Biosenta Inc.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

The following management discussion and analysis ("MD&A") of financial results is dated January 28, 2014 and reviews the business of Biosenta Inc. (the "Company" or "Biosenta"), for the year ended September 30, 2013, and should be read in conjunction with the accompanying audited annual financial statements and related notes for the year ended September 30, 2013 and 2012. This MD&A and the accompanying audited annual financial statements and related notes for the year ended September 30, 2013 and 2012 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. For additional information respecting certain of these risks, see Section J of this MD&A. 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

The Company is developing two business units within the anti-microbial industry. Products within these business units are targeted to address the demand created by the mounting health and environmental concerns with mould. Mould can affect the immune system, nervous system, liver, kidneys, blood and cause brain damage.

The Company plans to manufacture and distribute an anti-microbial filler. Calcium Carbonate is one of the most common fillers used industrially. It is susceptible like other fillers that hold moisture to attract mould. Annual global revenue in the calcium carbonate filler industry approximates 140 billion dollars. Biosenta will produce anti-microbial filler that performs 'filling' and 'bulking' functions like calcium carbonate. Biosenta's filler product will not attract moisture and consequently mould infestation. Biosenta's filler with its anti-microbial high ph core in individual particles will enhance commercial product life and eradicate a broad spectrum of known bacteria, fungi, algae and other micro-organisms by suppression of their reproduction.

In addition, the Company has developed a line of retail anti-microbial products that will effectively kill mould, bacteria and fungi on contact and prevent re-growth. The Company obtained the necessary government approvals from Health Canada for selling the product in Canada in September 2012. The first shipments of the product started on October 15, 2012 on a limited basis within Canada. The Company is also in the process of seeking the necessary government approvals for selling the product

in the United States. The Company has made applications in Canada and the United States for a trademark for the name Zeromold™ and is considering making applications for trademark registrations in other jurisdictions as well.

B. Overall Performance

Anti-Microbial Filler Product Line

The Company will manufacture and distribute proprietary anti-microbial filler, and/or sub-license the technology relating thereto. Calcium Carbonate is one of the most common fillers used industrially. It is susceptible like other fillers that hold moisture to attracting mould. Annual global revenue in the calcium carbonate filler industry approximates 140 billion dollars. The Company will produce anti-microbial filler that performs "filling" and "bulking" that will not attract moisture and consequently mould infestation. The Company's filler product with its anti-microbial high ph core in individual particles enhances commercial product life and eradicates a broad spectrum of known bacteria, fungi, algae and other micro-organisms by suppression of their reproduction.

On September 7, 2011, the Company entered into an exclusive world-wide interim license agreement with Marcus Martin, a Director of the Company, with respect to certain intellectual property rights held by Mr. Martin relating to a process for the manufacture of anti-microbial filler product (the "MM License Agreement"). Effective October 3, 2011, the MM License Agreement was amended and restated to add Edward Pardiak, a Director of the Company, as a co-licensor and was again amended and restated on April 10, 2012 to add 2320696 Ontario Inc. and 2262554 Ontario Inc. , as co-licensors. Marcus Martin and Edward Pardiak, control 2320696 Ontario Inc. and 2262554 Ontario Inc. through holding companies controlled by them.

Pursuant to the interim license agreement, the Company agreed to make payments aggregating to $300,000 for an interim license and the Company was granted an interim license to exploit certain intellectual property rights held by the licensor including the right to manufacture, use, market, sell, import, export, have, hold, distribute and promote an anti-microbial filler product to be produced utilizing or exploiting the intellectual property rights. In addition, the interim license also included the right to obtain an exclusive world-wide license to the intellectual property.

During the term of the interim license (up to 24 months subject to specified triggers), the Company agreed to obtain all legal and regulatory approvals required in connection with the exercise of the right to acquire the perpetual license. Upon acquiring the exclusive world-wide license to the intellectual property pursuant to the exercise of the Company's right under the License Agreement, the Company was obligated to issue 20 million Class A Shares as the initial consideration for the license and will pay ongoing royalties based on a percentage of the gross margin on sales made by the Company. The Company exercised its right to acquire the exclusive perpetual world-wide license to the intellectual property and know-how effective April 10, 2012. The consideration payable for the acquisition of the MM License Agreement was $150,000 payable in installments of $50,000 ($50,000 paid). The consideration payable was superseded by the Amended and Restated License Agreement dated May 1, 2012 to an aggregate payment of $300,000, $50,000 having been paid in 2011, $100,000 payable on or before the date that is 30 days after the Company receives payment for its first shipment having an aggregate purchase price in excess of $200,000, with the balance of $150,000 payable on the date that is 90 days after the Company receives payment for such first shipment. The balance of $150,000 payable has been accrued as at September 30, 2013.

