IZOTROPIC CORPORATION

Management's Discussion and Analysis

For the three and nine months ended January 31, 2023

Management's Discussion & Analysis

This Management's Discussion and Analysis (the "**MD&A**") of the financial condition and results of operations of Izotropic Corporation (the "**Company**" or "**Izotropic**") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and nine months ended January 31, 2023.

The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes thereto (the "**Interim Financial Statements**") of the Company for the three and nine months ended January 31, 2023, which were prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("**IAS 34**") using accounting policies consistent with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("IASB"), the annual audited financial statements for the year ended April 30, 2022, and the notes related thereto (the "**Annual Financial Statements**"), which were in accordance with IFRS.

All information in the MD&A is as of March 31, 2023, unless otherwise indicated. The Interim Financial Statements and MD&A have been reviewed by the Company's Audit Committee and approved by the Board of Directors on March 31, 2023.

This MD&A may contain forward-looking statements and should be read in conjunction with the cautionary statement on forward-looking statements below. These forward-looking statements are based on assumptions and judgments of management regarding events or results that may prove to be inaccurate resulting from risk factors beyond its control. Actual results may differ materially from the expected results.

The Interim Financial Statements, Annual Financial Statements, MD&As, Annual Information Forms ("**AIF**") and other information, including news releases and other continuous disclosure documents are available on SEDAR at www.sedar.com or on the Company's website at https://izocorp.com.

Cautionary Note Regarding Forward-Looking Statements

Izotropic cautions readers regarding forward-looking statements found in this MD&A and in any other statement made by, or on the behalf of the Company. Statements contained in this MD&A that are not historical facts are "forward- looking information" or "forward-looking statements" (collectively, "**Forward-Looking Information**") within the meaning of applicable Canadian securities laws.

Forward-Looking Information includes, but is not limited to, the Company's ability to obtain necessary government and regulatory approvals, including FDA market approval; the Company's ability to successfully complete the design and development of the Commercial Unit (as defined herein); the Company's ability to successfully commercialize IzoView; the Company's ability to protect the intellectual property granted to the Company under the License Agreement (as defined herein); the success of the Company's sales and marketing efforts; the Company's ability to maintain its competitive advantages; new developments in the area of cancer detections and the efficacy of competing technologies; market acceptance of the Company's products and services; the Company's ability to raise additional capital as and when needed and on acceptable terms; the effect of the COVID -19 pandemic on R&D teams, manufacturing, supply chain, clinical study operations and recruitment ability of clinical study sites, cancer positivity rates at each sites, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts; the Company's lack of production history; risks related to the Company's ability to satisfy the terms of the License Agreement and maintain the License in good standing; risks related to the Company's ability to complete the design and development of the Commercial Unit, as well as create a physical prototype of the Commercial Unit; risks related to the Company's ability to timely obtain regulatory approvals, including FDA approval, in order to satisfy the terms of the License Agreement; risks related to the Company's ability to obtain additional required capital; risks related to the Company's ability to timely enter into leasing agreements with hospitals and clinics to lease IzoView; increased competition that adversely affects business, estimations about the size of the target market; risks related to laws and regulations affecting government benefit programs could impose new obligations on the Company, require it to change its business practices, and restrict its operations in the future; risks related to the international nature of the Company's business including: fluctuations in currency exchange rates, multiple legal and regulatory requirements that are subject to change and that could restrict the Company's ability to manufacture, market, and sell its products, trade-protection measures and import or export licensing requirements, difficulty in establishing staffing and managing operations, differing labour regulations, inflation, recession, and fluctuations in interest rates, political and economic instability and price and currency exchange controls, limitations on participation in local enterprises, expropriation, nationalization, and other governmental action; risks inherent to the Company's industry with respect to technological change; risks related to management of the Company's growth; risks related to protection of intellectual property; risks related to product liability, recalls and development; risks related to the Company's management team being subject to a conflict of interest; risks related to the Company's reliance on its management team for its future performance; risks related to the substantial number of authorized but unissued Shares; risks related to the dilution of the Shares (as defined herein); risks related to the liquidity of the Shares; risks related to the volatility of the price of the Shares or the market which the Shares trade in; and risks related to income taxes. Forward-Looking Information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events. Such Forward-Looking Information reflects management's current beliefs and are based on information currently available to management. Some of the factors that may cause actual results to differ materially from those indicated may be found under the section "Risk Factors" below.

