**BIOMMUNE TECHNOLOGIES INC. (formerly MC PARTNERS INC.)**
**Suite 300 – 576 Seymour Street, Vancouver, BC, Canada**

**Form 51-102F1**

# Management's Discussion & Analysis of Financial Condition and Results of Operations for the Financial Three and Nine Months Ended August 31, 2013

**Date: October 25, 2013**

## Management's Discussion and Analysis

The following management discussion and analysis (MD&A) of the financial information of bioMmune Technologies Inc. (formerly MC Partners Inc.) (the "Company") and results of operations should be read in conjunction with the unaudited condensed consolidated interim financial statements and accompanying notes for the three and nine months ended August 31, 2013 and the audited financial statements and accompanying notes for the year ended November 30, 2012. The audited financial statements and the unaudited condensed consolidated interim financial statements, together with the following MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to future performance. The unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and include the operating results of the Company.

This MD&A was reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on October 25, 2013. The information contained within this MD&A is current to October 25, 2013.

The Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian Dollars unless noted otherwise.

## Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These forward-looking statements can generally be identified as such because of the context of the statements, including such words as "believes", "anticipates", "expects", "plans", "may", "estimates", or words of a similar nature. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from anticipated future results and/or achievements expressed or implied by such forward-looking statements, which speak only as of the date the statements were made. Readers are therefore advised to consider the risks associated with any such forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth herein.

## Overview

The Company was incorporated on January 28, 2011 pursuant to the *Business Corporations Act*, British Columbia, under the name MC Partners Inc. as a capital pool company as defined by Policy 2.4 (the "CPC Policy") of the TSX Venture Exchange (the "Exchange"). On May 24, 2013, the Company acquired all of the issued and outstanding shares of bioMmune Advanced Technologies Inc. (formerly bioMmune Technologies Inc.) ("BAT"), a private company formed to commercially exploit a number of patents and patent applications that surround three technologies. The acquisition constituted the Company's Qualifying Transaction pursuant to the CPC Policy of the Exchange. On May 22, 2013, the Company changed its name to bioMmune Technologies Inc. and BAT changed its name to bioMmune Advanced Technologies Inc. The Company is a Tier 2 Research and Development Issuer engaged in the research and development of products for the treatment of cancers, and for improvement of the immune system, trading on the Exchange under the trading symbol "IMU".

Additional information relating to the Company can be found on the SEDAR website at www.sedar.com.

## Overall Performance

Exercise of Stock Options

On October 22, 2013, 175,000 stock options were exercised at a price of $0.10 per common share. Following the exercise of the stock options, the Company has 1,825,000 stock options outstanding and 22,950,000 common shares issued and outstanding.

On October 17, 2013, 175,000 stock options were exercised at a price of $0.10 per common share. Following the exercise of the stock options, the Company has 2,000,000 stock options outstanding.

Appointment and Grant of Stock Options

On September 24, 2013, the Company appointed Dr. Karoly Nikolich to its Board of Directors. Mr. Nikolich received 150,000 incentive stock options, exercisable at $0.20 for 5 years from the date of grant, subject to the approval of the TSX Venture Exchange.

Asset Acquisition

On May 24, 2013, the Company acquired all of the issued and outstanding common shares of BAT in exchange for 5,600,000 common shares of the Company, at a deemed price of $0.15 per share. The cost of the Acquisition is based on the fair value of the consideration given.

As BAT was not considered to be an acquired business under accounting guidance, the Acquisition was accounted for as an asset acquisition. The purchase consideration is $840,000 and the purchase price allocation relating to the Acquisition has been accounted for as follows:

| | | |
|---|---|---|
| Cash | $ | 10,544 |
| Accounts receivable | | 349 |
| Prepaid expenses | | 994 |
| Intangible assets | | 872,516 |
| Accounts payable and accrued liabilities | | (44,403) |
| Net asset value of BAT | $ | 840,000 |

The difference between the purchase consideration and the fair values of BAT's net assets as at May 24, 2013 has been assigned to intangible assets ($854,827). Accordingly, the $854,827 was added to BAT's intangible assets carrying value of $17,689 as at May 24, 2013, for a total of $872,516 as above.