The Company is in the process of developing and outfitting its pilot plant facility located in Parry Sound, Ontario. The facility will be used primarily for research and development relating to the Company's anti-microbial filler product and as testing and demonstration facility for customers.

Anti-Microbial Retail Product Line (Zeromold™**)**

The Company has developed a retail anti-mould product called Zeromold™ and has made its first shipments in Canada of the product starting after year end on October 15, 2012 with the Company's exclusive Canadian distributor, at that time. The Company has filed trademark applications for Zeromold™ in Canada and the United States and is considering making trademark applications in other jurisdictions.

Sales of the Zeromold™ product line in the first quarter included sales to the Company's exclusive Canadian distributor. The products shipped in these initial shipments included the 4 liter and 946ml bottles. Over 39,000 units were shipped totaling approximately $248,000 in sales to the exclusive Canadian distributor. Subsequent to the first quarter, the Company's agreement with its exclusive Canadian distributor was terminated and all products located at the exclusive Canadian distributor were returned to the Company. Net sales of the Company reflect all shipments and all returned product from the exclusive Canadian distributor totaling $39,780 for the year ended September 30, 2013.

The Company has taken steps to internalize its sales and marketing function in order to control the product roll out and production. The Company has hired a new Vice President of Sales and Marketing, who has embarked on a rapid internal rationalization of the product sales and marketing process and procedure.

In July 2013 the Company announced the appointment of its new national sales partner, Crossmark Canada, to provide sale management expertise and representation in national retail channels in the DIY (Do It Yourself) , hardware, Mass Merchant, Grocery and Drug channels. Furthermore, new marketing materials have been developed including; product web sites, sales collateral and product display merchandisers.

The Company continues with the process of obtaining the necessary government approvals for selling the product in the United States. The Company has aligned itself with national sales and marketing companies located in the United States. The goal is to have a quick roll out of the Zeromold™ product line once the government approvals have been obtained.

C. Selected Annual Information

The following table presents selected financial information in Canadian dollars ($), for each of the three most recently completed financial years, and has been prepared in accordance with International Financial Reporting Standards ("IFRS").

	2013	2012	2011	
	$	$	$	
Revenues	242,818	Nil	Nil	
Administrative Expenses	2,525,729	2,324,004	1,436,890	
Net loss for the year	(2,282,911)	(2,324,004)	(1,436,890)	
Net loss per share	(0.04)	(0.06)	(0.05)	
Total assets	3,932,456	3,745,151	1,266,811	
Total liabilities	2,395,913	1,558,051	596,522	

The Company had its first full year of operations for the year ended September 30, 2012, with fiscal 2010 being the year the Company completed a change in business. The Company did not generate any revenue in fiscal 2012, 2011 or 2010. In fiscal 2011 and 2012, the Company focused on developing two business units within the anti-microbial industry and bringing them to market. The Company had started to roll out the Zeromold™ product line in first quarter of fiscal 2013, but due to issues with the Company's exclusive distributor for the Zeromold™ product line the rollout was unsuccessful and limited. The Company has taken steps to change the marketing and sales approach through the hiring of appropriate personnel. The Company is now poised to roll out the product line for fiscal 2014.

The funds raised from the private placements completed in 2013, 2012 and 2011, allowed the company to increase the asset base of the Company through the purchase of capital assets, as well as fund ongoing development activities, marketing and product expenditures for the rollout of the Zeromold™ product line in North America.

The most significant asset on the balance sheet as at September 30, 2013 was the intangible asset of $3.06 million that is the value of the perpetual worldwide license purchased as discussed in section B.

D. Results of Operations

This analysis of the results of the Company's operations should be read in conjunction with the Company's audited annual financial statements for the Year ended September 30, 2013.

