BIOCURE TECHNOLOGY INC.
(formerly Gravis Energy Corp)

Management's Discussion & Analysis
As at December 31, 2017

INTRODUCTION

The following management's discussion and analysis ("MD&A") is a review of operations, current financial position and outlook for the Company and is performed by management using the information available as at April 30, 2018. We have prepared this MD&A with reference to National Instrument 51-102F1 of the Canadian Securities Administrators. This MD&A should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2017 and the related notes thereto ("Annual Financial Statements"). The Company's Annual Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

As used in this MD&A and unless otherwise indicated, the terms "we", "us", "our", "Company", and "CURE" refer to Biocure Technology Inc. Unless otherwise specified, all dollar amounts are expressed in Canadian dollars. This MD&A contains certain information forward-looking statements. Forward-looking statements may also be made in the Company's other reports filed with or furnished to the Canadian securities commissions. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from such statements. The words "aim," "anticipate," "believe," "continue," "could," "expect," "intend," "likely", "may," "optimistic," "plan," "potential", "predict", "should," "would," and other similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance, and therefore you should not put undue reliance upon them. The material assumptions supporting these forward-looking statements include, among other things the Company's ability to:

- obtain any necessary financing on acceptable terms;
- keep pace with rapid changes in consumer demands;
- compete with other athletic apparel brands;
- rely on third party manufacturers;
- manage expansion effectively;
- enforce its intellectual property rights;
- launch additional product lines;
- retain its skilled personnel;
- manage current tax and regulatory regimes;
- manage the fluctuation in foreign currency exchange rates and interest rates; and
- follow general economic and financial market conditions.

Some of the factors that may cause actual results to differ materially from those indicated in these statements are found in the section "Risk Factors" in this MD&A.

The forward-looking statements contained in this MD&A reflect our views and assumptions only as of the date of this MD&A. The Company undertakes no obligation to update or revise any forward-looking statements after the date on which the statement is made, except as required by applicable laws, including the securities laws of Canada.

OUR BUSINESS

Biocure Technology Inc., formerly known as Gravis Energy Corp., (the "Company") was incorporated under the Business Corporation Act (British Columbia) on August 24, 2007. The Company is engaged in a mineral exploration property project through a limited partnership. The Company is also engaged in developing and commercializing several biopharmaceutical technologies relating to uses of recombinant and ranibizumab. The Company's head office is located at Suite 300, 1055 West Hastings Street, Vancouver, BC, Canada.

On November 24, 2017, the Company acquired 100% of the issued and outstanding common and preferred shares of BiocurePharm Corporation ("BP Korea"), in exchange for the common shares of the Company (the "Transaction").

BiocurePharm Corporation (the "Company" or "Biocure"), a private corporation, was incorporated on August 29, 2005 under the laws of the Republic of Korea. The Company was established to develop and commercialize several Biosimilars and biopharmaceutical technologies for production of biopharmaceuticals in Korea and oversea countries. The Company's registered and head office is located at S-202, Pai Chai University Daedeok Campus, 11-3 Techno 1-ro, Yuseong-gu, Daejeon, Republic of Korea.

Established in 2005, Biocure is a biopharmaceutical company focused on developing biosimilars based on Recombinant Protein Technology, Cell Culture Technology, Protein Purification Technology, and Bio- processing Technology. Biosimilar is defined in Wikipedia as follows: "A biosimilar (also known as follow-on biologic or subsequent entry biologic) is a biologic medical product which is almost an identical copy of an original product that is manufactured by a different company. Biosimilars are officially approved versions of original "innovator" products, and can be manufactured when the original patent expires."

Biocure has developed technology to produce three biosimilars such as Interferon-β, Ranibizumab and Filgrastim. Biocure is fully ready to proceed with preclinical and clinical tests for those three products whenever funds are available.

Even after the clinical test is done and products are approved, one of the biggest difficulties and risks to a biopharmaceutical company is gaining a commercial manufacturing facility. Currently, the Company has access to a third party Good Manufacturing Practice facility ("GMP facility") in Korea to minimize upfront capital requirements as well as investment risks for the commercialization of its products.

Korean government believes the biopharmaceutical industry will drive the nation's growth for the next generation. As a part of its initiatives, Korean government and Daejeon municipality government have invested 25 billion South Korean Wons ("KRW") in total, 12 billion for the Fermentation & Purification process and 13 billion for the Fill & Finish process, to build a GMP facility in 2011 to support venturous biopharmaceutical companies, who lack finances to materialize commercial productions. The GMP facility is equipped with complete lines of the Fermentation & Purification process and the Fill & Finish Packaging process.

The GMP facility has sufficient capacity to commercially manufacture and package biopharmaceuticals based on recombinant bacteria, Interferon-β, Ranibizumab, Filgrastim, and Recombinant growth factor. For example, Biocure could produce Interferon-β at this facility by 4.8 million vials per year. The world consumption of Interferon-β is estimated about 20 million vials a year, so the production from this facility could cover about 24% of world consumption.

Biocure has a right to use this GMP facility at any time on a long-term lease or on a fee basis. Since the GMP facility is a state-run non-profit organization, the terms and conditions are very favourable to Biocure.

The risks to produce and market biosimilars are time and cost until preclinical test, clinical test, product approval and registration process are complete. In order to mitigate these risks, Biocure is in discussion with parties in the countries, who are in serious need for biosimilars that Biocure has technology to produce. Those countries have many patients suffering from diseases that could be treated by Biocure's products, but original products from multinational pharmaceutical firms are too expensive for those patients to access due to the high pricing policy with a patent. Biosimilars could solve such problems and be available at much more affordable prices.

Biocure is offering one-stop solution to those countries, i.e. Collaboration on the implementation of preclinical and clinical test, technology transfer to produce biosimilar, GMP facility design & manufacturing equipment selection, entire quality control process for the final products and so on. By this scheme, Biocure could mitigate risks significantly to enter into new markets with its biosimilar technology. Working with local partners in those countries could significantly reduce financial and marketing risks. In addition, Biocure should be able to get a technology transfer fee as well as a license fee or royalty from the partners upon commercial production. Biocure is in discussion with parties in Turkey and Brazil at the moment to achieve the above-mentioned business model.

Biocure does not have a positive cash flow and should keep spending until the Company can obtain regulatory approval to start a commercial production. In order to generate a cash flow quickly, Biocure is in discussion with other Korean companies to produce and/or market their products.

Those third party products are described in the following section.

