Biosenta Inc.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS AND NINE MONTHS ENDED JUNE 30, 2014

The following management discussion and analysis ("MD&A") of financial results is dated August 29, 2014 and reviews the business of Biosenta Inc. (the "Company" or "Biosenta"), for the three months and nine months ended June 30, 2014, and should be read in conjunction with the accompanying unaudited condensed interim financial statements and related notes for the three months and nine months ended June 30, 2014, as well as the annual MD&A and audited annual financial statements and related notes for the year ended September 30, 2013. This MD&A and the accompanying unaudited condensed interim financial statements and related notes for the three months and nine months ended June 30, 2014 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 L 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 mold. Mold 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 mold. 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 mold 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. An R&D sized, 1 metric tonne per hour, production facility is currently being constructed to prove the efficacy of the technology and the resulting products, and the subsequent full-scale facility is expected to be completed in 2015 pending positive results from the R&D studies in 2014.

In addition, the Company has developed a line of retail anti-microbial products that will effectively kill mold, bacteria and fungi on contact and prevent re-growth. The Company obtained the necessary government approvals from Health Canada for selling the base product ZeroMold™ in Canada in September 2012. The first shipments of the product started on October 15, 2012 on a limited basis within Canada and are re-commenced in June 2014. The Company is also in the process of seeking the necessary government approvals for selling a higher strength product in the United States to be called ZeroMold Plus™. The Company has made applications in Canada and the United States for a trademark for the names Zeromold™ and ZeroMold Plus™ and is considering making applications for trademark registrations in other jurisdictions as well.

B. Overall Performance

Anti-Microbial Filler Product Line

On June 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 $150,000 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.

On June 24, the Company announced the Amended License Agreement entered into in 2012 was terminated and replaced by a new Agreement that includes the following:

 _All patents, rights and know-how related to patent numbers WO 2013/053064 and WO 2014/036659 are assigned to Biosenta Inc. with the provision that such assignment can be revoked only if sufficient funding for the Parry Sound facility (expected to be approximately $5 million) has not been raised prior to December 31, 2015.

 _Marcus Martin will be employed by Biosenta and will continue to be involved in a new project team that will also include BFC that will work diligently to complete the development and construction of the Parry Sound facility on an organized and fast-track basis.

 _A net amount of 4,800,000 shares owned and in escrow pursuant to the Amended License will be immediately cancelled and payables to related parties totaling $625,000 would also be terminated.

 _The Royalties to be paid to all parties including insiders under the Amended License are terminated.

An R&D sized, 1 metric tonne per hour, production facility is currently being constructed to prove the efficacy of the technology and the resulting products, and the subsequent full-scale facility is expected to be completed in 2015 pending positive results from the R&D studies in 2014.

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 $36,864 for the nine months ended June 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.

In June 2014, the Company has commenced deliveries to Pharmasave, Loblaw, and Sobey's and while the process is slow for product to move to store shelves, the number of stores where the product is available in Canada is increasing rapidly on a weekly basis. A recent test of radio advertising proved very successful with demand quickly outstripping store availability and the ad will be re-started when all shelves are properly stocked.

C. Results of Operations

This analysis of the results of the Company's operations should be read in conjunction with the Company's unaudited condensed interim financial statements for the three months and nine months ended June 30, 2014.

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.

Zeromold - Revenues and Cost of Sales

The Company's net revenues for the nine months ended June 30, 2014 were approximately $79,765. 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 retuned items which increase shipping and additional handling costs, as well as the return of damaged product.

Administrative Costs

Administrative expenses increased to $778,274 for the three months ended June 30, 2014 from $532,120 in the same period last year. For the nine months ended June 30, 2014, administrative costs increased to $2,859,801 from $1,611,329 in the same period last year. The majority of this increase is due to one-time costs related to the private raising of capital by one of the Directors of the Company during the first two fiscal quarters of 2014, and related to consulting from the bridge loan provider. Generally, all categories of costs have increased in the current period 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 $450,846 for the three months ended June 30, 2014 from $205,635 in the same period last year. For the nine months ended June 30, 2014, the management and consulting fees increased to $1,593,453 from $574,693 in the same period last year. The increase was due mostly to $595,292 of fees related to extraordinary payments made to a Director to replace personal shares sold to assist in funding the company, and for one time fees paid in stock to the bridge loan provider. 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 marginally decreased to $26,887 for the three months ended June 30, 2014 from $in the same period last year. For the nine months ended June 30, 2014, the legal and accounting fees significantly decreased to $202,183 from $312,421 in the same period last year. More prudent use of legal counsel is being made following the management changes made earlier in the year, and due to a slightly lower level of product development activity;
3. Salaries and benefits expenses significantly increased to $151,542 for the three months ended June 30, 2014 from $97,523 in the same period last year. For the nine months ended June 30, 2014, the salaries and benefits expenses, once again, significantly increased to $300,504 from $240,978 in the same period last year. This reflects payment of a salary to the new CEO which historically has been paid through Consulting fees.
4. Rent and occupancy costs increased to $37,822 for the three months ended June 30, 2014 from $31,588 in the same period last year. For the nine months ended June 30, 2014, the rent and occupancy costs, once again, significantly increased to $99,396 from $91,990 in the same period last year. The increases all relate to normal increases in the leased premises for Toronto and parry Sound.;
5. Vehicle, office and general, travel and insurance all decreased in the nine months of fiscal 2014 from the same period last year as a result of the Company carefully seeking to reduce costs in manageable areas. Automobile reimbursement policies have been substantially reduced as a part of this effort.
6. Product development costs for Zeromold™ include third party marketing, laboratory testing and commercialization cost of the Zeromold™ product line, which were expensed in the current period.