Non-Brokered Private Placement

Concurrent with the Acquisition, the Company completed a non-brokered private placement of 10,000,000 units at a price of $0.15 per unit for gross proceeds of $1,500,000 (the "Financing"). Share issuance costs totalled $107,238 for net proceeds of $1,392,762. Each unit consisted of one share and one transferable share purchase warrant of the Company (the "Warrant"). Each Warrant entitles the holder to purchase one additional share in the Company at a price of $0.25 for a period of 12 months from the completion of the private placement and is subject to an exercise acceleration clause. Under the acceleration clause, which the Company may exercise once the private placement units are free of the resale restrictions and if the shares of the Company are trading at or above a volume weighted average price of $0.40 for more than 20 consecutive trading days, the Warrants will expire upon 30 days from the date the Company provides notice in writing to the warrant holders via a news release. Pursuant to the terms of the Financing, the Company paid to Haywood Securities Inc. a finders' fee of $100,020 and issued 1,000,200 finders warrants (each a "Finder Warrant"). Each Finder Warrant is exercisable into one common share of the Company for a period of 12 months at a price of $0.25. All securities are subject to a hold period expiring on September 25, 2013.

The statement of financial position as of August 31, 2013 indicates a cash position of $25,240 (November 30, 2012: $417,794). Other current assets comprise short-term investment of $1,336,590 (November 30, 2012: $NIL), HST/GST receivable of $16,484 (November 30, 2012: $nil) and prepaid expenses of $10,904 (November 2012: $nil).

Current liabilities at August 31, 2013 total $162,698 (November 30, 2012: $24,085) comprising $150,000 due on November 24, 2013 pursuant to a patent assignment agreement with the University of British Columbia (November 30, 2012: $nil), research and development fees of $7,911 (November 30, 2012: $nil), legal fees of $1,921 (November 30, 2012: $22,373) and general administrative expenses of $2,866 (November 30, 2012: $1,712).

Shareholders' equity is comprised of share capital of $2,670,178 (November 30, 2012: $437,406), reserves of $328,894 (November 30, 2012: $62,835) and a deficit of $598,353 (November 30, 2012: $106,532). Share capital increased $840,000 as a result of the issuance of 5,600,000 common shares at a fair value of $0.15 per share in connection with the Acquisition. Concurrent with the Acquisition, the Company also issued 10,000,000 common shares for cash at a price of $0.15 per share as part of a non-brokered private placement, for net proceeds of $1,392,762. On June 19, 2013, the Company granted 1,325,000 stock options to its officers and directors. The options are exercisable at a price of $0.23 per share for a period of five years from the grant date. The fair value of the stock options granted was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 1.40%; expected dividend rate of 0%; expected volatility of 129%; and expected life of 5 years. The fair value of these options was calculated at $266,059, which was recognized as share-based payments.

As at August 31, 2013, the Company has working capital of $1,226,520 (November 30, 2012: $393,709).

The weighted average number of common shares outstanding for the nine months ended August 31, 2013 is 12,672,727 (2012: 2,138,182).

### Intangible Assets

| | | 2013 |
|---|---|---|
| Balance, July 5, 2012 (BAT incorporation date) | $ | - |
| Additions | | 17,689 |
| Balance, May 24, 2013 | | 17,689 |
| Additions | | 1,154,827 |
| Balance, August 31, 2013 | $ | 1,172,516 |

a) On October 3, 2012, BAT entered into a patent assignment agreement ("UBC Agreement") with the University of British Columbia ("UBC"), whereby UBC assigned certain patents and patents pending and associated written materials to BAT in exchange for 600,000 BAT common shares (issued) with a fair value of $4,332;

b) On October 18, 2012, BAT entered into a patent assignment agreement with various individuals (the "Inventors") whereby the Inventors assigned certain patents and patents pending and associated written materials to BAT in exchange for 1,850,000 BAT common shares (issued) with a fair value of $13,357;

c) On May 24, 2013, the Company acquired BAT (see *Overall Performance*) and the difference between the purchase consideration and the fair values of BAT's net assets has been assigned to intangible assets ($854,827); and

d) Pursuant to the terms of the UBC Agreement, the Company is to pay UBC an assignment fee of $300,000, payable in two installments as follows:
   i. $150,000 due within 5 days of the Acquisition (paid); and
   ii. $150,000 due six months after the Acquisition (i.e. November 24, 2013).