PRODUCT PORTFOLIO

1. Interferons- β

(Interferons (IFNs) are a group of signaling proteins made and released by host cells in response to the presence of several pathogens, such as viruses, bacteria, parasites, and also tumor cells. In a typical scenario, a virus-infected cell will release interferons causing nearby cells to heighten their anti-viral defenses. IFNs belong to the large class of proteins known as cytokines, molecules used for communication between cells to trigger the protective defenses of the immune system that help eradicate pathogens. Interferons are named for their ability to "interfere" with viral replication by protecting cells from virus infections. IFNs also have various other functions: activate immune cells, such as natural killer cells and macrophages; increase host defenses by up-regulating antigen presentation by virtue of increasing the expression of major histocompatibility complex (MHC) antigens. Certain symptoms of infections, such as fever, muscle pain and "flu-like symptoms", are also caused by the production of IFNs and other cytokines. More than twenty distinct IFN genes and proteins have been identified in animals, including humans. They are typically divided among three classes: Type I IFN, Type II IFN, and Type III IFN. IFNs belonging to all three classes are important for fighting viral infections and for the regulation of the immune system.

The IFN-β proteins are produced in recombinant bacteria and animal cell. They have antiviral activity that is involved mainly in innate immune response. Two types of IFN-β have been described, IFN-β1 (IFNB1) and IFN-β3 (IFNB3). IFN-β1 is used as a treatment for multiple sclerosis as it reduces the relapse rate. IFN-β1 is not an appropriate treatment for patients with progressive, non-relapsing forms of multiple sclerosis.

The originator of Interferon beta was Schering AG (Berlex in North America), now part of Bayer HealthCare, and the patent expired in 2010. Currently, EMD Serono Canada Inc., Bayer HealthCare, and Biogen are manufacturing Interferon beta.

The total world market size of multiple sclerosis is worth 24.8 billion USD by 2024 (Source:https://www.thepharmaletter.com/article/multiple-sclerosis-therapeutics-market-to-be-worth-24-8-billion-by-2024) and Interferon-β in 2015 was U$6.3 billion USD (Source:http://www.researchandmarkets.com /reports/2221752/interferon_market_forecast_to_2015.pdf).

Dr. Sang Mok Lee, the CEO of Biocure, completed a preclinical test for this product earlier in 2001 before he established Biocure, but he could not complete a clinical test due to a small number of patients in Korea at that time. Biocure completed another preclinical test in 2008, but again could not advance to a clinical test due to lack of funds.

Biocure has decided to proceed with a preclinical test again in Korea in the second half of this year, as Interferon-beta shall be the first one to be commercialized out of Biocure's product portfolio. As all preclinical data over the past is available, it is expected to be done with no delay. Since Korea does not have a sufficient number of patients for a clinical test, Biocure will submit the application to Korea FDA for the implementation of clinical test in other countries with more patients. Upon the consent from Korea FDA, Biocure plans to carry out a clinical test in Brazil or Turkey, after a preclinical test is done in Korea. The estimated cost of preclinical and clinical test would be KRW 2 Billion, but it can vary depending on the rules and regulation of authorities in each country. The cost estimation is under progress.

Once clinical test in another country is complete, Biocure shall be able to obtain a product registration from Korea FDA with such clinical test results. An approval from Korea FDA will allow Biocure to start commercial production in Korea and export to other countries. In order to market this product to other countries such as Brazil and Turkey, a similar product registration procedures should be taken with local authorities. However, it would be much quicker and easier with an approval from Korea FDA. Instead of a full scale of clinical test results, a Bridge Test or a Racial Difference Test could be acceptable to obtain a product registration.

Biocure plans to generate revenue by manufacturing Interferon-beta at the GMP facility in Korea and exporting to overseas where products are registered. The ultimate plan of Biocure is building a local GMP facility in those countries through the Joint Venture with reliable local partners who are willing to finance the construction of GMP Facility. Then, Biocure could secure a stable cash flow from technology transfer fees, royalties and dividends.

2. Ranibizumab

Ranibizumab is used for treating macular degeneration. It is also used to treat a type of eye problem known as macular edema. Ranibizumab (trade name Lucentis among others) is a monoclonal antibody fragment (Fab) created from the same parent mouse antibody as bevacizumab. It is an anti-angiogenic that has been approved to treat the "wet" type of age-related macular degeneration (AMD, also ARMD), a common form of age-related vision loss.

Its effectiveness is similar to that of bevacizumab. Its rates of side effects also appear similar. However, ranibizumab typically costs $2,000 a dose, while the equivalent dose of bevacizumab typically costs $50.

Ranibizumab was developed by Genentech and is marketed in the United States by Genentech and elsewhere by Novartis, under the brand name Lucentis, and the patent will expire in 2017. The total market size of Lucentis is estimated US$4.3billon in 2013.

Biocure has secured the technology of the product and expects a prototype product available within 2017. Biocure plan to start a preclinical test in both Korea and Turkey, depending on the availability of funds.

Biocure and Atabay, its local partner in Turkey entered into an agreement that Atabay will cover 100% of preclinical test in Turkey and 50% of clinical test in Korea and/or Turkey. In return, Atabay shall be granted an exclusive sales right to Turkey for 5 years, once Biocure obtain a product registration.

The number of patients who need Ranibizumab in Korea is on the rise and its annual growth rate is 38%, the world's highest. (*Source: Statistic Bureau,MIC;Ministry of Health, Labour and Welfare, United Nations*) The average market price is known to be US$ 1,200 per vial. (*Source:* https://www.drugs.com/price-guide/lucentis) Due to its high price, Medical Service Plan or National Health Insurance Program has a limit to cover the cost for the needed patients and very few patients receive benefits for this medicine.

When Biocure manufactures this product at the GMP facility in Korea, the expected selling price could be reduced to less than 50% of the current market price, if required. The price competitiveness of a biosimilar against the original product is generally very high. Since the Korean market for this product is growing fast, its commercial production in Korea could bring the Company good cash flows and a high chance to enter into the Turkey market.

3. *Filgrastim*

Filgrastim is used to treat neutropenia, a lack of certain white blood cells caused by cancer, bone marrow transplant, chemotherapy, or by other conditions. It is a type of anti-cancer treatment which plays an important role for recovery of immunity for cancer patients.

The original product developer was Amgen, USA and its patent expired in 2013. Therefore, many biosimilar producers exist throughout the world already.

With the completion of product development, Biocure can start preclinical tests at any time. But the Company is evaluating a right timing to start due to its priority against other products of the Company, considering of limited fund availability and financial constraints.

The Company plans to start a preclinical and clinical test in Korea first and collaborate with local parties in other countries such as Brazil, Turkey and the Middle East markets, whoever the Company could enter into an agreement with first.
The Korean market is estimated to be between KRW 30 billion and 40 billion in 2016, and imported biosimilars and domestic biosimilars are being sold in Korea.

When Biocure discusses about biosimilar technology transfer or GMP facility JV, Filgrastim is included in the target product portfolio for local manufacturing.