D. Liquidity and Capital Resources

At June 30, 2014, the Company had cash of $460,945 compared to $2,774 at September 30, 2013, and a working capital deficit of $94,883 as of June 30, 2014 compared to a working capital deficit of $2,140,3261 at September 30, 2013. The improvement in the Company's working capital is the result of the Company negotiating a significant reduction in debts, raising of new equity, and reducing the controllable cash expenditures.

Net additions to equipment for the three months ended June 30, 2014 was Nil compared to $74,432 for the year ended September 30, 2013. Additions in 2013 were mainly related to equipment for the research and test facilities in Parry Sound, Ontario that were financed by cash and accounts payable. Another significant use of funds in 2013 was the increase in product development costs for the Zeromold™ product line which, are expensed in the period incurred.

On November 28, 2012, the Company issued 6,313,003 units at $0.20 per unit for aggregate consideration of $1,262,600, each unit consisting of one Class A share and one Class A share purchase warrant. Each warrant entitles the holder to purchase one additional Class A share in the capital of the Corporation at an exercise price of $0.30 per warrant to the extent such warrant is exercised on or before the date that is 18 months from the closing of the Offering.

On February 4, 2013, the Company issued 800,004 units at a price of $0.15 per unit for gross proceeds of $120,000. Each unit consists of one Class A Share and one half of one Class A Share purchase warrant. Each whole warrant entitles the holder to purchase one additional Class A Share in the capital of the Corporation 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.

The Company closed a private placement for 6,522,892 units at a price of $0.15 cents per unit on October 10, 2013. The company issued 6,522,892 units, each unit consisting of one Class A share and one-half of one Class A share purchase warrant. Each whole warrant entitles the holder to purchase one additional Class A share in the capital of the company at an exercise price of $0.20 cents per warrant share to the extent such warrant is exercised on or before the date that is 18 months from October 10, 2013.

The Company closed a private placement for units at a price of $0.15 cents per unit on Jan 28, 2014. The company issued 7,461,536 units, each unit consisting of one Class A share and one-half of one Class A share purchase warrant. Each whole warrant entitles the holder to purchase one additional Class A share in the capital of the company at an exercise price of $0.20 cents per warrant share to the extent such warrant is exercised on or before the date that is 18 months from Jan 28, 2014.

The Company issued 8,000,000 shares to Bassett Financial Corp. at the then market price of $0.06 per share on March 27, 2014, as a fee for providing various services including completing three stages of funding through the balance of 2014. These services also include advisory services to assist in stabilizing the company and its current balance sheet risks to provide a more stable platform to support sales and other development activities. The shares were escrowed and will be released 1/3 upon the funding of a bridge loan (this has been completed), 1/3 upon completion of a financing of $1 million or more of equity or acceptable equivalent by July 31, 2014 and 1/3 upon completion of a financing of $2 million or more of equity or acceptable equivalent by October 31, 2014, provided the company achieves certain agreed upon milestones.

The Company closed a private placement for 3,600,000 shares at a price of $0.15 cents per unit on March 27, 2014 to satisfy a debt by the company to a Director who had sold shares on behalf of the Company and reinvested the proceeds into the company. The private placement covers shares sold and the tax effect of replacing them.

On May 16, 2014 the Company announced several transactions aimed at reducing debts and increasing assets including:

- _Converted accounts payable totaling $60,000 owed to the ex CFO for prior services into shares with the ex CFO agreeing to use this payable to exercise 300,000 options previously awarded with a strike price of 20 cents per.
- _An error has been discovered whereby 1,333,333 warrants were issued when in fact 1,333,333 shares should have been issued. This was part of the private placement announced on January 28, 2014. The new corrected amounts that should have been disclosed in that press release is the Company issued 8,794,869 shares at an average price of 12.73 cents per Unit. The company is also cancelling 1,333,333 warrants that were previously issued. This private placement occurred after the date of the last financial statements issued and will not result in any restatement of financial statements.
- _Completed a private placement for 1,564,000 Units consisting of one common share at a price of $0.15 per share, and a half of one warrant with a strike price of 20 cents and an expiration date of November 30, 2015. The proceeds of $234,600 net of fees were used to repay certain accounts payable and to replenish working capital. All securities issued are subject to a four-month hold period.
- _Issued $100,000 worth of shares at 15 cents per share, to Bruce Lewis, now Chairman, in lieu of any cash salary for the twelve months commencing April 1, 2014.
- _Satisfaction of $33,660 of accounts payable to non-insider individuals in exchange for shares issued at 15 cents.