Intangible assets consist of intellectual property surrounding the following three technologies:

1. The discovery of HDACi's (Histone Deacetylase) which are proteins (enzymes) important for the regulation of cell growth and have been found to be novel for the treatment of cancers.

   Much of the initial screening process is now completed and positive hits from the screen were reported. Preliminary results are suggesting and showing activity regarding MHC I expression and TAP-1 expression very similar to the HDACi TSA. This work will continue to over the coming months with further compound libraries being tested by our assay.

2. The Calcium Channels which are a multi-member family with over 10 different proteins. These channels activities are regulated and regulate the concentration of calcium (Ca) in different places in cells and regulates the concentration of Ca, which is very important for the activity of cells involved in the immune system. This channel, designed as Cav 1.4, is

important in identifying new calcium channel regulators (blockers) and to improve the activity of the immune system to combat cancers, infections and also autoimmunities.

As we reported, this project is at the early stage of development. Creation of monoclonal antibodies against the ectodomain of Cav Isoforms. Once some monoclonal antibodies have been generated they will be tested for their effect, inhibition or activation of the Calcium Channels directed by Cav, ultimately leading to a regulation of the activity of the immune system and specifically Cytolytic T Lymphocytes (CTL) activity. We expect to see results from this work within the next quarter.

3. Technology called CD74, which is a protein involved in the immune system and its regulation. Finding ways or compounds that regulate its activity will improve the immune system to combat infections, cancers and autoimmune diseases.

   This project has undergone some preliminary developments and the cloning of the CD74 chaperone protein is underway.

### Results of Operations

During the nine months ended August 31, 2013, the Company reported a net loss of $491,821 ($0.04 basic and diluted loss per share) compared to a net loss of $61,686 ($0.03 basic and diluted loss per share) reported for the same period in fiscal 2012. The increase is due to the completion of the Company's Qualifying Transaction through the acquisition of bioMmune Advanced Technologies Inc. (formerly bioMmune Technologies Inc.).

### Selected Financial Information - Summary of Quarterly Results

The following table presents unaudited selected quarterly financial information of the Company for the eight most recently completed quarters of operation since incorporation. This information is derived from unaudited condensed consolidated interim financial statements prepared by management. The Company's condensed consolidated interim financial statements are prepared in accordance with IFRS and expressed in Canadian Dollars unless otherwise stated.

| | 2013 | | | 2012 | | | | 2011 |
|---|---|---|---|---|---|---|---|---|
| | Qtr 3 | Qtr 2 | Qtr 1 | Qtr 4 | Qtr 3 | Qtr 2 | Qtr 1 | Qtr 4 |
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Revenue | - | - | - | - | - | - | - | - |
| Net Loss | (369,183) | (73,259) | (49,379) | (30,399) | (40,601) | (20,304) | (781) | (12,869) |
| Basic and diluted Loss per share | (0.03) | (0.01) | (0.00) | (0.01) | (0.01) | (0.01) | (0.00) | (0.00) |

Subsequent to the completion of the Qualifying Transaction, the Company is actively moving forward with research and development.

The Company's significant accounting policies are set out in Note 3 of the audited annual financial statements as at and for the year ended November 30, 2012.