Licencing Fee

In January 2013 the Company announced that it had entered into a non-binding letter of intent with New South Biolabs ("Biolabs") pursuant to which Biolabs would become the Company's strategic logistics management partner responsible for enterprise resource planning, production and customer relationship management as pertaining to all "Zeromold" products destined for the southern United States, Mexico, South America and the Caribbean. Biolabs will also purchase Biosenta's first scale unit ringed product system and allocate resources to establish a facility for the Company's patented ringed product in the United States. Completion of the transaction is subject to a number of conditions, including completion of satisfactory due diligence reviews by both parties, negotiation and entering into definitive documents respecting the transactions acceptable to all parties, and obtaining all required approvals upon execution of definitive document respecting the transaction. Biolabs will pay Biosenta royalties on all products sold and a $600,000 non-refundable fee, of which $350,000 has been received to date. Of this amount, $300,000 is reflected as revenue and the remaining $50,000 is an advance of the remaining fee which will be earned upon obtaining approval to sell the product in the United States.

Zeromold - Revenues and Cost of Sales

The Company's net revenues for the year ended September 30, 2013 were approximately $39,780. Shipments for the Zeromold™ product started subsequent to October 15, 2012. The previous quarter reported over $284,000 of product shipped to the Company's exclusive Canadian distributor, which was subsequently terminated in March 2013. Upon the termination of the contract, the products that were previously shipped to the distributor were returned to Biosenta. All products shipped to retailers, have remained at the retailers. Negative gross margin was realized as a result of large amount of returned items that increased shipping and additional handling costs, the return of damaged product from the distributor, and first year inefficiencies in producing the product.

Administrative Costs

For the year ended September 30, 2013, administrative costs increased to $2,525,729 from $2,324,004 in the same period last year. Generally, cost categories relating to management and personnel have increased as a result of the Company actively pursuing the development of both product lines, as well as building up the research and test facilities in Parry Sound. Significant components of this expense include:

1. Management and consulting fees increased to $1,034,794 for the year ended September 30, 2013 from $878,853 last year. Management and consulting fees include engineering, technical, packaging and marketing consultants used to develop the product lines. The Company has maintained the additional consultants hired in the prior year that were used to develop the product lines and bring them to market;
2. Legal and accounting fees decreased to $388,456 for the year ended September 30, 2013 from $465,284 last year. The legal fees and professional fees are significantly higher in the prior period as a result of the high level of activity regarding product developments, license agreements, patents filings and increase in general corporate activity for the public Company. The current period reflects a more normal level of activity for legal and professional services;
3. Salaries and benefits expenses significantly increased to $330,623 for the year ended September 30, 2013 from $141,770 last year. Head office infrastructure costs increased gradually in 2012, with the costs peaking in the fourth quarter. Head office infrastructure supported activities of management and consultants involved in product development initiatives, as well as public company related expenditures. Quarterly costs for this type of expense have stabilized over the last three quarters, with the quarterly costs being in line with management's expectations;
4. Rent and occupancy costs increased to $120,143 for the year ended September 30, 2013 from $82,319 last year. The current period costs reflects a full year occupancy costs for the Parry Sound facility and head office, where as the prior year only shows head office rental costs;
5. Insurance expense has increased to $75,587 for the year ended September 30, 2013 from $32,500 last year. The Company has incurred higher insurances costs for the product liability coverage as the Zeromold product line was rolled out last year.
6. Product development costs for Zeromold™ include third party marketing, laboratory testing and commercialization cost of the Zeromold™ product line, which decreased to $118,353 for the year ended September 30, 2013 from $239,619 last year. The decrease in expenditures is the result of the reduction research and development type expenditures in the current period, but still incurring market development related costs in order to roll the product to jurisdiction outside of Canada.

E. Liquidity and Capital Resources

At September 30, 2013, the Company had cash of $2,774 compared to $19,536 at September 30, 2012, and a working capital deficit of $2,138,426 as of September 30, 2013 compared to a working capital deficit of $1,302,464 at September 30, 2012. The continued decrease in the Company's working capital is the result of the Company's delayed execution of the Canadian and United States marketing plan for Zeromold which has not generated significant revenue to date, as well as financing operations with accounts payables. The Company completed two private placements for gross proceeds of $1.4 million in fiscal 2013, which funded a portion of the ongoing product development and head office operating expenditures for the development of the two product lines.

Net additions to equipment for the year ended September 30, 2013 were $74,432 compared to $362,802 for the year ended September 30, 2012. Additions were mainly related to equipment for the research and test facilities in Parry Sound, Ontario.

