* ™ disinfectant technology in the future.

C. Overall Performance

Selected Financial Performance

(Expressed in Canadian Dollars)	**September 30, 2024 $**	**September 30, 2023 $**
Cash and cash equivalents	8,529	5,883
Other current assets	92,374	86,149
Non-current assets	12,639	15,560
Total assets	**113,542**	**107,592**
Current liabilities	2,533,980	2,667,915
Non-current liabilities	5,455,098	5,295,448
Total liabilities	**7,989,078**	**7,963,363**
Shareholders' deficit	**(7,875,536)**	**(7,855,771)**
Total liabilities and Shareholders' deficit	**113,542**	**107,592**

Cash and cash equivalents increased by $2,646, and other current assets increased by $6,225 during the year ended September 30, 2024, compared to September 30, 2023. Overall, total assets have remained relatively unchanged compared to the previous year.

Current liabilities reduced by $133,793 during the year ended September 30, 2024, when compared to September 30, 2023, mainly due to settlement of debt amounting to $222,849.

Non-current liabilities comprise of CEBA loan of $60,000 and promissory note payable of $5,266,958. The decrease of $159,650 is due to settlement of debt of $360,000, offset by accretion of interest on promissory note of $519,656. Please refer Note 10 of the consolidated financial statements of the Company for the year ended September 30, 2024, for further details of the promissory note payable.

Results of Operations

This analysis of the Company's operating results should be read along with the accompanying consolidated financial statements and related notes for the year ended September 30, 2024 and 2023.

(Expressed in Canadian Dollars)	**Year ended September 30, 2024 $**	**Year ended September 30, 2023 $**
Sales	**1,379**	1,042
Cost of goods sold	**544**	615
Gross Profit	**835**	427
Total expenses	**1,185,594**	1,510,389
Other (income) expenses	**1,042,919**	4,789,792
Income tax	**—**	—
Net loss and comprehensive loss	**(2,227,678)**	(6,299,754)
Basic and diluted loss per share	**(0.08)**	(0.24)

True ***TM*** **- Revenues and Cost of Sales**

The Company's net revenues for the year ended September 30, 2024, were $201,379 (2023: $1,042).

Administrative Expenses

During the year ended September 30, 2024, administrative costs reduced by $324,795 when compared to the year ended September 30, 2023, due to the following factors:

1. Salaries, management, and consulting fees decreased by $279,820 during the year ended September 30, 2024, from $671,302 to $391,482. The decrease is primarily due to the decrease in Management fees and consulting fees during the year.

2. Professional fees increased to $548,308 during the year ended September 30, 2024, from $486,757 during the year ended September 30, 2023. The increase is attributable to increase in professional fees for Tri-filler product development and patent protection.

3. The Company incurred $63,200 on stock-based compensation during the year ended September 30, 2024, a decrease from $168,624 during the year ended September 30, 2023. The compensation was issued for services rendered to the Company.

4. Throughout the year, multiple share transfers were executed, primarily to settle outstanding debts or to compensate for various services rendered. These transactions contributed to an increase of $50,268 in share transfer fees.

5. Product development costs include the laboratory testing and related professional fees for *True™* and testing of *Tri-filler™* product lines. The product development cost during the year ended September 30, 2024, decreased to $41,319 from $66,685 incurred during the year ended September 30, 2023.

Other (income) expenses:

Other (income) expenses decreased significantly by $3.7 million during the year ended September 30, 2024. The key factors contributing to this reduction are as follows:

1. **Loss on Termination of JV:**
    - There was no impact from the loss on termination of a joint venture during the year ended September 30, 2024, compared to a loss of $4.7 million incurred in the prior year.

2. **Interest Expenses:**
    - Interest expenses increased substantially from $64,365 in the prior year to $615,270 in 2024, primarily due to interest on promissory notes.

3. **Accretion Expense:**
    - Accretion expense related to promissory notes amounted to $519,656 for the year ended September 30, 2024.

4. **Government Grants:**
    - The company received no government grants during the year ended September 30, 2024, compared to $63,488 in government grants received in the prior year.

5. **Scientific Research and Experimental Development (SRE&D):**
   - The company received $71,832 in SRE&D credits during the year ended September 30, 2024, whereas no SRE&D credits were received in the prior year.

