Biosenta Inc.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2015 AND 2014

The following management discussion and analysis ("MD&A") of financial results is dated May 29, 2015 and reviews the business of Biosenta Inc. (the "Company" or "Biosenta"), for the three and six months ended March 31, 2015, and should be read in conjunction with the accompanying condensed consolidated interim financial statements and related notes for the three and six months ended March 31, 2015 and 2014, as well as the annual MD&A and audited annual consolidated financial statements for the year ended September 31, 2014. This MD&A and the accompanying condensed consolidated interim financial statements and related notes for the three and six months ended March 31, 2015 and 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 and Company Highlights

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.

Under the Company's Industrial Division, the Company plans to manufacture and distribute an anti-microbial filler called "*Tri-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 is likely to be more than 100 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. The Company has commissioned its production plant to produce the filler product located in Parry Sound, Ontario. It is currently producing test product for potential customers.

Under the Company's Consumer Division, 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 has obtained the necessary government approvals from Health Canada for selling its initial product line called Zeromold™ in Canada in September 2012. The first shipments of the product started in October 2012 on a limited basis within Canada. The Company has developed a second generation of this product line and has started the regulatory testing and approvals required for distribution in Canada and the United States. The name of the second generation product line is currently called "*True"* and is expected to be ready for sale in mid to late 2015. The third generation product line called *"Purity"* is being planned to be launched in mid 2016.

Quarterly Highlights

- The Company concluded a settlement with MVB Asset Management Inc., Paul Van Benthem, John Vizzini and Johan Mosaheb a legal dispute that began in March 1, 2012. The successful resolution of this dispute on terms acceptable to Biosenta removes a long-standing and significant dispute.
- Board of Biosenta has uncovered evidence that possible improprieties and breaches of fiduciary duty may have been committed by former directors. A review of these matters is under way as a priority and the OSC has been informed..
- On February 17, 2015, the Company announced the resignation of Bruce Lewis as chairman and director of the Board of Biosenta.
- Marcus Martin (current director) and Edward Pardiak (past director) are co-inventors of inventions relating to the Zeromold™ formulation and the process for producing the Tri-filler product. Both inventors have agreed in writing to assign the inventions to Biosenta. Edward Pardiak has refused to execute an assignment in favour of Biosenta as required pursuant to a written agreement between both inventors and Biosenta. Biosenta is nevertheless taking steps to have itself recorded as the owner of the patent applications relating to the inventions.

B. Overall Performance

Intellectual Property

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 License Agreement was amended and restated to add Edward Pardiak, a former 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 a co-licensor. Marcus Martin and Edward Pardiak, control 2320696 Ontario Inc. and 2262554 Ontario Inc. through holding companies controlled by them. 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 Company accrued the full amount as of September 30, 2013 and paid the full amount outstanding during the year ended September 30, 2014 by the issuance of common shares units.

The Company exercised its right to convert the interim license granted on June 7, 2011, as amended and restated, into an assignable, transferable, perpetual, world-wide exclusive license (the "License"). In connection with the exercise of the right to acquire the License, and in accordance

with the terms of the MM License Agreement, the Company issued 20,000,000 fully paid and non-assessable Class A shares of the Company to the Licensors valued at $3,060,000 based on the value of the most recently completed private placement share price of $0.153. The effective date for the issuance of the Class A shares and the acquisition of the License was April 10, 2012. The License was subject to royalties payable equal to 7% to 25% of the amount the gross margin actually received by the Company on the sale of the licensed products based on gross margin as a percentage.

On June 23, 2014, the License was amended to effectively reduce the number of shares issued to acquire the License from 20,000,000 to 10,500,000 to be held in escrow. The escrowed shares were released from escrow within the three months ended December 31, 2014 according to the terms of the escrow agreement. Under the terms of the agreement, all patents, know-how and patent applications were immediately assigned to the Company. All provisions of the License to which the Company is obligated to make payments to any of the licensors, including royalty payments are void and the parties acknowledge that no further payments will be made in respect of the License. A final termination payment of $50,000 was paid to Edward Pardiak and charged to the consolidated statement of operations and comprehensive loss during the year ended September 30, 2014. If the Company failed to obtain adequate funding to build the Parry Sound production facility by December 31, 2015, the patents would revert to the licensors.