4. *CAR T Cell Therapy*

The Company through its wholly owned subsidiary BiocurePharm Corporation ("Biocure Korea") has entered into a joint R&D agreement with Pharos Vaccine Inc. dated November 30, 2017 for the purpose of carrying out research and development activities relating to the commercialization of anti-CD19 CAR-T (Chimeric Antigen Receptor T Cell) and for the pursuit of pre-clinical and clinical trials.

In August 2017, Novartis Pharmaceuticals Corp. was the first company to obtain FDA approval for gene immune-therapy in the United States with its product "Kymriah", which is for usage in treatment of pediatric and young adult patients with a form of acute lymphoblastic leukemia. Kymriah is a CAR T-cell therapy product. In October 2017, Gilead Sciences Inc. received FDA approval for its lymphoma product "Yescarta" another CAR T-cell therapy product used to treat adult patients with certain types of non-Hodgkin lymphoma.

The market for CAR-T Cell therapies is expected to grow steadily till 2028 by 53.9% of annual growth rate and reach U$8.3 Billion in value. (Source : Coherent Market Insight, CAR-T Cell Therapy Market, 2017. 2)

Chimeric Antigen Receptor modified T cell immunotherapy, so called, CAR T Cell Therapy, is one of the most competitive and advanced treatments for Acute Lymphoblastic Leukemia(ALL). Specific antigen receptor of CAR-T cell is made by use of virus vector after extracting T cell from patient bloods, and re-infuse to patient. Within the patient's body, the CAR-T cells have the potential to recognize the cancer cells and other cells expressing a specific antigen and attach to them, which may initiate direct cell death.

Relapsed and refractory acute lymphoblastic leukemia(ALL) remains to be a significant cause of cancer associated morbidity and mortality for children and adults. CAR-T cell therapy, as one of the most promising targeted immunotherapies, has drawn extensive attention and resulted in multiple applications. Biocure Korea have established pre-clinical and clinical designs of 2nd generation CAR-T cell immunotherapy in 2017: standard protocol for conditioning and infusion, better control of complications, and combination with other therapeutic options and etc. Pre-clinical study is planned start in February 2018 in Korea and Clinical study will start in the middle of 2018.

It is expected to help a lot leukemia patients. According to the NIH, more than 340,000 people in the U.S. suffered from leukemia in 2015. Global CAR-T Cell therapeutics market was $72 million in 2017. In the next 11 years(from 2017~2028), the annual growth rate will steadily increase to 53.9%. (Coherent Market Insights, CAR-T Cell therapy market(2017.2)) CAR-T Cell therapeutics is expected to generate huge revenue opportunities in commercial.

5. *Foot- and- mouth Disease (FMD) Vaccine*

Pharos Vaccine Inc. has succeeded in developing an advanced recombinant vaccine using E. coli instead of producing the vaccine through existing cell culture. Pharos Vaccine has the ability to manufacture customized vaccines that match foot-and-mouth disease virus types. It uses Escherichia coli for production and its production cost is much less than that of cell culture, therefore it would be able to produce the large quantities within a shorter period at much more affordable price.
Pharos Vaccine Inc. does not have sufficient resources to manufacture any products at commercial scale despite its own innovative technology. Pharos mainly focuses on research & development and does not have any marketing experience or resources in the international market. Therefore, Biocure and Pharos have agreed to cooperate to enter into overseas markets through Biocure's international business expertise and Biocure's accessibility to a GMP facility for biosimilars.

Pharos Vaccine Inc. has developed Foot- and- Mouth Disease (FMD) vaccine in 2015 and Biocure has a license agreement with Pharos to produce and market FMD vaccine to Korea and overseas, except China for 10 years. In 2016, Pharos completed a preclinical test in Korea and a clinical test is underway with the expectation to be finished by the end of August, 2017. Provided that Pharos could obtain an approval from Korea Ministry of Agriculture, Food

and Rural Affairs in the fourth quarter of this year, FMD vaccine could be marketed in Korea within 2018. Biocure plans to build a veterinary GMP facility in Korea through the partnership with Pharos and a financial investor.

The Korean Foot-and-Mouth Disease (FMD) vaccine market is worth about KRW60 billion a year. Merial, a UK based multinational pharmaceutical company, provides bulk vaccine to six local animal vaccine manufacturers in Korea. The six local manufacturers repack the vaccines under their own brands and ship them to the Korean Public Procurement Services.

The advantage of the Pharos Vaccine is that it can easily manufacture all different vaccines for the known seven virus types by changing epitopes. On the other hand, Merial's vaccines are effective in only three types of viruses, which means Merial's vaccines are not effective in the other four types of viruses. As Merial's products are through animal cell culture process, it would take Merial much longer to produce new vaccines for the other four type of virus.

Biocure will bear all costs and expenses after the transfer of technology. In other words, all the burdens that arise in the self-domain are the principle of the parties.

For overseas markets, Biocure has a manufacturing and marketing right to any countries in the world for 10 years except China where Pharos appointed another Chinese firm as a partner for the Chinese market. Biocure will be responsible for all costs and expenses for business after the transfer of Pharos's technology.

If Pharos completes a preclinical and clinical test in Korea, Biocure does not expect a same level of preclinical and clinical test would be required in other countries. Nevertheless, there is no assurance that other countries' regulatory authorities will waive a preclinical and clinical test with the data of product approval in Korea. The Company anticipates that the process shall be much simpler and shorter to register the product for sales in other countries.

Biocure is researching overseas markets such as Brazil, Colombia and Turkey where a number of livestock vulnerable to FMD such as beef, cattle, and pig are raised. Biocure should be able to export vaccines to those countries from the veterinary GMP plant in Korea upon the product registration in respective countries. Setting up a local plant could be an option, if the regional market is big enough.

6. Hair Growth Agent

Biocure has a technology to produce growth factors through Recombinant Protein Process. Growth factors were identified from stem-cell culture technology and have been well-known as a great effect on hair growth, skin revitalization, wrinkle removal, and wound healing. Special functional cosmetics using growth factor have already been popular by many cosmetic companies in the market, but products that are applied as hair growth stimulant have not been introduced yet.

This product is a functional hair growth solution originating from ADSC (adipocyte stem cells) and has been under development since 2012. The major components of this product are five types of growth factors such as IGF (Insulin-like Growth Factor), VeGF (Vascular endothelial Growth Factor), TGF (Transforming Growth Factor), EGF (Endothelial Growth Factor), and FGF (Fibroblast Growth Factor).

IGF is part of a complex system that cells use to communicate with their physiologic environment. VeGF is a signal protein produced by cells that stimulates vasculogenesis and angiogenesis. It is part of the system that restores the oxygen supply to tissues when blood circulation is inadequate such as in hypoxic conditions. TGFs are multifunctional cytokines that regulate cell proliferation, growth, differentiation and motility, as well as synthesis and deposition of the extracellular matrix.

EGF has a profound effect on the differentiation of specific cells in vivo and is a potent mitogenic factor for a variety of cultured cells of both ectodermal and mesodermal origin.