Forward-Looking Information involves risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. Factors that could cause such differences include the highly competitive nature of the Company's industry, government regulation and funding and other such risk factors described herein and in other disclosure documents filed by the Company with Canadian securities regulatory agencies and commissions. This list is not exhaustive of the factors that may impact the Company's Forward-Looking Information. These and other factors should be considered carefully and readers should not place undue reliance on the Company's Forward-Looking Information. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of this Forward-Looking Information. The factors underlying current expectations are dynamic and subject to change.

Although the Forward-Looking Information contained in this MD&A are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with this Forward-Looking Information. All Forward-Looking Information in this MD&A is qualified by these cautionary statements. Other than specifically required by applicable laws, we are under no obligation and we expressly disclaim any such obligation to update or alter the Forward-Looking Information whether as a result of new information, future events or otherwise except as may be required by law. This Forward-Looking Information is made as of the date of this MD&A.

Significant Developments During the Nine Months Ended January 31, 2023

Corporate Activities

On May 10, 2022, the Company unveiled the commercial prototype device design that will be used in forthcoming clinical studies for market authorization in the US. A photorealistic 3D animation detailing IzoView's design, functionality, and capabilities is now live on the Company's YouTube channel. The Company has begun filing patents to protect unique and important features of the IzoView Breast CT System.

On June 29, 2022, the Company announced timeline updates for the initial IzoView commercial prototype build and commented on supply chain issues, engineering updates, and the design of the clinical study.

On July 19, 2022, the Company announced that it has engaged a world-leading clinical research organization (CRO) ICON plc to help prepare for its upcoming clinical study and submission for market authorization in the US.

On August 11, 2022, the Company announced that it has successfully relocated IzoView and associated components and completed the transition of all major medical device engineering and product development operations to California.

On October 25, 2022, the Company announced that the engineering and construction of IzoView was weeks away from completion and subsequent unveiling to existing shareholders, and the investment, medical and scientific communities.

On December 1, 2022, the Company announced that it has completed the final engineering of IzoView. IzoView is now fully assembled and being prepared for final software testing and certifications of the precommercial model to be used in the Company's clinical study in the United States for market authorization. IzoView's hardware components are production ready, and the Company will select a third party manufacturer in the U.S. for commercial production and assembly while the clinical study is under way.

On January 9, 2023, the Company released the first video showcasing the completed engineering of IzoView. The video featuring COO, Dr. Younes Achkire, and Head of Imaging Technology, Dr. Andrew Hernandez, may be viewed on the Company's YouTube channel https://youtu.be/TGNe3hIO2rQ.

On January 13, 2023, the Company announced that IzoView will be featured in an upcoming segment of Advancements with Ted Danson via Amazon Prime Video and Bloomberg TV. The Company will update shareholders when filming for the segment commences on social media, and will disclose the airing date and time when determined.

On February 21, 2023 Izotropic's collaborator, Dr. Alejandro Sisniega from the Johns Hopkins University School of Medicine (JHU) presented an abstract at the SPIE Medical Imaging Conference, co-authored by Izotropic team members, and the results of his work on the machine learning denoising strategies for IzoView projection images.

On February 23, 2022, the Company released statements from select key members of its technical and scientific teams advocating for the commercialization and clinical capabilities of breast CT technology for the very first time.

Financing

On November 10, 2022, the Company completed a non-brokered private placement of 2,500,000 units at a price of $0.40 per unit for gross proceeds of $1,000,000. Each unit consisted of one common share and one-half of one transferable common share purchase A warrant (each whole A warrant, an "**A Warrant**") and one-half of one transferable common share purchase B warrant (each whole B warrant, a "**B Warrant**") of the Company. Each A Warrant and B Warrant is exercisable into one common share at a price of $0.70 and $0.80 per share, respectively, for a period of two years from the date of issuance.

Management Changes, Director Appointment and Operational Plans for 2023

On November 11, 2022, the Company announced that Mr. Alexander Tokman joined the Company's Board of Directors.