### Q2 2013 as compared to Q2 2012

| | Nine months ended August 31, | | Three months ended August 31, | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| **Expenses** | $ | $ | $ | $ |
| Administrative and general office | 3,260 | 1,412 | (2,261) | - |
| Accounting and audit fees | 25,575 | 8,466 | 3,137 | 2,260 |
| Bank charges and interest | 764 | - | 715 | - |
| Consulting fees | 70,530 | - | 70,250 | - |
| Depreciation | 435 | - | 435 | - |
| Foreign exchange | 877 | - | 877 | - |
| Insurance | 440 | - | 440 | - |
| Investor relations and marketing | 708 | - | 708 | - |

| | | | | |
|---|---|---|---|---|
| Legal fees | 47,837 | - | 4,189 | - |
| Research and development | 18,146 | - | 18,146 | - |
| Share-based payment expense | 266,059 | 36,500 | 266,059 | 36,500 |
| Sponsorship fees | 24,500 | - | - | - |
| Transfer agent, filing and listing fees | 30,163 | 14,239 | 4,528 | 1,550 |
| Travel and meals | 5,255 | 1,069 | 4,688 | 175 |

Increase in expenses in fiscal 2013 over fiscal 2012 resulted from the completion of the Company's Qualifying Transaction in May, 2013, consulting fees per agreements entered into effective June 1, 2013, research and development costs of the acquired company, BAT and share-based payment expense to recognise granting of 1,325,000 stock options to directors and officers in June, 2013.

### Liquidity & Capital Resources

The Company has financed its operations to date through the issuance of common shares.

| | August 31, 2013 | November 30, 2012 |
|---|---|---|
| Working capital | $ 1,226,520 | $ 393,709 |
| Deficit | $ 598,353 | $ 106,532 |

During the nine months ended May 31, 2013, net cash used in operating activities is $264,102 (2012: $1,562, comprising a loss of $491,821 (2012: $61,686) less depreciation expense of $435 (2012: $nil) and share-based payments of $266,059 (2012: $36500), an increase in accounts receivable of $16,484 (2012: $nil), an increase in prepaid expenses of $10,904 (2012: $(33,377)) and decrease in accounts payable and accrued liabilities of $11,387 (2012: $6,629).

Cash used in investing activities is $1,521,215 (2012: $nil), comprising cash acquired from asset acquisition of $10,544, intangible assets of $171,972, computer and software purchases of $2,108 (2012: $nil) and purchase of a short-term investment of $1,336,590 (2012: $nil).

Cash from financing activities is $1,392,763 (2012: $388,455), comprising shares issued for cash of $1,500,000 (2012: $500,000) net of share issuance costs of $107,237 (2012: $111,545).

The unaudited condensed consolidated interim financial statements for the three and nine months ended August 31, 2013 have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. To date, the Company has financed its activities through its initial public offering and a non-brokered private placement. The Company will continue to depend on investor sentiment remaining positive towards biotechnological research and the Company in particular, so that funds can be raised through the sale of the Company's securities. Many factors have an influence on investor sentiment which include but are not limited to a positive climate for biotechnological research, a company's track record and the experience and caliber of a company's management. There is no certainty that equity funding will be available at the times and in the amounts required to fund the Company's activities.

### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that would potentially affect current or future operations or the financial condition of the Company.

### Related Party Transactions

The following is a summary of related party transactions that occurred during the nine months ended August 31, 2013 and 2012:

Key Management Compensation:

| Services provided by: | | August 31, 2013 | August 31, 2012 |
|---|---|---|---|
| RBH Consulting Inc. | a) | 24,000 | - |
| Judi Dalling | b) | 16,250 | - |
| Cydweli Consultants Inc. | c) | 15,000 | - |
| John Morgan | d) | 280 | - |
| | | 55,530 | - |

a) RBH Consulting Inc. is a privately held corporation controlled by a director who provided consulting services to the Company.
b) Judi Dalling, the CFO of the Company, provided consulting services to the Company.
c) Cydweli Consultants Inc. is a privately held corporation controlled by an officer who provided consulting services to the Company.
d) John Morgan, formerly a director of the Company, provided consulting services to the Company.