FGF involved in angiogenesis, wound healing, embryonic development and various endocrine signaling pathways. The FGFs are heparin-binding proteins and interactions with cell-surface-associated heparan sulfate proteoglycans have been shown to be essential for FGF signal transduction. FGFs are key players in the processes of proliferation and differentiation of wide variety of cells and tissues.

Five main growth factors have been developed in 2017.

Biocure has a plan to apply these Growth Factors to cosmetic products so that no clinical test would be required and it could be commercialized more quickly. Biocure is in discussion with a few cosmetic companies for a more concrete action plan.

CORPORATE UPDATES

On February 17, 2016, the Company raised KRW 2.5 billion through the issuance of 500,001 common shares at a price of KRW 5,000 per share to support business activities and prepare for steps to conduct preclinical and clinical tests.

In November 2016, the Company entered into an agreement with Pharos Vaccine Inc. which provides Biocure exclusive rights to construct factories for mass-production using the Pharos Vaccine Inc's manufacturing technology and promote and market the foot-and-mouth disease (FMD) vaccines to international markets except China.

During the year ended December 31, 2016, the Company has developed the five growth factors – IGF (Insulin-like Growth Factor), VeGF (Vascular endothelial Growth Factor), TGF β (Transforming Growth Factor), EGF (Endothelial Growth Factor), and FGF(Fibroblast Growth Factor) – using its own platform technology, gene manipulation technology. For EGF and TGF β, Biocure has developed for purification process. For IGF, VeGF,and FGF, the Company has completed purification process and production of raw materials.
During the year ended December 31, 2016, the Company conducted stability tests for Interferon β prior to preclinical tests for the second half of the year. The Company also completed the stability test for Filgrastim in June 2016 to move forward with the clinical test.

As at December 31, 2017, the Company has completed the constitution of production strain and it's been developing the cultivation system and purification process.

On March 21, 2017, the Company entered into a merger agreement (the "Merger Agreement") with Gravis Energy Corp. ("Gravis"), to merge with Gravis by way of Reverse Takeover ("RTO"). The merger is subject to approval by the Canadian Securities Exchange ("CSE") in accordance with applicable laws and regulations.

Under the agreement:

- In May 2017, the Company issued 275,000 common shares of its own equity at a share price of $9.70 (KRW 8,000) for gross proceeds of up to $2,667,872 (KRW 2,200,000,000);
- The Company will complete a consolidation of its outstanding common shares on a 6.033479 for 1 basis; and
- As consideration for acquiring 100% of the outstanding common shares of the Company, Gravis will issue 24 post-consolidated common shares for each common share to the shareholders of the Company.

On November 27, 2017, the Company completed the RTO.

On November 30, 2017, the Company's wholly owned subsidiary, BiocurePharm Corporation, entered into a joint R&D agreement (the "Agreement") with Pharos Vaccine Inc. ("Pharos") for the purpose of carrying out research and development activities relating to the commercialization of anti-CD19 CAR-T (Chimeric Antigen Receptor T Cell) and for the pursuit of pre-clinical and clinical trials.

Pursuant to the Agreement, Biocure Korea will fund all fees and expenditures throughout all stages until product registration and commercial sales license are obtained and is setting up a GMP (Good Manufacturing Practice) Facility to manufacture products and will perform worldwide marketing except in China. Pursuant to the Agreement, Pharos will provide a license for the use of its technology, prepare products for pre-clinical & clinical trial and address all technology-related activities until product registration and conditional commercial sales license are obtained.

Additionally, Biocure Korea shall pay to Pharos Technology License Fees in the aggregate amount of 3.8 billion Korean won, of which 500 million Korean won shall be paid in five equal installments over the first year of the

Agreement, 300 million Korean won will be paid once the application for phase 1 clinical trials are approved, 1 billion Korean won will be paid once the phase 1 clinical trials are completed and the final 2 billion Korean won will be paid once the phase 2 clinical trials are completed. Biocure Korea will also pay certain sales linked technical fees from sales of the product developed.

Any technical achievements or outcomes completed under the Agreement shall belong to both parties as joint intellectual property and cannot be sold or transferred to the third party without consent of the other party. If there is any profit generated from such intellectual property, it shall be equally shared by both parties, subject to the sales linked technical fees.

Pursuant to the Agreement, Biocure Korea is obligated to set up GMP Facilities in the second half of 2018 to manufacture Pharos' Lentivirus which is a lentivirus vector for manufacturing anti-CD19 CAR-T-cell. It is a non-replicative viral vector of high-efficiency gene that has been independently researched and developed by Pharos. The facility is to be transferred to Pharos at its requires subject to negotiations regarding the value of such facility.

The Agreement has a 15 year term. Each of Biocure Korea and Pharos have been selected by the Ministry of Health and Welfare in Korea as a Project for CIDD (Consulting for Innovative Drug Development) Program by which the companies could receive financial aids and government policy supports from Korean Government in developing innovative drugs such as CAR T Cell.

Key Management Change

Subsequent to the date of this MD&A, Mr. Konstatin Lichtenwald has been appointed as a director and as Chief Financial Officer of Biocure Technology Inc., replacing Collin Kim who will remain as a director. Ms. Julie Hajduk has resigned as director as of the same date. Marco Nonni has been appointed as a member of the board of directors, replacing Anna Dalaire who resigned from the board.

Equity

During the year ended December 31, 2017, common shares were issued as follows:

a) On May 12, 2017, concurrent with the Transaction, the Company issued 5,100,000 common shares of the Company at a price of $0.4054 (KRW 333.33) per share for proceeds of $2,067,264.

b) On May 24, 2017, the Company issued 3,790,680 common shares as consideration of the success fee in connection with a service agreement with the fair value of $904,862.

c) On May 26, 2017, the Company issued 1,500,000 common shares at a price of $0.4004 (KRW 333.33) per share for proceeds of $600,598.

During the year ended December 31, 2016, the following transactions occurred in connection with the share capital of the Company:

a) On February 15, 2016, the Company issued 12,000,024 common shares of the Company at a price of $0.2388 (KRW 208) per share for proceeds of $2,865,000.

b) On August 9, 2016, the Company converted 2,400,000 preferred shares of the Company into 2,400,000 common shares of the Company. The Company recorded a transfer of $500,410 to share capital from preferred share liabilities.

c) On November 11, 2016, in connection with the Transaction, the Company was committed to issue 3,790,680 common shares to an agent as consideration for broker services. As at December 31, 2016, the shares were yet to be issued. Listing fees of $904,862 was recorded, being the estimated fair value of the shares at the time the milestone was achieved. During the year ended December 31, 2017, 3,790,680 common shares were issued.

