Biosenta Inc.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 30, 2017 AND 2016

The following management discussion and analysis ("MD&A") of financial results is dated February 26, 2018 and reviews the business of Biosenta Inc. (the "Company" or "Biosenta"), for the three months ended December 30, 2017, and should be read in conjunction with the accompanying condensed interim consolidated financial statements and related notes for the three months ended December 30, 2017as well as the annual MD&A and audited annual consolidated financial statements for the year ended September 30, 2016. This MD&A and the accompanying condensed interim consolidated financial statements and related notes for the three months ended December 30, 2017 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

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 various microbes, including bacteria, viruses and fungi such as 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 *Tri-filler* product prohibits 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, viruses, fungi, algae and other micro-organisms by suppression of their reproduction. The Company had commissioned its production plant to produce the filler product located in Parry Sound, Ontario. It was 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 viruses, 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 sometime in 2018. The third generation product line called *"Purity"* is being planned to be launched later in 2018.

Company Highlights

- Company is in discussions with Polski Bazalt/ STM Technology ("STM"), a company that produces basalt composite pallets, to implement a licensing agreement for TriFiller and to sell to STM a 1 tonne per hour plant to manufacture Tri-Filler. Biosenta will give a license to STM to manufacture and use Tri-Filler in its Poland-based operation that will supply pallets to the European Union.

- On February 23, 2018, the Company announced that it had signed a five year Joint Venture (JV) agreement with investors to develop, market, and grow the sales of its dry product Tri-Filler. The JV is based in Parry Sound, Ontario and is owned 51% by the investors and 49% by Biosenta. The investors will contribute funds to operate the JV and provide expertise to launch Tri-Filler and in return, Biosenta will license the intellectual property that pertains to Tri-Filler. Initially, the investors to receive 60% of operating profits until the amounts already invested by the investors have been repaid. After the amounts already invested by the investors have been repaid, the operating profits will be split 51% to the investors and 49% to Biosenta. In addition, the outstanding debt of $565,682 as at September 30 2017, (year-end) will be repaid through the issue of 1,666,666 shares in the Company which is about 11.9% of total outstanding shares.

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").

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 as amended, the Company issued fully paid and non-assessable Class A shares of the Company to the Licensors valued at $1,606,500. The License was subject to royalties payable equal to 7% to 25%, based on gross margin as a percentage, actually received by the Company on the sale of the licensed products.

The escrowed shares were released from escrow within the period 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. If the Company had failed to obtain adequate funding to build the Parry Sound production facility by December 31, 2015, the patents could revert to the licensors, however as at September 30, 2015, management believes this requirement has been met as the plant was finished such that material was produced from the plant for testing by prospective customers.

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. Based on legal advice provided to Biosenta, it is nevertheless taken steps to have the Company 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 prohibit 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 viruses' bacteria, fungi, algae and other micro-organisms by suppression of their reproduction.

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 was to test the product manufactured by the plant for anti-microbial properties at an independent laboratory. Biosenta expects these tests to be conducted within coming months. Discussions with other potential customers to test *Tri-filler* in industries, beyond plastics and resins, are also progressing and include the building, resin and plastics industries.

Tri-filler has been successfully tested using ASTM G21 and G22 tests and is being evaluated by potential customers. Approvals from the U.S. EPA and Canadian PMRA have begun. In addition, discussions with the Canadian Standards Association will continue to define new product standards for *Tri-filler* as it represents an innovative and unique product type.

In July 2017, the Company announced that it is in discussions with Polski Bazalt/ STM Technology ("STM"), a company that produces basalt composite pallets, to implement a licensing agreement for TriFiller and to sell to STM a 1 tonne per hour plant to manufacture Tri-Filler. Biosenta will give a license to STM to manufacture and use Tri-Filler in its Poland-based operation that will supply pallets to the European Union. STM is still conducting testing of the Tri-Filler in its operations and once completed will be in a position to finalize the terms of the licensing agreement.

In February 2018, the Company announce a joint venture agreement regarding this product. See Highlights for further information

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 developed its first retail product line of anti-mould product called Zeromold™ and made its first shipments in Canada starting in October 2012. Despite severall attempts by the Company to increase sales of this product line, the rollout has been and will continue to be limited because of limited working capital.