Both inventors have agreed in writing to assign the inventions to Biosenta. Ed Pardiak has refused to execute an assignment in favour of Biosenta as required pursuant to a written agreement between both inventors and Biosenta. Biosenta is nevertheless taking steps to have itself recorded as the owner of the patent applications relating to the inventions.

Industrial Division: Tri-Filler

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. 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.

The Company completed the final construction phase of its production plant facility located in Parry Sound, Ontario in the three month period ended December 31, 2014. The Tri-Filler product is manufactured using advanced nano-encapsulation technology in a reactor. The Tri-Filler compound and the manufacturing process have been patented by Biosenta. The plant has a capacity of 2 tonnes per hour.

In December 2014 and January 2015, Tri-Filler product was successfully manufactured at the Parry Sound plant, and samples from the plant were examined at an independent laboratory to confirm that the particles were being manufactured to specification and that complete nano-encapsulation had occurred during production.

In March 2015, Tri-Filler was used by a large plastics manufacturer in its production plant, and the product manufactured using Tri-Filler was manufactured without any production issues. The next step is to test the product manufactured by the plant for anti-microbial, fire-retarding and strength properties at an independent laboratory. Biosenta expects these tests to be conducted within the next two months. Discussions with other potential customers to test Tri-Filler in industries, beyond plastics and resins, are also progressing and include the building, carpet and paint industries.

In addition, discussions with the Canadian Standards Association will commence by May 2015 to define new product standards for Tri-Filler as it represents an innovative and unique product type.

Consumer Division - Anti-Microbial Retail Product Line

Biosenta's household disinfectants and cleaners possess similar levels of efficacy as traditional disinfectants with significantly lower concentrations of active ingredients resulting in lower toxicity. These disinfectants and cleaners will kill 100% of potentially deadly mold, fungi, bacteria and viruses on contact and prevent re-growth. The disinfectants are very safe due to the very low toxicity.

The Company has developed its first retail product line of anti-mould product called Zeromold™ and has made its first shipments in Canada starting in October 2012. The product rollout was limited in fiscal 2013 and 2014 as a result of slow rollout of the product to mass merchant retailers.

The Company's national sales partner, Crossmark Canada, provides sale management expertise and representation in national retail channels in the DIY (Do It Yourself), hardware, Mass Merchant, Grocery and Drug channels. The rollout of the product started in the last quarter of fiscal 2014, with the product now being sold through mass merchant retailers on a limited basis in Canada. To date, Biosenta estimates that approximately 600 stores have received the product. Biosenta has also listed ZeroMold in two other retailers in Canada in the February and March time frame. It is expected that the number of mass merchant retailers and stores carrying this product to increase over the coming months.

In January 2015 the Company announced an update of both the continuing laboratory testing of its new retail disinfectant, to be called "*True*", and the regulatory approval process in Canada and the U.S.A. *"True"* is a new disinfectant and cleaner which effectively kills a multitude of potentially deadly microbes (bacteria, viruses and fungi/ mould) with a formulation that has been shown to be very safe for use. The innovation which gives "*True"* its unique properties is that it is both a very powerful disinfectant and it contains very low levels of active ingredients which make it less toxic and more safe to use.

Laboratory testing of "*True"* on a broad range of potentially deadly microbes has been conducted by a world renowned institution. These standardised tests have shown *True* will kill 100% of the following microbes within a 10 minute contact time: Bacteria, Acinetobacter Baumannii (ABC), E. Coli, Listeria, MRSA, Pseudomonas aeruginosa, Salmonella, Staphylococcus aureus, Virus, Adenovirus, Chlamydia, Ebola, Enterovirus D68, H1N1, Hepatitis, Herpes, HIV, Influenza, Polio, Respiratory Syncytial Virus, Rotavirus, Swine Flu, and Vaccina (pox virus).