Loans

Loans Receivable

The Company entered into four loan agreements to lend a total of $63,578 (KRW 54,000,000) to a director of the Company. The loans receivable are unsecured and due on October 17, 2017, February 17, 2018, December 1, 2018 and April 16, 2019 respectively. The loans bear interest of 1.20% per annum. As at December 31, 2017, the principal balances of $63,578 (2016 - $39,172) remains outstanding.

Loans Payable

The following table summarizes the principal and interest amount in loans payable:

	December 31, 2017	December 31, 2016
Loans payable, unsecured:		
Non-interest bearing, unsecured and due on demand	$ 47,000	$ -
Interest at 5% per annum, matured on October 31, 2009	230,214	208,204
Interest at 10% per annum, matured on May 31, 2009	188,301	162,189
Total	**$ 465,515**	**$ 370,393**

As of the date of approval of these financial statements, the unpaid loans are past due.

During the year ended December 31, 2017, the Company recorded interest expenses of $28,458 (2016 - $30,890).

Subsequent Events

On March 1, 2018, the Company granted to the CFO of the Company options to acquire 125,000 common shares at a price of $1.02 per share for a period of 2 years. Out of the stock options granted, 25,000 vested immediately with the remaining vesting on March 1, 2019.

On April 2, 2018, the Company granted to a director of the Company options to acquire 125,000 common shares at a price of $1.09 per share for a period of 2 years. Out of the stock options granted, 25,000 vested immediately with the remaining vesting on April 1, 2019.

On April 11, 2018, the Company granted to the directors, employees, officers, and consultants options to acquire 4,150,000 common shares at a price of $0.69 per share for a period of 2 years.

Subsequent to December 31, 2017, the Company issued 2,110,000 common shares for exercise of stock options for aggregate proceeds of $844,000.

OVERALL PERFORMANCE

Since its inception in August 2005, Biocure has accumulated a deficit of $13,420,965 as at December 31, 2017 (2016: $8,643,464). While the Company generated minimal revenue during the year ended December 31, 2017 and 2016, the Company expects to start generating revenue from its commercial platform in early 2018, but near term profitability is not expected. Biocure expects its operating losses to continue in the next fiscal year as it builds its commercial platform and invests in its product development, with primary focus for the next two years on Biopharmaceutical Production project and FMD production project.

The Company has funded its operations with proceeds from loans payable, equity financings, and expects to seek additional funding through equity financings to finance its product development, and corporate growth. However, if Biocure's product development and commercial activities do not show positive progress, or if capital market conditions in general or with respect to the life sciences sector or development stage companies such as Biocure are unfavorable, its ability to obtain additional funding will be adversely affected.

SELECTED ANNUAL FINANCIAL INFORMATION

The following table provides selected audited financial information for the year ended December 31, 2017 ('Fiscal 2017'), and the comparable fiscal year ended December 31, 2016 ('Fiscal 2016'), and 2015 ('Fiscal 2015'). The selected financial information set out below has been derived from the Annual Audited Financial Statements and accompanying notes, in each case prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of Financial Reporting Interpretations Committee ("IFRIC"). The selected financial information set out below may not be indicative of the Company's future performance. The following discussion should be read in conjunction with the Annual Financial Statements.

Functional and presentation currency

The consolidated financial statements of the Company are presented in Canadian dollars.

The individual financial statements of each entity of the Company are presented in the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The functional currency of the subsidiary is South Korea won.

(in Canadian dollars, unless noted otherwise)

	2017	2016	2015
REVENUE	$ -	$ 5,716	$ -
EXPENSES			
Amortization	28,502	11,712	3,568
General and administrative	33,712	29,293	10,483
Interest	28,458	30,890	53,476
Management fees	9,500	-	-
Motor vehicle expenses	28,561	20,551	18,047
Payroll	736,182	308,782	232,406
Professional fees	13,969	99,901	106,860
Rent	31,636	32,235	19,235
Research and development	301,446	317,596	450,376
Royalty expense	1,035	-	-
Supplies	32,729	28,293	10,492
Travel and entertainment	183,699	128,964	89,933
Utilities	4,041	3,179	8,782
	(1,433,470)	(1,013,686)	(1,003,658)
OTHER INCOME (EXPENSES)			
Donations	-	2,290	-
Foreign exchange gain (loss)	(3,151)	(991)	1,974
Gain on disposition of investments	-	218	-
Gain on forgiveness of loan interest	-	4,701	-
Interest income	16,425	10,071	52
Listing fees	(3,389,367)	(1,048,511)	-
Gain (loss) on preferred shares liabilities	(25,760)	24,771	(206,747)
Recovery on sale of equipment	-	-	924
Unrealized loss on investments	-	-	(130)
	(3,344,031)	(1,009,741)	(203,927)
LOSS FOR THE YEAR	(4,777,501)	(2,017,711)	(1,207,585)

OTHER COMPREHENSIVE INCOME (LOSS)			
Foreign currency translation	(132,667)	54,860	(275,816)
COMPREHENSIVE LOSS FOR THE YEAR	$ (4,910,168)	$ (1,962,851)	$ (1,483,401)

Revenue

Revenue during the year ended December 31, 2017 and 2016 was $Nil and $5,716 respectively. Revenue decreased in 2017 from 2016 as the Company received a grant from Daejeon Techno Park Foundation for conducting research in 2016.

Expenses

Expenses for the year ended December 31, 2017, 2016 and 2015 was $1,433,470, $1,013,686 and $1,003,658 respectively. The increase of 41% from 2016 to 2017 and 1% from 2015 to 2016 was primarily due to:

- General and administrative: $31,049 (2016: $29,293) (2015: $10,483) - expenses reflect increase due to increased office-related activities and including the expenses of its subsidiaries.

- Payroll: $736,182 (2016: $308,782) (2015: $232,406) - expenses reflect increase from 2015 to 2017 due to additions of new employees and severance liability for termination of employees.

- Professional fees: $13,969 (2016: $99,901) (2015: $106,860) - expenses reflect decrease from 2015 to 2017 due to costs from a two year audit plus translation services in 2015, and costs from a one year audit plus translation services and pro-forma in 2016 and 2017.

- Research and development: $301,446 (2016: $317,596) (2015: $450,376) - expenses decreased from 2016 to 2017 due to a portion of research and development expense prepaid for research and development efforts towards clinical trials over the two years.

- Supplies: $32,729 (2016: $28,293) (2015: $10,492) - expenses reflect increase from 2015 to 2017 due to increasing activities of the Company.

- Travel and entertainment: $183,699 (2016: $128,964) (2015: $89,933) - the Company's entertainment increased every year as more business trips were taken to set up collaborations with third parties. Such trips were typically focused on the Middle East for research purposes and Canada for the purposes of the pending RTO with Gravis.

- Listing service fees: $3,389,367 (2016: $Nil) (2015: $Nil) - expenses reflect increase from 2015 to 2017 due to listing fees incurred in connection to the reverse takeover transactions during the year 2017.