Other related party transactions include:

- On May 24, 2013, as part of the Acquisition, a director of the Company acquired direct ownership of 1,325,000 common shares of the Company and control and direction over an additional 1,325,000 common shares, collectively representing approximately 11.73% of the Company's issued and outstanding common shares;

- Administrative and general office expenditures and listing fees of $24,687 (2012: $846) for reimbursements of same were paid to directors and officers; and

As at August 31, 2013, net due to related parties was $1,500 (2012: $110); this balance is included in accounts payable and accrued liabilities and prepaid expenses without interest or stated terms of repayment.

Effective June 1, 2013, the Company entered into consulting agreements with related parties as follow:

i. Consulting agreement with RBH Consulting Inc., a company fully owned by a director of the Company, to provide consulting services to the Company for a fee of $96,000 per year;

ii. Consulting agreement with Cydweli Consultants Inc., a company fully owned by an officer of the Company, to provide consulting services to the Company for a fee of $60,000 per year;

iii. Consulting agreement with Judi Dalling, CFO, of the Company to provide consulting services to the Company for a fee of $65,000 per year; and

In addition to the fees set forth above, incentive bonuses may be granted at the discretion of the Board of Directors.

On June 19, 2013, the Company granted 1,325,000 stock options to directors, officers and consultants. The options are exercisable at a price of $0.23 per share. The options will be exercisable for a period of five years from the grant date.

### Proposed Transactions

The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the unaudited condensed consolidated interim financial statements for the three and nine months ended August 31, 2013.

## Accounting standards not yet implemented

The following standards have been issued but are not yet effective. They may result in future changes to accounting policies and other note disclosures.

Financial Instruments

IFRS 9 Financial Instruments ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and FVTPL. IFRS 9 also replaces the models for measuring equity instruments, and such investments are either recognized at FVTPL or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

Consolidation

IFRS 10 builds on existing principles by identifying the concept as the determining factor in whether an entity should be within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard is effective for annual periods beginning on or after January 1, 2013. The implementation of this standard is not expected to have a material impact on the Company's consolidated financial statements.

Fair Value Measurement

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is effective for annual periods beginning on or after January 1, 2013. The implementation of this standard is not expected to have a material impact on the Company's consolidated financial statements.

## Financial Instruments & Other Instruments

(a) Fair Values

Financial instruments recognized at fair value on the consolidated statement of financial position must be classified in one of the following three fair value hierarchy levels:

Level 1 – measurement based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;
Level 2 – measurement based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability; or
Level 3 – measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statements of financial position are as follows:

| | Fair Value Measurements Using | | |
|---|---|---|---|
| **As at August 30, 2013** | **Quoted prices in active markets for identical instruments (Level 1)** **$** | **Significant other observable inputs (Level 2)** **$** | **Significant unobservable inputs (Level 3)** **$** |
| Cash and cash equivalents | 25,240 | - | - |
| Short term investments | 1,336,590 | - | - |
| Total | 1,361,830 | - | - |

| | Fair Value Measurements Using | | |
|---|---|---|---|
| **As at November 30, 2012** | **Quoted prices in active markets for identical instruments (Level 1)** **$** | **Significant other observable inputs (Level 2)** **$** | **Significant unobservable inputs (Level 3)** **$** |
| Cash and cash equivalents | 417,794 | - | - |
| Short term investments | - | - | - |
| Total | 417,794 | - | - |

The fair values of other financial instruments, which include other receivable, other assets, bank indebtedness, accounts payable and accruals and due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and short-term investments. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Liquidity Risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

Contractual maturity analysis is as follows:

| | Less than 3 months | 3-12 months | 1-5 years | Longer than 5 years | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **August 30, 2013** | | | | | |
| Accounts payable and accrued liabilities | 162,698 | - | - | - | 162,698 |
| | 162,698 | - | - | - | 162,698 |
| **November 30, 2012** | | | | | |
| Accounts payable and accrued liabilities | 24,085 | - | - | - | 24,085 |
| | 24,085 | - | - | - | 24,085 |
| **August 30, 2012** | | | | | |
| Accounts payable and accrued liabilities | 3,488 | - | - | - | 3,488 |

## Changes in Accounting Policies

The Company has not made any changes to accounting policies during the nine months ended August 31, 2013. Refer to note 3 in the annual financial statements for the year ended November 30, 2012 for the Company's significant accounting policies. Certain pronouncements were issued by the IASB that are mandatory for annual years beginning after January 1, 2013. The changes have not been early adopted are being evaluated to determine if there will be an impact on the Company.