The regulatory approval to sell "*True"* in Canada and the U.S.A. is underway. The approval process in Canada commenced in December 2014 and approvals from Health Canada are expected in late 2015. The product submission in the U.S.A has been ongoing for several months and EPA approvals are expected to be obtained in June 2015.

In March 2015 the Company announced a third-generation disinfectant, to be called Purity, has been developed to possess faster anti-microbial action than True and with a lower pH. Biosenta's product strategy is to provide products that are both safe and powerful, and Purity will fulfill this strategy and represent an innovative disinfectant relative to currently available disinfectants. Purity will be tested over the next two months at an independent laboratory to refine the formulation. The goal is to use Purity in hand sanitizer and wipes as well as a disinfectant.

C. Results of Operations

This analysis of the results of the Company's operations should be read in conjunction with the Company's condensed consolidated interim financial statements for the three and six months ended March 31, 2015.

Zeromold™ - Revenues and Cost of Sales

The Company's net revenues for the six months ended March 31, 2015 were approximately $64,300 (2014 - $1,128). Shipments for the Zeromold™ product started in fiscal 2013 with the Company's then exclusive Canadian distributor, which was subsequently terminated in March 2013. In fiscal 2014, the Company continued to struggle with sales in the Canadian market which resulted in negative margins. By the end of fiscal 2014, the Company successfully started to have the product, on a limited basis, in Canadian mass merchant retailers. The 2014 rollout was delayed by the retailers, due to set up and scheduling, until the fourth quarter of fiscal 2014. The Company is starting to see roll out to the mass merchant retailers in the first six months of fiscal 2015 and we expect it to continue to grow as more stores have the product listed.

Administrative Costs

For the six months ended March 31, 2015, administrative costs decreased to $1,367,101 from $2,079,604 in the same period last year. Administrative costs for the three month period ended March 31, 2015 decreased to $537,386 from $1,583,472 in the same period last year. Generally, cost categories relating to management and personnel have significantly decreased as a result of the Company's change and reduction in management personnel in the current period.

1. Salaries, management and consulting fees significantly decreased to $618,672 for the six months ended March 31, 2015 from $1,291,570 in the same period last year. For the three month period ended March 31, 2015, these expenses decreased to $217,356 from $1,032,365 in the same period last year. Salaries, Management and consulting fees include engineering, technical, packaging and marketing consultants used to develop the product lines. The Company has decreased the number of management personnel and consultants in the current six month period relative to the prior period, as well as eliminated any additional management compensation arrangements that were incurred in the same period last year;
2. Professional fees increased to $229,260 for the six months ended March 31, 2015 from $175,297 in the same period last year. For the three month period ended March 31, 2015, these expenses marginally increased to $131,154 from $129,192 in the same period last year. The legal fees and professional fees continue to be high and are higher in the current period as a result of the high level of activity from resolving old litigation issues, regulatory filings, changes in management, as well finalizing changes to the license agreement and patents filings;
3. Office and general expenses marginally increased to $95,880 for the six months ended March 31, 2015 from $93,852 in the same period last year. For the three month period ended March 31, 2015, these expenses increased to $64,788 from $49,990 in the same period last year. Office overhead costs were reduced as a result of reductions in insurance costs and equipment rental costs;
4. Sales and marketing has increased to $78,017 for the six months ended March 31, 2015 from $70,948 in the same period last year. For the three month period ended March 31, 2015, these expenses increased to $17,180 from $44,949 in the same period last year. The Company has incurred sales and marketing costs as a result of aggressively pursuing the listing of the Zeromold™ product in Canadian mass market retailers. These costs are expected to increase as the product is rolled out to more Canadian stores in the coming months.

5. Product development costs include the laboratory testing and related professional fees for Zeromold™ and *"True"* product lines, as well as the testing of the Tri-Filler product. Product development cost for the six months ended March 31, 2015 decreased to $256,887 from $312,100 in the same period last year. For the three month period ended March 31, 2015, these expenses increased to $82,541 from $234,835 in the same period last year. The main bulk of expenditures relate to the additional testing for the *"True"* product line for the Canadian and US market.