Other comprehensive income (loss)

Other comprehensive income (loss) for the year ended December 31, 2017, 2016 and 2015 was loss of $132,667, income of $54,860 and loss of $275,816 respectively. The change in the income (loss) was due to conversion of preferred shares to common shares and changes in the fair value of preferred share liabilities during 2017.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table sets forth selected financial information for the three months ended December 31, 2017 and comparable three months ended December 31, 2016. The selected financial information set out below has been derived from the Interim Financial Statements and accompanying notes, in each case prepared in accordance with IFRS. The selected financial information set out below may not be indicative of the Company's future performance. The following discussion should be read in conjunction with the Interim Financial Statements.

(in Canadian dollars, unless noted otherwise)

	Three months ended December 31,	
	2017	**2016**
REVENUE	$ (8,050)	$ 32
EXPENSES		
Amortization	5,250	4,814
Filing fees	2,663	-
General and administrative (recovery)	11,753	(1,145)
Interest	7,721	8,636
Management fees	9,500	-
Motor vehicle expenses	18,313	17,072
Payroll	417,052	(87,849)
Professional fees recovery	(141,748)	(634)
Rent	1,080	5,162
Research and development	(118,847)	251,372
Royalty expense	1,035	-
Supplies (recovery)	6,875	(851)
Travel and entertainment	55,349	41,464
Utilities recovery	(5,598)	(4,786)
	(270,398)	(233,235)
OTHER INCOME (EXPENSES)		
Donations	-	12
Foreign exchange gain	(3,039)	(1,977)
Gain on disposal of investments	-	1
Gain on forgiveness of loan interest	-	4,701
Interest income	27,060	2,873
Loss on preferred shares liabilities	(306,754)	(13,444)
Unrealized loss on investment	-	730
Listing fees	(3,493,609)	(1,048,511)
	(3,770,264)	(1,055,627)
LOSS FOR THE PERIOD	(4,040,662)	(1,288,862)
OTHER COMPREHENSIVE INCOME		
Foreign currency translation	66,299	7,961
COMPREHENSIVE LOSS FOR THE PERIOD	$ (3,974,363)	$ (1,280,901)

For the three months ended December 31, 2017

Revenue

Revenue during the three months ended December 31, 2017 and 2016 was ($8,050) and $32, respectively. Revenue decreased by 25,256% in 2017 from 2016 as the Company received a grant from Daejeon Techno Park Foundation for conducting research in 2016.

Expenses

Expenses for the three months ended December 31, 2017 and 2016 were $270,398 and $235,545 respectively. The increase of 15% is primarily due to the increase in filing fees and management fees.

Other comprehensive income

Other comprehensive income for the three months ended December 31, 2017 and 2016 was $66,299 and ($7,961) respectively. The loss was decreased due to change in the fair value of preferred share liabilities and listing fees.

QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected unaudited financial date for each of the last eight fiscal quarters, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of Financial Reporting Interpretations Committee ("IFRIC"):

	Quarter Ended			
	December 31, 2017	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**
	("Q4 2017")	**("Q3 2017")**	**("Q2 2017")**	**("Q1 2017")**
	$	**$**	**$**	**$**
Revenue	(8,050)	-	-	8,050
Operating Expenses	270,398	468,132	383,374	311,566
Other Income (Loss)	(3,770,267)	8,825	(440,586)	5,528
Net loss for the period	(4,040,662)	(459,307)	(823,961)	(297,987)
Common Shares	93,387,621	83,476,704	85,767,384	73,086,024
Basic and diluted loss per common share	(0.00)	(0.01)	(0.01)	(0.00)

	Quarter Ended			
	December 31, 2016	**September 30, 2016**	**June 30, 2016**	**March 31, 2016**
	("Q4 2016")	**("Q3 2016")**	**("Q2 2016")**	**("Q1 2016")**
	$	**$**	**$**	**$**
Revenue	32	72	(104)	5,716
Operating Expenses	235,545	307,312	211,385	259,444
Other Income (Loss)	(1,053,349)	(137,794)	116,341	65,061
Net loss for the period	(1,288,862)	(445,034)	(95,148)	(188,667)
Common Shares	73,086,000	73,086,024	70,686,024	70,686,000
Basic and diluted loss per common share	(0.01)	(0.00)	(0.00)	(0.00)

LIQUIDITY AND CAPITAL RESOURCES

The continuing operations of the Company are dependent upon its ability to raise additional capital during the next twelve months and beyond to support current operations and planned development. As at December 31, 2017, the Company has not earned significant revenue and has an accumulated deficit of $13,420,965 (2016: $8,643,464). In order to reach sustainable business operations, they will continue to seek additional sources of financing.

The Company's cash balance as of December 31, 2017 was $1,083,347 compared to $858,686 as of December 31, 2016. As of December 31, 2017, the Company had current assets of $3,329,692, current liabilities of $997,977, and a working capital excess of $2,331,715 compared to a working capital excess of $203,464 as of December 31, 2016. The increase in working capital is primarily due to proceeds received from private placements during the year.

Operating Activities

During the year ended December 31, 2017 and 2016, the Company's activities generated decreases in liquidities of $1,877,918 and $1,302,213, respectively. The increase in cash flows used in operating activities for the year ended December 31, 2017 is mainly attributable to the increase in loss from operating activities after adjustments for non-cash items offset by the changes in non-cash working capital items. The change arose primarily from an increase in inventory of $29,846, increase in prepaid expenses by $146,423, and increase in receivables of $30,645. The increase in cash flows during the year ended December 31, 2016 were due to a collection of receivables of $3,284, increase in prepaid expenses by $8,727 and repayments of accounts payable of $235,346.

Investing Activities

During the year ended December 31, 2017 and 2016, the Company's investing activities generated a decrease in liquidities of $430,940 and $86,549, respectively. These variations are due to the purchase of equipment and intangible assets and issuance of loan receivable during the year.

Financing Activities

During the year ended December 31, 2017 and 2016, the Company's financing activities generated an increase in cash liquidities of $2,514,356 and $2,61,799, respectively. The increase in liquidities generated from financing activities during the year ended December 31, 2017, are due to a deposit from private placement proceeds of $2,528,991, repayment of loans of $19,000 and repayment of advances from related party of $4,365. The increase in liquidities during the year ended December 31, 2016 were due to a repayment of a related party advance of $217,341, a deposit from private placement proceeds of $2,865,000 and loan repayments of $351,505.

OFF-BALANCE SHEET ARRANGEMENTS

The Company do not have any off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as "special purpose entities".

RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and the Chief Executive Officer ("CEO"). The remuneration of directors and key management personnel were as follows:

	Years ended December 31,	
	2017	**2016**
Salaries – CEO	$ 112,118	$ 99,281
Salaries – Directors of the Company	58,202	48,248
Total	$ 170,320	$ 147,529

Due to related parties

		2017		2016
CEO	$	-	$	5,652
Total	$	-	$	5,652

The outstanding amounts are non-interest bearing, unsecured and due on demand.