On February 4, 2013, the Company completed the first tranche of a private placement. The Company issued 800,004 units at a price of $0.15 per unit for gross proceeds of $120,006. Each unit consists of one Class A Share and one half of one Class A Share purchase warrant. Each whole warrant will entitle the holder to purchase one additional Class A Share in the capital of the Corporation (a "Warrant Share") at an exercise price of $0.20 per Warrant Share to the extent such Warrant is exercised on or before the date that is 18 months from the closing of the Offering.

In November 2012, the Company completed the closing of a private placement of 6,313,003 units at a price of $0.20 per unit for gross proceeds of $1,262,600. Each unit consisted of one Class A Share and one Class A Share purchase warrant. Each warrant entitles the holder to purchase one additional Class A share of the Company at a price of $0.30 for a period of 18 months from the date of closing.

On April 2, 2012, the Company announced the closing of a private placement of 1,782,500 units at a price of $0.20 per unit for gross proceeds of $356,500. Each unit consisted of one Class A Share and one Class A Share purchase warrant. Each warrant entitles the holder to purchase one additional Class A share of the Company at a price of $0.30 for a period of 18 months from the date of closing.

On February 22, 2012, the Company announced the closing of a private placement of 1,830,000 units at a price of $0.20 per unit for gross proceeds of $366,000. Each unit consisted of one Class A Share and one Class A Share purchase warrant. Each warrant entitles the holder to purchase one additional Class A share of the Company at a price of $0.30 for a period of 18 months from the date of closing.

In November 2011, the Company closed a private placement of 62,500 units at a price of $0.20 per unit for gross proceeds of $12,500. Each unit consisted of one Class A Share and one Class A Share purchase warrant. Each warrant entitles the holder to purchase one additional Class A share of the Company at a price of $0.30 for a period of 18 months from the date of closing.

Share Capital

	September 30, 2013		**September 30, 2012**	
	Number of shares	**$ Amount**	**Number of shares**	**$ Amount**
Balance, beginning of period	51,314,320	5,515,506	36,772,503	2,204,574
Shares issued for cash pursuant to a private placement	7,113,007	1,382,600	3,795,000	759,000
Shares issued for license agreements	-	-	20,000,000	3,060,000
Shares cancelled due to licence agreements	-	-	(9,253,183)	(267,997)
Less:				
Fair market value of warrants issued	-	376,440	-	180,425
Share issue costs	-	29,600	-	59,646
Balance – end of period	58,427,327	6,492,066	51,314,320	5,515,506

Please refer to note 14 and 15 of the audited annual financial statements for the year ended September 30, 2013 for additional information on outstanding warrants and options.

F. Quarterly Information

Selected quarterly information for the eight most recently completed quarters is presented below in Canadian currency ($), and in accordance with Canadian generally accepted accounting principles.

	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Net margins/fees	(93)	29	142	164	-	-	-	-
Administrative expenses	(914)	(532)	(550)	(529)	(976)	(463)	(423)	(462)
Income/(Loss) for the period	(1,007)	(503)	(408)	(365)	(976)	(463)	(423)	(462)
	$	$	$	$	$	$	$	$
Income/(loss) per share	(0.02)	(0.01)	(0.01)	(0.00)	(0.03)	(0.01)	(0.01)	(0.01)

G. Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as of September 30, 2013 or September 30, 2012.

H. Financial Instruments

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

I. Related Party Transactions

Refer to note 11 of the audited annual financial statements for the Year ended September 30, 2013 for the related party transactions.

J. Risks

The Company's strategy emphasizes developing product lines in order 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 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 obtain additional financing could force the Company to liquidate its assets to satisfy creditor claims.

No Production Revenues

To date, the Company has not achieved a sustainable stream of revenue. 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 may increase in subsequent three months as consultants, personnel, and equipment associated with advancing the product development and commercial production of its products are added.

The Company expects to continue to incur losses until such time as 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 revenues or achieve profitability.

Dependence on Management

The Company's business and operations are dependent on recruiting and retaining the services of a small number of key members of management and qualified personnel. The success of the operations and activities of the Company are dependent, to a significant extent, on the efforts and abilities of the management of the Company. Investors must be willing to rely, to a significant extent, on the discretion and judgment of the management of the Company. Furthermore, while the Company believes that it will be successful in attracting qualified personnel and retaining its current management team, there can be no assurance of such success.

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. In the event that 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.

In accordance with 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. 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.

K. 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.