C. Results of Operations

This analysis of the results of the Company's operations should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended December 30, 2017.

Zeromold™ - Revenues and Cost of Sales

The Company's net revenues for the three months ended December 30, 2017 were approximately $1,167 (2016 - $13,405). Since 2014, when the Company first started selling this product, the Company has encountered several set backs on the role out of the product into Canadian retailers. The Company continues to have limited working capital which has resulted in a limited rollout of this product line.

Administrative Costs

For the three months ended December 30, 2017, administrative costs significantly decreased to $70,624 from $94,484 in the same period last year. Generally, expenditures for management and personnel have significantly decreased as a result of a reduction in salaries to management.

1. Salaries, management and consulting fees significantly decreased to $18,486 for the and three months ended December 30, 2017 from $21,881 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 continues to not pay management personnel;
2. Professional fees decreased to $30,282 for the three months ended December 30, 2017 from $33,406 in the same period last year. The legal fees and professional fees relate to product development and patent protection work;
3. Office and general expenses decreased to $7,353 for the three months ended December 30, 2017 from $14,574 in the same period last year. No significant change in operations for the period, but expenses are being kept to a minimum to conserve capital;
4. Sales and marketing expenses were $905 for the three months ended December 30, 2017 compared to $7,066 in the same period last year. The Company continues to incur these expenditures, but on a significantly reduced basis due the limited working capital to finance sales programs.
5. Product development costs include the laboratory testing and related professional fees for the *Tri-filler* product. Product development cost for the three months ended December 30, 2017 decreased to $4,826 from $6,894 in the same period last year.

Other Items

In the forth quarter of fiscal 2017, the plant and equipment at the Parry Sound facility was written down to nil as result of becoming obsolete. The production equipment and leasehold improvements valued at $756,433 were written down to nil. The Company has developed an alternative production method and as such will no longer use the equipment at the Parry Sound facility to produce the Tri-filler product.

D. Liquidity and Capital Resources

At December 30, 2017, the Company had cash of $15,803 compared to $1,657 at September 30, 2017, and a working capital deficit of $1,409,533 as at December 31, 2017 compared to a working capital deficit of $1,339,030 at September 30, 2017.

Issued and outstanding: Class Shares

	Number of shares
Balance, September 30, 2016	**12,152,283**
Balance, September 30, 2017	**12,395,997**
Balance, December 31, 2017	**12,395,997**

On October 5, 2016, the Company issued 243,714 common shares to two directors as compensation for services provided to date. The value of shares was $19,500.

The Company completed one convertible debenture financing for $60,000 in the year ended September 30, 2016 subsequent to the Completion of the Restructuring Proposal. The debenture is non-interest bearing with a term of 5 years. It is convertible into common shares of the Company at a price $0.30 per share.

Please refer to note 12 and 13 of the condensed interim consolidated financial statements for the three months ended December 30, 2017 and 2016 for additional information on capital and outstanding 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").

	2018 Q1	**2017 Q4**	**Q3**	**Q2**	**Q1**	**2016 Q4**	**Q3**	**Q2**
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Net gross margin/fees	1	1	-	1	6	-	7	14
Administrative Expenses	(70)	(43)	(109)	(86)	(95)	(115)	(222)	(262)
Gain on debt /other	-	(862)	153	-	-	116	3,478	-
Income/(Loss)	(69)	(904)	41	(80)	(91)	18	3,262	(271)
	$	$	$	$	$	$	$	$
Income/(loss) per share	(0.01)	(0.08)	(0.00)	(0.00)	(0.01)	0.00	0.46	(0.04)

Other income of $153,000 in the third quarter of fiscal 2017 was from the recovery of commissions earned from private placements completed a few years ago. This was an Ontario Securities Commission judgement that was imposed on individual involved with the private placements at that time. The other income was used to reduce the balance owing on the secured loan. Included in the $862,000 in the 2017 Q4 column are losses recorded in the forth quarter of fiscal 2018 that relates to the capital asset write down of $756,433, inventory and prepaid production write down of $65,224, and bad debt expense of $35,389.

F. Off-Balance Sheet Arrangements

The Company has no off balance sheet arrangements as at December 30, 2017 and September 30, 2017.

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 interim consolidated financial statements for the three months ended December 30, 2017 and 2016 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.