D. Liquidity and Capital Resources

At March 31, 2015, the Company had cash of $12,483 compared to $302,067 at September 30, 2014, and a working capital deficit of $790,319 as of March 31, 2015 compared to a working capital deficit of $32,999 at September 30, 2014. The working capital has decreased, despite the Company completing convertible debt financing for gross proceeds of $800,000, as a result of funding the product development costs and head office operating expenditures.

Net additions to equipment for the six months ended March 31, 2015 were $97,859 compared to $Nil, for the year ended September 30, 2014. Additions were mainly related to leasehold improvements for the research and test facilities in Parry Sound, Ontario.

Issued and outstanding: Class Shares

	Number of shares
Balance, September 30, 2013	**58,427,327**
Balance, September 30, 2014	**83,767,821**
Balance, March 31, 2015	**83,767,821**

Between June 30, 2014 and March 31, 2015, the Company closed several tranches totaling $2,920,000 of Convertible Debentures ("Debentures"). Each Debenture has a term of 2 years and bears interest at a fixed rate of 6% per year payable quarterly starting December 31, 2014. Under the terms of the 2 year Debentures, the Company has the option to convert the Debentures into common shares at anytime after the Company's common shares have traded at $0.50 or higher for 30 or more consecutive trading days, at a price of $0.40 per share. Upon conversion, for each share issued, a full warrant exercisable for one common share at a price of $1.00 per common with a term of two years from the date of conversion will be issued.

On June 26, 2014, the Company issued 3,700,000 Class A shares at a value of $518,000, based on the current market value, to management and directors of the Company for providing various financial and consulting services and 1,000,000 Class A shares at a value of $140,000, based on the current market value, to directors and officers of the Company in settlement of debt of $575,548.

On May 24, 2014, the Company issued 2,499,999 Class A shares at $0.07 per share for aggregate consideration of $175,000.

The Company also issued 666,667 Class A shares valued at $100,000 to the Chairman of the Company as compensation for 12 months of service and 157,733 Class A shares to settle existing debt of $23,660. In addition, the Company issued 1,749,999 units at $0.15 per unit for aggregate consideration of $262,500, each unit consisting of one Class A share and one half of a 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 to the extent such warrant is exercised on or before the date that is 18 months from the closing of the Offering.

On January 28, 2014, the Company issued 6,294,870 units at $0.15 per unit for aggregate consideration of $944,230 with $626,231 of the total consideration used to offset existing debt. Each unit consisting of one Class A share and one half of a 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 to the extent such warrant is exercised on or before the date that is 18 months from the closing of the Offering.

On October 10, 2013, the Company issued 6,522,892 units at $0.15 per unit for aggregate consideration of $978,434 with $734,185 of the total consideration used to offset existing debt. Each unit consisting of one Class A share and one half of a 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 to the extent such warrant is exercised on or before the date that is 18 months from the closing of the Offering.

Please refer to note 13 and 14 of the condensed consolidated interim financial statements for the three and six months ended March 31, 2015 and 2014 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 International Financial Reporting Standards ("IFRS").

	2015		2014				2013	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Net gross margin/fees	22	7	(52)	3	(2)	(2)	(93)	29
Expenses	(702)	(952)	(610)	(778)	(1,585)	(497)	(764)	(532)
Income/(Loss)	(680)	(945)	(1,939)	(775)	(1,587)	(499)	(1,007)	(503)
	$	$	$	$	$	$	$	$
Income/(loss) per share	(0.01)	(0.01)	(0.03)	(0.01)	(0.02)	(0.01)	(0.02)	(0.01)

F. Off-Balance Sheet Arrangements

The Company has no off balance sheet arrangements as at March 31, 2015.

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 condensed consolidated interim financial statements for the three and six months ended March 31, 2015 and 2014 for the related party transactions.

I. Business Risks and Financial Risks

Business Risk Factors

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 material 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 are unlikely to increase significantly in subsequent periods as consultants, personnel, and equipment associated with advancing the product development and commercial production of its products.

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.

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.

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.