Management Compensation:

The board of the Company is responsible for setting the annual salary, bonus and other benefits, direct and indirect of the CEO and other Named Executive Officers (NEO) of the Company. The compensation plan of the NEOs' is intended to establish an objective connection between the NEOs' compensation and the Company's financial and business performance. The compensation of the NEOs consists of three essential elements that are intended to provide executives, in totality, a balanced compensation package, which includes of: (i) cash (discretionary basic salary) (ii) annual performance bonus and incentive stock options (long term incentive compensation). As the Company is in the growth and development stage of its business, the Company did not pay any bonuses to NEOs in the most recently completed financial year. Options granted under Company's stock option plan are approved by the Board.

D. Liquidity and Capital Resources

Liquidity

(Expressed in Canadian Dollars)	As at September 30, 2024 $	As at September 30, 2023 $
Cash and cash equivalents	8,529	5,883
Current assets	100,903	92,032
Current liabilities	2,533,980	2,667,915
Working capital deficit	(2,433,077)	(2,575,883)

On September 30, 2024, the Company had cash of $8,529 compared to $5,883 on September 30, 2023, and a working capital deficit of $2,433,077 compared to a working capital deficit of $2,575,883 as at September 30, 2023.

Going Concern

During the period ended September 30, 2024, the Company reported net loss of $2,227,678 and a working capital deficit of $2,433,077.

The ability of the Company to continue as a going concern is dependent upon the continuing financial support of shareholders or other investors, obtaining new financing on commercial terms acceptable to the Company to enable it to monetize its intellectual property assets, and upon attaining profitable operations once such assets can be monetized, all of which outcomes are uncertain and which represents material uncertainties, cast significant doubt over the ability of the Company to continue as a going concern. The condensed interim consolidated financial statements do not include any adjustments to the carrying values of the Company's assets, liabilities, and expenses and the related classifications that would be necessary if the going concern assumption were inappropriate. Such adjustments have not been quantified by management but could be material.

The Company funded its operations for the period ended September 30, 2024, from existing cash, proceeds from issue of 2,750,000 units and advances from joint venture. The Company also issued 1,962,297 units and 625,000 common shares to settle its debt to creditors. The Company may not have sufficient cash reserves to fund its product development programs, administrative costs and other obligations for the coming fiscal year. Management is actively involved in developing and bringing their products to market, as well as seeking new debt and equity financing to enable it to service the Company’s liabilities and its ongoing administrative costs. Management believes the Company will continue as a going concern due to the Company’s ability to obtain funding through the issuance of debt and equity instruments.

	Number of shares	Amount
Balance, September 30, 2023	26,406,591	$ 13,401,252
Shares issued during the period on private palcement	2,750,000	740,105
Units issued during the period	1,962,297	532,141
Shares issued during the period to settle debt	625,000	273,813
Share based compensation	145,000	63,200
Share isuance cost	—	(9,385)
Balance, Sept 30, 2024	31,888,888	$ 15,001,126

Please refer to note 12,13 and 14 of the consolidated financial statements for the year ended September 30, 2024, and 2023 for additional information on common shares, warrants and stock options.

Cash Flow Information

The following table provides an overview of the Company's cash flows for the current and comparable period ended:

(Expressed in Canadian Dollars)	**Year end September 30, 2024 $**	Year end September 30, 2023 $
Cash used in operating activities	(779,348)	(550,788)
Cash used in investing activities	—	(15,559)
Cash provided by financing activities	781,994	544,967
Net increase (decrease) in cash	2,646	(21,380)
Cash, beginning of period	5,883	27,263
Cash, end of period	8,529	5,883

Operating Activities

The Company used $779,348 of cash in operating activities during the year ended September 30, 2024, compared to $550,788 used during the corresponding previous period. This is mainly due to the company using more cash to pay off interest charges.

Investing Activities

The Company had no cash flow from investing activities during the year ended September 30, 2024, compared to $15,559 used during the year ended September 30, 2023. This was primarily due to the absence of property and equipment purchases during the year.

Financing Activities

The Company generated $781,994 through financing activities during the year ended September 30, 2024, compared to $544,967 provided during the year ended September 30, 2023. This was primarily due to cash received from the issuance of shares.