## Risks and Uncertainties

### Overview

An investment the Company'shares should be considered highly speculative due to the nature of the the Company's business and the present stage of its development. In evaluating the company and its business, shareholders should carefully consider, in addition to the other information contained in this management discussion and analysis, the following risk factors. These risk factors are not a definitive list of all risk factors associated with the Company. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Investors should not rely upon forward-looking statements as a prediction of future results.

### Competition

The market for the Company's technology is highly competitive. The Company competes with other research teams who are also examining potential therapeutics with regards to autoimmune diseases and disorders. Many of its competitors have greater financial and operational resources and more experience in research and development than the Company. These and other companies may have developed or could in the future develop new technologies that compete with the Company's technologies or even render its technologies obsolete.

Competition in the Company's markets is primarily driven by:

- timing of technological introductions;
- ability to develop, maintain and protect proprietary products and technologies; and
- expertise of research and development team.

### Litigation to Protect Company's Intellectual Property

The Company's future success and competitive position depends in part upon its ability to maintain its intellectual property portfolio. There can be no assurance that any patents will be issued on any existing or future patent applications. Even if such patents are issued, there can be no assurance that any patents issued or licensed to the Company will not be challenged. The Company's ability to establish and maintain a competitive position may be achieved in part by prosecuting claims against others who it believes to be infringing its rights. In addition, enforcement of the Company's patents in foreign jurisdictions will depend on the legal procedures in those jurisdictions. Even if such claims are found to be invalid, the Company's involvement in intellectual property litigation could have a material adverse effect on its ability to distribute any products that are the subject of such litigation. In addition, the Company's involvement in intellectual property litigation could result in significant expense, which could materially adversely affect the use responsibilities, whether or not such litigation is resolved in the Company's favour.

**Clinical testing and Regulatory approval**

Since the Company's success is dependent on the successful completion of a third party pre-clinical trials, regulatory approval and introduction of its technology into the market, and since the Company has completed none of the tasks at this time, the Company does not know if it will be able to complete them.

The actual timing of these events can vary dramatically due to factors such as delays or failures in the Company's clinical trials and the uncertainties inherent in the regulatory approval process. The Company might not be able to obtain the necessary results from its pre-clinical trials or to gain regulatory approval necessary for licensing its technology. The Company's failure to achieve these objectives will mean that an investor will not be able to recoup their investment or to receive a profit on their investment.

**Intellectual Property**

The Company's success depends to a significant degree upon its ability to develop, maintain and protect proprietary products and technologies. The Company files patent applications in the United States, Canada, Europe, and selectively in other foreign countries as part of its strategy to protect its proprietary products and technologies. However, patents provide only limited protection of the Company's intellectual property. The assertion of patent protection involves complex legal and factual determinations and is therefore uncertain and expensive. The Company cannot provide assurances that patents will be granted with respect to any of its pending patent applications, that the scope of any of its patents will be sufficiently broad to offer meaningful protection, or that it will develop additional proprietary technologies that are patentable. The Company's current patents could be successfully challenged, invalidated or circumvented. This could result in the Company's patent rights failing to create an effective competitive barrier. Losing a significant patent or failing to get a patent to issue from a pending patent application that the Company considers significant could have a material adverse effect on its business. The laws governing the scope of patent coverage in various countries continue to evolve. The laws of some foreign countries may not protect the Company's intellectual property rights to the same extent as the laws of Canada and the United States. The Company holds patents only in selected countries. Therefore, third parties may be able to replicate technologies covered by the Company's patents in countries in which it does not have patent protection.