On January 4, 2023, the Company announced its operational plans for 2023 including management and operational changes as follows:

- Effective January 1, 2023, Executive Vice-President of Product Engineering, Dr. Younes Achkire was appointed as Chief Operating Officer of the Company.
- Effective December 31, 2022, Chief Financial Officer, Ms. Jody Bellefleur, resigned from the company to pursue other business opportunities.
- Effective January 1, 2023, Mr. Ralph Proceviat, a Director of the Company was appointed as interim Chief Financial Officer.
- In addition, to further accelerate business development, product development, marketing, and communication initiatives as the Company enters the clinical study phase, effective January 1, 2023, Thast Projects Inc., under the direction of Company Founder Mr. Bob Thast and business partner Ms. Jaclyn Thast, will be exclusively responsible for all public company activities and communications including investor relations, marketing, advertising, content development, social media, and news releases, ensuring consistent communications and content delivery to the Company's shareholders under an operational plan approved by the board of directors. Mr. Thast maintains the roles of Director and Chairman of the Board. Ms. Thast maintains the role of Corporate Secretary and will resume previously held operational accounting responsibilities for the Company.
- The Company's CEO, Dr. John McGraw will focus on delivering the mission critical 2023 initiatives that include strategic business development, clinical partners development, product clinical and regulatory strategy and execution, and product commercialization, in preparation for market authorization of IzoView in the USA.

Annual General Meeting

On December 20, 2022, the Company announced that all proposed resolutions were passed at the Annual General Meeting held on December 19, 2022. Shareholders voted in favour of all items of business before the meeting including the election of directors and the appointment of auditor, Dale Matheson Carr-Hilton LaBonte LLP.

Q2 July 31, 2022 Interim Financial Statements

The Company announced on December 20, 2022, that further to its previous announcement on December 16, 2022 regarding the amendment and restatement of its financial statements for the three months ended July, 31, 2022, the Company clarified that the restatement was not associated with an error or a correction of an error that materially affected the financial statements.

Significant Development Subsequent to January 31, 2023

On March 30, 2022, the Company entered into a non-brokered private placement of unsecured promissory notes (the "**Notes**") in the principal amount of $2,050,000 with an option for the Company to acquire an additional $2,000,000 subject to terms to be determined at a later date. A total of 826,613 share purchase warrants exercisable at $0.62 for a period of two years (yet unexercised) were issued in connection with the Notes.

The Notes mature one year from the date of issuance and bear a simple interest at 1% per month from the date of issuance and payable every three months or, be subject to an original issuance discount in lieu of paying interest. The final terms were to be determined subject to the policies of the Canadian Securities Exchange.

The Company plans to extend the maturity date of the Notes and is currently in discussions with the lenders in this regard. The intention is to repay the loans in cash and/or equity in the future. The new terms of the Notes will be announced when finalized.

Corporate Structure

The Company was incorporated under the CBCA on May 19, 2016 under the name Izotropic Corporation and is extra provincially registered in British Columbia.

The Company's head office and registered office is located at Suite 424, 800-15355 24th Avenue, Surrey, B.C. V4A 2H9.

The Company is a reporting issuer in the provinces of British Columbia, Alberta, and Ontario. The Shares are listed under the symbol "IZO" on the CSE, "IZOZF" on the OTCQB Venture Market, and "1R3" on the Frankfurt Stock Exchange.

The Company has two wholly-owned subsidiaries: Izotropic Imaging Corp. ("IIC"), a company incorporated under the laws of the State of Nevada and having its head office and registered office at 15718 39A Avenue, Surrey, B.C. V3Z 0L1 and Izotropic Development Corp. ("IDC"), a company incorporated under the laws of the State of California and having its business address at 800 – 15355 24 Avenue, Surrey, B.C. V4A 2H9.

Company Overview

Izotropic is the only publicly-traded company engaged in the development and commercialization of a dedicated breast CT imaging platform, IzoView, for the more accurate detection of breast cancers, to address the growing demand by the breast imaging medical community for cost-effective, true 3D, high resolution breast imaging. The Company does not currently generate revenue.

IzoView will produce high resolution breast images in true 3D and is ideal for imaging patients including those with dense breast tissue. A single 10 second scan acquires approximately 500 images, without breast compression or continual technician breast handling to position the breast, providing a more comfortable patient experience. Enhanced image reconstruction software is currently in development in partnership with Johns Hopkins University School of Medicine that will utilize the latest machine learning algorithms to deliver both high resolution and low noise images at low radiation dose levels.