E. Related Party transactions:

The Company currently has certain loans and promissory notes outstanding, having a total value of $62,477 and $34,236 respectively as at September 30, 2024 which were provided by various related parties. These loans were provided to assist with operational and administrative costs. The loans are unsecured, interest free and repayable on demand. The promissory note is unsecured, carry interest at the rate of Prime rate plus 5% and repayable on demand.

F. Quarterly Information

Selected quarterly information for the last few completed quarters is presented below in Canadian currency ($), and accordance with International Financial Reporting Standards ("**IFRS**").

	2024				2023				2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Net gross margin/fees	-	-	-	-	-	1	-	-	1	-	-	-	1	-	79	19
Administrative Expenses	(1,185)	(245)	(194)	(253)	(414)	(496)	(346)	(254)	(297)	(276)	(301)	(335)	(320)	(884)	(552)	(363)
Other income / (expenses)	(1,043)	(303)	(301)	(218)	(4,813)	2	9	12	(31)	(6)	-	(213)	(12)	(4)	(6)	-
Loss	(2,228)	(547)	(495)	(471)	(5,227)	(494)	(337)	(242)	(327)	(282)	(301)	(548)	(331)	(888)	(479)	(344)
Loss per share	(0.08)	$ (0.02)	$ (0.02)	$ (0.02)	$ (0.20)	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.03)	$ (0.01)	$ (0.05)	$ (0.03)	$ (0.02)

G. Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements as at September 30, 2024.

H. Financial Instruments

The Company has not entered into any specialized financial arrangements to minimize its investment risk, currency risk or commodity risk.

I. Business Risks and Financial Risks

Business Risk Factors

The Company's strategy emphasizes developing product lines to leverage its investment in licenses and drive the creation of shareholder value. This strategy has required and continues to require significant financings.

Due to the nature of the Company's business, the present stage of development of its product lines, and the constraints placed upon the Company's ability to move forward by its current liquidity situation, readers should carefully review and consider the financial, environmental and operational risk factors affecting the Company. The risk factors identified below are not an exhaustive list of the factors that may affect the Company, its operations or any forward-looking statements contained herein.

Need for Additional Financing

The Company currently has no material and significant source of operating cash flow, and there is no assurance that additional funding will be available to the Company as and when needed for further development of its current or future product lines, or to fulfill its obligations to its existing creditors. Volatile markets may make it difficult or impossible for the Company to obtain adequate debt or equity financing in the future or on terms acceptable to the Company. The failure to secure additional funding could force the Company to liquidate its assets to satisfy creditor claims. The Company is planning to issue new shares to meet the working capital requirement.

Production Revenues

There can be no assurance that significant additional losses will not occur in the near future, or that the Company will be profitable in the future. In particular, the Company's operating expenses, and capital expenditures are likely to increase significantly in subsequent periods due to expenditures incurred in hiring consultants, personnel, and equipment associated with developing its products and for commercial production.

The Company expects to continue to incur losses until its product lines enter into commercial production and generate sufficient revenues to fund its continuing operations. There can be no assurance that the Company will generate any significant revenues or achieve profitability.

Conflicts of Interest

Certain of the Company's directors and officers may serve as directors or officers of other reporting companies, companies providing services to the Company, or companies in which they may have significant shareholdings. To the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. If such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.

Under the laws of Canada, the directors of the Company are required to act honestly, in good faith and in the best interest of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Litigation

From time to time, the Company may be named as a defendant in legal actions or may commence legal actions against other parties arising in the course of business.

On April 23, 2024, the Company entered into a License Agreement with an entity in connection with the use of Company's license Tri-Filler® technology. The license was exclusive for certain specialty concrete products and non-exclusive for other concrete products. According to the terms of the License Agreement, the entity agreed to pay the Company a one-time license access fee of $200,000 and royalties based on sales of the licensed products.

During 2024, the Company received only $20,000 of the license access fee, leaving $180,000 outstanding. The Company has terminated the original agreement but due to a mutual release agreement signed by both parties, the outstanding amount of $180,000 will not be collected. Both parties will explore opportunities for continued business collaboration.

To the extent that management's assessment of the Company's exposure in respect of such matters is incorrect or changes, including as a result of any determinations made the courts or other finders' of fact, the Company's exposure could exceed management's current expectations, which could have a material adverse effect on its business, financial conditions and results of operations or the ability to continue to carry on business.

J. Other MD&A Requirements

Additional information related to the Company is filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.