Issuance of common shares
During the year ended December 31, 2016, the Company issued 6,000,000 common shares at $0.2388 (KRW 208) per share for proceeds of $1,432,500 to the CEO of the Company, as part of the private placement on February 15, 2016.

Conversion of preferred shares
During the year ended December 31, 2016, the CEO of the Company converted 2,400,000 preferred shares to 2,400,000 common shares of the Company. The Company recorded a $500,410 transfer from preferred share liabilities to share capital.

Loan receivable from related party
As of December 31, 2017, the Company has a loan of $63,577 (KRW 54,000,000) (2016 - $39,172) receivable from a director of the Company.

PROPOSED TRANSACTIONS

The Company continues to engage in discussions with several financing groups and intends to provide a market update when the Company's management and board make a decision to proceed with any such financing.

SIGNIFICANT ACCOUNTING ESTIMATES

Significant Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of investments in KWULP and KWUC, useful lives of equipment, recoverability of receivables, fair value measurement and the timing of future cash flows of financial instruments, and the measurement of deferred tax assets and liabilities.

Significant Judgements

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's accounting policies in these financial statements were:

- Evaluating whether or not costs incurred by the Company in developing its pharmaceutical products meet the criteria for capitalization to intangible assets. Management determined that as at December 31, 2017, it was not yet able to demonstrate with sufficient certainty that future economic benefits will flow to the Company. Accordingly, all research and development costs incurred to date have been expensed.

Other significant judgments in applying the Company's accounting policies relate to the assessment of the Company's ability to continue as a going concern, the classification of its financial instruments and the classification of leases as either operating or finance type leases.

NEW ACCOUNTING STANDARDS NOT YET ADOPTED

Accounting standards issued but not yet applied

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Overall, the Company does not expect the implementation of IFRS 9 to have a significant impact on its financial assets. The Company continues to assess the impact of the disclosure requirements under IFRS on the Company's consolidated financial statements.

New standard IFRS 15 "Revenue from Contracts with Customers"

This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Overall, the Company does not expect the implementation of IFRS 15 to have a significant impact on its revenue. The Company continues to assess the impact of the disclosure requirements under IFRS on the Company's consolidated financial statements.

New standard IFRS 16 "Leases"

This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. Overall, the Company does not expect the implementation of IFRS 17 to have a significant impact on statements of financial position. The Company continues to assess the impact of the disclosure requirements under IFRS on the Company's consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

FINANCIAL INSTRUMENTS AND RISKS

Classification of financial instruments
Financial assets included in the statement of financial position are as follows:

	December 31, 2017	December 31, 2016
Fair value through profit or loss		
Investments	$ 1,970,543	$ -
Loans and receivables:		
Loans receivable	63,577	39,172
	$ 2,106,112	$ 39,172

Financial liabilities included in the statement of financial position are as follows:

	December 31, 2017	December 31, 2016
Fair value through profit or loss:		
Preferred share liabilities	$ -	$ 647,828
Non-derivative financial liabilities:		
Accounts payable	206,587	61,674
Due to related parties	-	5,652
Loans payable	465,515	370,393
	$ 540,160	$ 1,085,547

Fair value

The Company has applied a three-level hierarchy to reflect the significance of the inputs used in making fair value measurements. The three levels of fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, neither directly or indirectly; and
- Level 3 – Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments consist of cash, loan receivable, accounts payable, due to related party, preferred share liabilities and loans payable. The fair value of these financial instruments, other than cash and preferred share liabilities, approximates their carrying values due to the short-term nature of these instruments. Cash is measured at fair value using level 1 inputs.

Financial liabilities measured at fair value consisted of preferred share liabilities, which is measured using level 3 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate and liquidity risk.

a) Credit risk

Credit risk is risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Korean financial institutions and is not exposed to significant credit risk.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

d) Foreign currency risk

The Company's functional currency is the South Korean Won and major transactions are in South Korean Wons. As of December 31, 2017, the Company had $85,263 (2016: $31,000) in financial liabilities denominated in Canadian Dollars. The remaining values in financial assets and financial liabilities are denominated in South Korean Wons. Management believes that the foreign exchange risk related to currency conversion is minimal and therefore does not hedge its foreign exchange risk.

e) Capital Management

The Company defines capital that it manages as its shareholders' equity. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach to capital management during the year ended December 31, 2017.

RISKS AND UNCERTAINTIES

Possible Failure to Realize Anticipated Benefits of the Arrangement

Biocure has completed a "going public" transaction by way of a reverse take-over to better position itself in the industrial stage of the biopharmaceutical industry and to create opportunities to realize certain benefits such as commercialization of the biopharmaceutical industry, increased liquidity, greater access to capital markets, and increased ability to pursue acquisition opportunities. Biocure has a long-term objective to expand its business to overseas markets such as South America, Middle East, North Africa, and Asia. The reverse takeover transaction could provide Biocure with a platform to achieve such a goal. There can be no assurance that after the RTO transaction, Biocure will be able to realize the anticipated growth opportunities and synergies required to achieve the anticipated benefits.

Biopharmaceutics Public Market Risks

Prospects for companies in the biopharmaceutical industry generally may be regarded as uncertain given the nature of the industry and, investments in biopharmaceutical companies should be regarded as speculative. Biopharmaceutical research and development involves a significant degree of risk. However, main products of Biocure are biosimilar, which are known and proven products by multinational pharmaceutical companies. Biocure has been developing a few biosimilar products from the patents of which were expired or about to expire in the near future. Therefore, the risks involved in such biosimilar products are relatively lower than that of so called, new biopharmaceuticals.

Nevertheless, an investor should carefully consider the risks and uncertainties described below. The risks and uncertainties described below are not an exhaustive list. Additional risks and uncertainties not presently known to Biocure or that Biocure believes to be immaterial may also adversely affect Biocure's business. If any one or more of the following risks occur, Biocure's business, financial condition, and results of operations could be seriously harmed. Further, if Biocure fails to meet the expectations of the public market in any given period, the market price of Biocure shares could decline.

Commercialization Uncertainties

To launch biosimilar products of Biocure to the market, additional investment in development, product validation, manufacturing, production scale-up, pre-clinical & clinical testing, and regulatory submissions of such products is required prior to commercialization. There can be no assurance that any such products will be commercialized in the time as planned.

Additional Financing Requirements and Access to Capital

Biocure will require substantial additional funds for further research and development, planned clinical testing, regulatory approvals, establishment of manufacturing capabilities and, if necessary, and the marketing and sale of its products. Biocure may attempt to raise additional funds for these purposes through public or private equity, debt financing, collaborations with other biopharmaceutical companies, and/or from other sources. There can be no assurance that additional funding or partnership will be available on terms acceptable to Biocure and which would foster successful commercialization of Biocure products.