The Company's initial clinical study for submission to the FDA will demonstrate superior performance of diagnostic breast CT imaging over diagnostic mammography procedures. IzoView is being developed as a platform system. Platform applications will be developed and brought to market in accordance with each market's respective regulatory agency's guidelines. After initial market authorization, the Company will investigate platform applications including breast screening in radiology, treatment planning and monitoring in surgical oncology, and breast reconstruction and implant monitoring in plastic and reconstructive surgery.

The Company's business strategy is to complete the development of breast imaging technology for diagnosis of breast cancer and commercialize IzoView through various revenue methods including capital equipment sales, lease payments, or pay-per-use, providing customers (hospitals and clinics) with options which meet their unique needs. Additional revenue items will include maintenance contracts, sterile disposables, software feature upgrades, and additional hardware modules. The Company's entire rights to the technology are based upon the License granted by the Licensor pursuant to the License Agreement. The Company holds the exclusive License to the inventions entitled "Breast CT for Early Cancer Detection and Diagnosis", "Contrast-Enhanced Cone Beam X-Ray Imaging, Evaluation, Monitoring and Treatment Delivery", "Biopsy Systems for Breast Computed Tomography", "Measuring Breast Density Using Breast Computed Tomography", "Multimodal System for Breast Imaging", and "3D Beam Modulation Filter for Equalizing Dose and Image Quality in Breast CT" (the "**Inventions**") as described in the Licensed Patent Rights. The initial product of the Company that it intends to commercialize is expected to be known as the "**IzoView**" and will include the fifth-generation (commercial model) breast CT imaging unit, previously defined as the Commercial Unit. The Company intends to enter into an agreement with a major medical equipment leasing company that would provide 100% of the capital required to build the Commercial Units to finance the construction of Commercial Units for market in future. After final development and regulatory approval, the Company intends to launch and distribute IzoView primarily to hospitals and clinics throughout the U.S. and follow with additional jurisdictions and the commercialization other related breast CT technologies (platform applications) and products in the future.

Clinical Studies

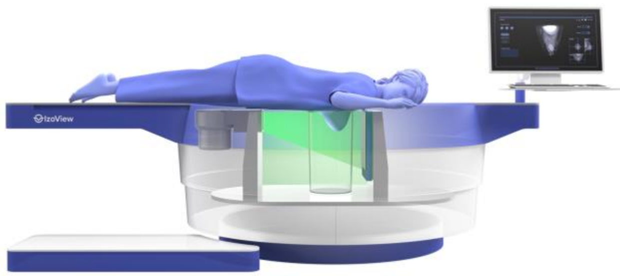
Researchers at UC Davis have invested significant time to develop the technology behind IzoView and have undertaken a number of clinical studies. UC Davis, in cooperation with the University of Pittsburgh Medical Center, conducted studies on 600 high risk breast cancer patients using the second-generation CT imaging/scanning unit, named Bodega, which was completed in 2007. Researchers at UC Davis reviewed the results of those studies and further enhancements resulted in the third and fourth generation CT imaging/scanning units, Cambria and Doheny, respectively developed by engineers and physicists at UC Davis. A second clinical study of 400 high risk female breast cancer patients is currently underway at UC Davis Medical Center and is fully funded through grants made by the NIH and expects to compare both screening and diagnostic aspects of breast CT imaging systems. The studies for breast CT are currently ongoing at UC Davis Medical Center in Sacramento, CA.

Research to date includes thousands of images taken on hundreds of patients using the earlier versions of the Izotropic Breast Imaging System. Based on the results of these images, among other factors, the Company's management believes that the Company's technology is superior to the current standard-of-care diagnostic mammography for more accurate detection and diagnosis of breast cancer in women.

These studies of earlier breast CT model's technical performance and computer simulation of breast lesion (abnormalities) detection using the extensive breast image database–with human observer validation of simulation results—have demonstrated that breast CT may outperform mammography-like breast imaging for detecting tumor masses and other lesions. In studies where contrast was used during the procedure (similar to contrast enhancement in magnetic resonance imaging of the breast), high detection performance was achieved in all types of breast lesions. It is likely that contrast-enhanced breast CT has very similar cancer detection performance to the other true 3D imaging platform of contrast-enhanced breast MRI, but at a fraction of the cost. Furthermore, IzoView requires approximately 20% of the floor space needed for an MRI system, making it an appealing option for space-constrained facilities.