**Legal Proceedings**

In the course of the Company's business, the Company may from time to time have access to confidential or proprietary information of third parties, and these parties could bring a claim against the Company asserting that it has misappropriated their technologies and had improperly incorporated such technologies into its products. Due to these factors, there remains a constant risk of intellectual property litigation affecting the Company's business. In the future, the Company may be made a party to litigation involving intellectual property matters and such actions, if determined adversely, could have a material adverse effect on the Company.

**Dependence upon Management**

Although the Company Issuer is expected to have experienced senior management and personnel, it will be substantially dependent upon the services of a few key personnel, particularly Robin Hutchison, Wilfred Jefferies and Reinhardt Gabathuler, for the successful operation of its business. The loss of the services of any of these personnel could have a material adverse effect on the business of the Company. The Company may not be able to attract and retain personnel on acceptable terms given the intense competition for such personnel among high technology enterprises, including biotechnology, and healthcare companies, universities and non-profit research institutions. If it loses any of these persons, or is unable to attract and retain qualified personnel, its business, financial condition and results of operations may be materially and adversely affected.

**Going Concern**

The ability of the Company to continue as a going concern is dependent on its ability to generate future profitable operations and to obtain additional debt or equity financing. There can be no assurance that the Company's operations will achieve profitability in the future or that the the Company will be able to successfully obtain financing on commercially reasonable terms or at all.

**Substantial Capital Requirements and Liquidity**

Substantial additional funds for the Company's research and development programs will be required. No assurances can be given that the the Company will be able to raise the additional funding that may be required for such activities. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the

Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, or even cease its operations.

**Reliance on Third Parties**

The Company is relying on a third party to assist it in conducting both pre-clinical and clinical trials. If this third party does not successfully carry out their contractual duties or meet expected deadlines, the Company may not be able to obtain regulatory approval for or commercialize its technology.

**Unproven market**

The Company believes that there will be many different applications for its technologies and that the anticipated market for these technologies will continue to expand. However, no assurance can be given that these beliefs will be correct owing, in particular, to competition from existing technologies or new technologies and the yet to be established replication of the Company's pre-clinical results.

**Limited Operating History**

The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to pay dividends or enjoy earnings in the immediate or foreseeable future.

**Conflicts of Interest**

Certain of the directors and officers of the Company are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including research and development companies) and, as a result of these and other activities, such directors and officers may become subject to conflicts of interest. The *Business Corporations Act*, (British Columbia) ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to an issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

**Market risk**

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

**Share Price Volatility and Price Fluctuations**

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

## Other MD&A Requirements

**Information available on SEDAR**

As specified by National Instrument 51-102, the Company advises readers of this MD&A that important additional information about the Company is available on the SEDAR website – www.sedar.com.

**Disclosure by venture issuer**

An analysis of the material components of the Company's general and administrative expenses is disclosed in the financial statements to which this MD&A relates.

**Outstanding share data**

Common shares issued and outstanding as at August 31, 2013 are described in detail in Note 7 to the unaudited condensed consolidated interim financial statements for the three and nine months ended August 31, 2013.

As at the date of this document, October 25, 2013, the Company had the following number of securities outstanding:

| | Number of shares | $ | Number of options | Exercise price | Expiry date |
|---|---|---|---|---|---|
| **Issued and outstanding** | 22,950,000 | 2,705,178 | 350,000 | $0.10 | May 3, 2017 |
| | | | 1,325,000 | $0.23 | June 19, 2018 |
| | | | 150,000 | $0.20 | September 24, 2018 |
| | | | **Agents' options** | | |
| | | | 500,000 | $0.10 | May 3, 2014 |
| | | | **Warrants** | | |
| | | | 10,000,000 | $0.25 | May 24, 2014 |
| | | | **Agents' warrants** | | |
| | | | 1,000,200 | $0.25 | May 24, 2014 |