Government Regulations

Biopharmaceutical companies operate in a high-risk regulatory environment. Biopharmaceutical products are governed by numerous statutes and regulations in Korea and other countries where Biocure intends to market its products. The subject matter of such legislation includes approval of manufacturing facilities, controlled research and testing procedures, review and approval of manufacturing, preclinical and clinical data prior to marketing approval, as well as regulation of marketing activities. The process of completing clinical testing and obtaining required approvals for biosimilar products is likely to take about a year and require the expenditure of moderate resources. There can be no assurance that the regulators will not require modification to any submissions that may result in delays to obtain regulatory approvals. Any delay to obtain regulatory approvals could adversely affect the ability of Biocure to utilize its technology, thereby adversely affecting operations. There is no assurance that Biocure will be able to timely and profitably produce its products while complying with all the applicable regulatory requirements.

Patents and Proprietary Technology

The biosimilar products that Biocure is currently pursuing do not have patent and proprietary issues in general due to the fact that Biosimilar implies they are free from existing patents already. At the same time, Biosimilar technology is not protected by patents or proprietary rights.

Original patent holders could extend the period of the patent in specific countries that Biocure is planning to enter into. There is no assurance that Biocure products do not face any conflicts in patent and proprietary rights.

Dependence on Collaborative Partners and Others

Biocure activities will require it to enter into various arrangements with corporations, academic collaborators and others for research, development, clinical testing, manufacturing, marketing, and commercialization of its products. Biocure intends to attract corporate partners and enter into additional research collaborations. There can be no assurance, however, that Biocure will be able to establish such additional collaborations on favorable terms, if at all, or that its current or future collaborations will be successful. Failure to attract commercial partners for its products may result in Biocure incurring substantial clinical testing, manufacturing, and commercialization costs prior to realizing any revenue from product sales or result in delays or program discontinuance if funds are not available in sufficient quantities.

If any collaborative partner in oversea countries where Biocure plans to implement pre-clinical and clinical testing program for biosimilar fails to meet its timeline, or local regulations and procedures, Biocure's business may be adversely affected. Failure of a collaborative partner to participate in preclinical and clinical testing program could delay the commercialization of products related to such programs.

In addition, there can be no assurance that the collaborative partners will not pursue other alternative products either alone or in collaboration with others, including Biocure's competitors.

Rapid Technological Change

The biopharmaceutical industries are characterized by rapid and substantial technological change. There can be no assurance that developments by others will not render Biocure's proposed products or technologies non-competitive, or that Biocure will keep pace with technological developments. Competitors have developed or are developing technologies that could be the basis for competitive products. Some of these products have an entirely different approach, compared with products to be developed by Biocure and could be more effective and less costly than the products to be developed by Biocure. In addition, alternative forms of medical treatment may compete with Biocure's products.

Competition

Technological competition from biopharmaceutical companies is intense and is expected to increase. Potential competitors of Biocure may have more product development, financial, scientific, marketing, and human resources capabilities exceeding those of Biocure. Competitors may develop products before Biocure obtain regulatory approval for such products more rapidly than Biocure, or develop products which are more effective than those that Biocure intends to develop. Research and development by others may render Biocure's proposed technology or products obsolete or non-competitive.

Potential Product Liability

Pharmaceutical products involve an inherent risk of product liability claims and associated adverse publicity. Product liability insurance is costly, availability is limited, and may not be available on terms that would be acceptable to Biocure, if at all. A product liability claim brought against Biocure could have a material adverse effect upon Biocure and its financial condition.

Reliance on Key Personnel

Biocure is dependent on certain members of its management and scientific staff, as well as consultants and contractors, the loss of services of one or more of whom could adversely affect Biocure. In addition, Biocure's ability to manage growth effectively will require it to continue to implement and improve its management systems and to recruit and train new employees. There can be no assurance that Biocure will be able to successfully attract and retain skilled and experienced personnel.

Lack of Product Revenues and History of Losses

To date, Biocure has not recorded any revenues from the sale of biopharmaceutical products. Biocure expects to incur additional losses during the periods of research and development, clinical testing, and application for regulatory approval of its products. Biocure expects to incur losses until payments from corporate collaborations, product sales and/or royalty payments generate sufficient revenues to fund its continuing operations.

Volatility of Share Price, Absence of Dividends and Fluctuation of Operating Results

Market prices for the securities of biopharmaceutical companies, including Biocure, have historically been highly volatile. Factors such as fluctuation of Biocure's operating results, announcements of technological innovations, patents or new commercial products by Biocure or competitors, results of clinical testing, regulatory actions, or public concern over the safety of biopharmaceutical products, and other factors could have a significant effect on the share price or trading volumes for the common shares. Biocure shares, if traded publically, may be subject to significant price and volume fluctuations and may continue to be subject to significant price and volume fluctuations in the future. Biocure has not paid dividends to date and does not expect to pay dividends in the foreseeable future.

Conflict of Interest

Certain directors and senior officers of Biocure may, from time to time, be employed by or affiliated with organizations that have entered into agreements with Biocure. As disputes may arise between these organizations and Biocure, or certain organizations may undertake or have undertaken research with competitors of Biocure, there exists the

possibility for such persons to be in a position of conflict. Any decision or recommendation made by these persons involving Biocure will be made in accordance with his or her duties and obligations to deal fairly and in good faith with Biocure and such other organizations. In addition, as applicable, such directors and officers will refrain from voting on any matter in which they have a conflict of interest.

No Key Man Insurance

The Company does not currently have key man insurance in place in respect of any of its senior officers or personnel.

OUTSTANDING SHARE DATA

The Company has authorized an unlimited number of common shares with par value of $0.54 (KRW 500) per share. As of the date of this MD&A, there were **93,387,621** common shares issued and outstanding.

The Company is authorized to issue an unlimited number of the preferred shares with par value of $0.54 (KRW 500) per share. The preferred shares entitle each holder a voting right and the preference on the dividends and the distribution of assets over the holder of common shares. The preferred shares are cumulative, redeemable, and convertible. As of the date of this MD&A, the Company had Nil preferred shares issued and outstanding

As of the date of this MD&A, there are 1,890,000 warrants issued and outstanding.

As of the date of this MD&A, there are 4,400,000 stock options issued and outstanding.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

During the year ended December 31, 2016, the Company agreed to participate in a joint research project until August 9, 2019, where it is to pay an annual participation fee of $18,589 (KRW 17,080,000).

Year		Commitment
2018	$	19,479
2019		11,421
Total	$	30,900

CLAIMS AND LAWSUITS

None.

CONTINGENT LIABILITY

None.

ADDITIONAL INFORMATION

The Company files annual and other reports and other information with Canadian securities regulatory authorities. The documents are available to the public at http://www.sedar.com.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.