IzoView Technology

Both traditional digital mammography and digital tomosynthesis, which are sometimes marketed as 3D mammography, are 2D and 2.5D imaging technologies, respectively, that both require the breast be compressed between two imaging plates. Compression requires a technician handle a patient's breast and can be uncomfortable or painful. Compression also distorts anatomical structures, differentiation between cancer indicating macro and micro-calcifications is very limited, and is not well-suited for imaging patients with dense breasts.



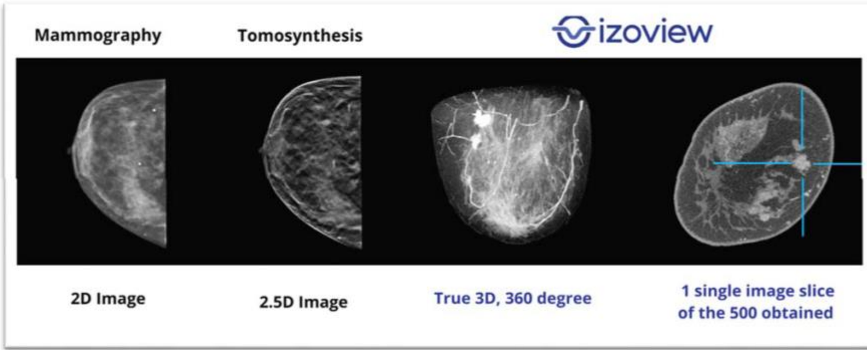
Conceptual image of IzoView Breast CT

With IzoView, the patient lays face down on the system table placing the breast to be imaged in a cup in the table. The imaging hardware beneath the table circles 360-degrees around the breast creating a series of approximately 500 cross-sectional raw-data images. These raw images are then processed by proprietary computer software and reconstructed into three-dimensional image of the breast. These images can be viewed from any angle like a 3D model, or by individual cross-sections, or by the three normal viewing planes radiologists are accustom to; coronal, sagittal and axial.

IzoView does not utilize breast compression. The patient is empowered by placing their own breast in the imaging cup in the system table, and the internal breast structures are preserved in their natural orientation. IzoView has a radiation dose is comparable to 2-view mammography, and is ideal for imaging patients with dense breast tissue.

The IzoView system is intended to be used with routinely used generic CT contrast agents that are intravenously administered and are currently on the market today. CT contrast agents are significantly better at identifying malignant tumors compared to non-contrast enhanced images.

The IzoView system is also different than widely available whole-body CT systems that circle a patient's body to collect images of interest. The use of contrast is well established in whole-body CT imaging. The IzoView scan is precisely dedicated to the target breast.



Images of breast CT taken with previous generation device at UC Davis

The Commercial Unit

The Company is working with a collaborative of in-house engineers and scientists along with the inventors and clinicians, for the design and development of the first IzoView unit for use in its clinical study. This collaboration has supported design and development and will enable further technical improvement and facilitate additional products and clinical studies. The Commercial Unit also draws on nearly 20 years of research and development by inventors Dr. John Boone, professor and medical physicist at UC Davis, and Dr. Thomas R. Nelson, along with many graduate students and senior academic collaborators at UC Davis in Sacramento, CA. Four successive breast CT imaging systems have been built at UC Davis Medical Centre. Each of these systems had better clinical utility and image performance than its predecessor. The latest system has incorporated lessons learned from previous models, and the incorporation of state-of-the-art subcomponents have improved clinical utility with exceptional high- resolution CT images of the breast.

The costs associated with the initial run of IzoView units is not being disclosed at this time, however, the Company is working on a plan to provide high resolution 3D Breast CT in competition with 2.5D technology Tomosynthesis, and far below the only other true 3D technologies which are whole-body CT and MRI.

Business Model

The Company has an executive and management team with experience in the diagnostic and therapeutic medical imaging market, specifically experienced from design, engineering, manufacturing, and sales.