- _Negotiated full deferment of payables totaling $190,000 with existing suppliers whereby payment will be made as a 10% premium to be invoiced on future invoices.
- _Negotiated 6 to 12 month deferments of payables totaling $27,000 in exchange for long term payments totaling $1,000 per month until the principal value of the debt has been satisfied with no interest being added.

On June 20, the company issued $665,000 of convertible debentures paying 6% per annum payable quarterly in arrears for a term of 2 years from the date of issue. The Debentures are convertible into Units at a conversion price equal to $0.40, Each Unit consisting of one Class A Common Share and one Warrant. Notwithstanding the foregoing, should the Common Shares trade at a price of $0.50 or higher for a period of 30 consecutive trading days on the CSE or any recognized Canadian stock exchange or over-the-counter market on which the Common Shares are then listed or quoted for trading, the Debentures shall be automatically converted into Units at the Conversion Price.

On June 24, the Company announced the Amended License Agreement entered into in 2012 was terminated and replaced by a new Agreement that includes the following:

- _All patents, rights and know-how related to patent numbers WO 2013/053064 and WO 2014/036659 are assigned to Biosenta Inc. with the provision that such assignment can be revoked only if sufficient funding for the Parry Sound facility (expected to be approximately $5 million) has not been raised prior to December 31, 2015.
- _Marcus Martin will be employed by Biosenta and will continue to be involved in a new project team that will also include BFC that will work diligently to complete the development and construction of the Parry Sound facility on an organized and fast-track basis.
- _A net amount of 4,800,000 shares owned and in escrow pursuant to the Amended License will be immediately payables to Martin and Pardiak totaling $625,000 would also be terminated.
- _The Royalties to be paid to all parties including insiders under the Amended License are terminated.

Share Capital	**June, 2014**		**Sept 30, 2013**	
	Number of shares	**$ Amount**	**Number of shares**	**$ Amount**
Balance, beginning of period	58,427,327	$6,492,066	51,314,320	$5,515,506
Shares issued for cash pursuant to a private placement	31,173,826	3,317,275	7,113,007	1,382,600
Shares issued for exercise of Options	300,000	60,000	-	
Shares cancelled due to licence agreements	(4,800,000)	(720,000)	-	
Less:				
Fair market value of warrants issued	-		-	376,440
Share issue costs	-	(65,150)	-	29,600
Balance – end of period	85,101,153	$9,084,191	58,427,327	$6,492,066

Please refer to note 13 and 14 of the unaudited condensed interim financial statements for the three months ended June 30, 2013 for additional information on outstanding warrants and options.

E. 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.

	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Net margins/fees	3	-	-	-	-	142	164	-
Administrative expenses	(778)	(1,584)	(685)	(917)	(483)	(550)	(529)	(917)
Income/(Loss) for the period	(775)	(499)	(1,587)	(917)	(483)	(408)	(365)	(917)
	$	$	$	$	$	$	$	$
Income/(loss) per share	(0.01)	(0.01)	(0.02)	(0.03)	(0.01)	(0.01)	(0.01)	(0.03)

F. Off-Balance Sheet Arrangements

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

G. Financial Instruments

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

H. Related Party Transactions

Refer to note 10 of the unaudited condensed interim financial statements for the three months and nine months ended June 30, 2013 for the related party transactions.

I. Changes in Accounting Policies including Initial Adoption

International Financial Reporting Standards ("IFRS")

In February 2008, the CICA announced that Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises were replaced by IFRS for fiscal years beginning on or after January 1, 2012. Accordingly, the conversion from Canadian GAAP to IFRS was applicable to the Company's financial statements starting with the first quarter of 2012.

The key IFRS dates were October 1, 2010 which was the transition date and October 1, 2011 which was the changeover date. An opening balance sheet as of October 1, 2010 according to IRFS has been prepared to facilitate the change over to IFRS reporting for 2011. The change over date is the date which the Company's financial statements will be prepared and reported according to IFRS.

IFRS has a similar conceptual framework to that of previous Canadian GAAP. There are differences in certain areas under recognition and measurement, as well as disclosure. In order for users to understand the impact of IFRS on the Company's financial statements, please refer to note 17 to the audited condensed interim financial statements for the year ended September 30, 2012. Overall there was no significant change or adjustment to the financial statements, except for deferred taxes. The most significant impact is that reclassification of items on the financial statements and additional note disclosure.

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 only limited revenue and no source of positive 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

As of June 2014, the Company has re-started sales of ZeroMold in Canada. While the sales volumes are expected to increase, they need to increase substantially before the gross margin will be sufficient to cover other operating costs and as a result, for the Company to become self-sustaining on a cash flow basis. 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.

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.