Revenues will be derived through a combination of leasing, sales and per customer usage models, all of which would have recurring and or additional revenue components, regardless of the transaction method. The Company intends to focus on revenue-sharing agreements with customers (where possible), through capital leasing and outright sales. The Company has expressions of interest with capital finance organizations and a relationship has been developed with a major medical equipment leasing company that could provide the total capital required to build Units for the market, subject to approved credit applications from customers.

The License Agreement

On April 25, 2017, the Company entered into a license agreement (the "**License Agreement**") with the Regents for the University of California (the "**Licensor**"), which granted Izotropic an exclusive license to the

Licensed Patent Rights (as described below). In consideration for the License, the Company agreed to pay the Licensor:

- a cash payment of US$10,000 due within 30 days from entry into the License Agreement (paid);
- a cash payment of US$200,000 due within 30 days of the following (paid):
  - a change of control transaction (a "**Change of Control**"), which means the acquisition, merger, reorganization or other transactions where more than 50% of the voting power of the Company or IIC is transferred to a third party, and,
  - a financing of the Company whereby either the Company or IIC issues of debt or equity securities of the Company or IIC, as the case may be, in one or more bona fide financing transactions with cumulative gross proceeds of at least US$3,000,000, excluding the conversion of any convertible debt and in which the cumulative gross proceeds to be received by either the Company or IIC, as the case may be, are principally from venture capital, private equity, or similar types of investors. Having raised over $5,000,000.00 in the fourth quarter of 2020 the Company made this payment and met this obligation.
- a cash payment of 2% of total consideration received by the Company within 30 days of the completion of a Change of Control;
- 3% of net sales from the sales of all products produced by the Licensee in connection with the License Agreement and sold by the Company in the U.S.;
- 3% of net sales from the sale of the first 15 commercial sales of all products produced by the Licensee in connection with the License Agreement in any other country excluding the U.S.; and
- 1% royalty of net sales of all methods and services sold by the Licensee in connection with the License Agreement.

Under the License Agreement, the Company may grant a sublicense to affiliates of the Company, or to third parties. The License Agreement sets out certain conditions that will apply to any grant of a sublicense. The Company has agreed to pay the Licensor 25% of any cash consideration, or the cash equivalent of any other form of consideration, due to the Licensee for the grant of rights under a sublicense.

Under the License Agreement, the Company is obligated to further development, manufacture, marketing and sale of products, methods, and services offered by the Company in connection with the License Agreement in quantities sufficient to meet the market demand. Under the License Agreement, the Company is obligated to complete the following milestones (each, a "**License Agreement Milestone**"):

- submit an application covering a product or service to be offered by the Company in connection with the License Agreement to the FDA or equivalent foreign agency by June 30, 2018. The timeline to accomplish this condition was later revised and extended and the Company initially engaged with the FDA in the third quarter of 2020.
- obtain FDA or equivalent foreign agency approval by December 31, 2021. This condition has also been revised and timeline extended for up to 7 years. The Company will make annual payments of up to $15,000 until this milestone is accomplished.
- achieve the first commercial sale and fill the market demand of products or services to be offered by the Licensee under the License Agreement in the U.S. by June 30, 2022. This milestone timeline has also been revised for up to 7 years based on a number of factors (see below), and been

articulated in amendments to the License.

If the Company is unable to meet any of the above License Agreement Milestones, the Company has the right to extend the target date of any License Agreement Milestone for a period of twelve months upon the payment of US$10,000 to the Licensor. The Company has a further right to extend the target date of any License Agreement Milestone for an additional 12 months upon a payment of US$15,000 to the Licensor. Under the License Agreement, the total period of time to complete any License Agreement Milestone must not exceed seven years from the date of the License Agreement, unless the parties mutually agree in writing otherwise. If the Company does not complete a License Agreement Milestone and does not opt to extend the period to complete the License Agreement Milestone, or opts to extend the period to complete the License Agreement Milestone and does not complete the License Agreement within the extended time period, then the Licensor has the right to terminate the License Agreement, or reduce the Licensee's exclusive License to a non-exclusive license. The Licensor may also terminate the License Agreement under certain other conditions.

Under the License Agreement, the Licensor is responsible for all patent prosecution in connection with the Licensed Patent Rights. However, the Company has agreed to pay (or reimburse, as the case may be) the Licensor, for all past, present, and future costs for preparing, filing, prosecuting, and maintaining all patent applications and patent under the Patent Rights. With regard to past patent costs, the Company is obligated to pay the Licensor the sum of US$79,872 (the "**Past Patent Costs**") in accordance with the following schedule:

- one-third of the Past Patent Costs due on or before April 25, 2018 (payment completed);
- one-third of the Past Patent Costs due on or before April 25, 2019 (payment completed); and
- one-third of the Past Patent Costs due on or before April 25, 2020 (payment completed).

If the Company learns of the substantial infringement of any Patent Rights, the Company will promptly provide the Licensor with notice and reasonable evidence of such infringement (the "Infringement Notice"). The Licensor and the Company agree to use diligent efforts, in cooperation with each other, to terminate such infringement without litigation. If, after ninety days following the effective date of the Infringement Notice, the infringing activity has not abated, the Company may initiate suit for patent infringement against the infringer. If, in a suit initiated by the Company, the Licensor is involuntarily caused to be joined as a party, the Company agrees to pay any costs incurred by the Licensor arising out of such suit, including any legal fees of legal counsel of the Licensor. If, within 120 days of the effective date of an Infringement Notice, the infringing activity has not abated and if Company has not initiated a suit against the infringer, then Licensor may initiate suit for patent infringement against the infringer and the Company may not join such suit without the consent of the Licensor.

Licensed Patent Rights

Under the License Agreement, the Company was granted the License to the Licensed Patent Rights from the Licensor. One of the patent-pending applications, known as UC Case 2005-543 and which relates to the Invention named "Breast CT for Early Cancer Detection and Diagnosis" under the Licensed Patent Rights was split into five groups by the USPTO. Each patent application submitted to the USPTO goes through a prosecution process. To date only one of the five groups of the Licensed Patent Rights has been prosecuted. Currently, two other groups, the Milestone Patents, which are included in the Licensed Patent Rights, are being prosecuted by the Licensor with funding provided by the Company. One group, known as UC Case 2006-740-1 and 2006-740-2, and which relates to the Invention named “Contrast Enhanced Cone Beam X-ray Imaging, Evaluation, Monitoring and Treatment Delivery” under the Licensed Patent Rights describes novel methods for using the breast CT data sets to evaluate and quantify breast density. Breast density has been identified as an important characteristic that can be included in a patient risk profile, which can be used in designing a personalized breast cancer screening program. Another licensed patent-pending application under the Licensed Patent Rights, known as UC Case 2015-976 and which relates to the Invention named “3D Beam Modulation Filter for Equalizing Dose and Image Quality in Breast CT” involves a three-dimensional beam shaping filter to optimize image quality and radiation dose. This system also involves a breast immobilization technology, which does not involve breast compression. The immobilization technology may greatly increase patient comfort while maintaining the breast in the most optimal position for imaging.

A more detailed information regarding IzoView, the history of the Izotropic Breast CT Imaging System, License Agreement, Licensed Patent Rights, Government Regulations, Insurance Reimbursement, Breast Cancer Facts and Statistics and Market Outlook are fully described in the Company’s AIF dated November 3, 2022.

Summary of Quarterly Results

The following table sets forth selected financial information of the Company for each of the last eight quarters:

Three months ended	Jan 2023	Oct 2022	Jul 2022[3]	Apr 2022	Jar 2022	Oct 2021[4]	Jul 2021[3]	Apr 2021
	$	$	$	$	$	$	$	$
Net loss and comprehensive loss [2]	(1,995,122)	(1,385,520)	(1,026,279)	(1,839,857)	(1,231,737)	(2,556,119)	(1,026,979)	(1,905,295)
Income (loss) per share – basic and diluted	(0.04)	(0.03)	(0.02)	(0.04)	(0.03)	(0.06)	(0.02)	(0.05)
Weighted average number of shares outstanding	51,610,456	49,225,208	47,760,476	43,101,242	42,673,681	42,623,137	42,048,752	35,304,860

(1) The increase in net loss quarter over quarter is mainly attributable to product and development expenses as the Company continued to develop IzoView.

(2) The increase in net loss was primarily attributable to an increase in share-based compensation for stock options granted during the period. Additionally, the Company paid $61,500 of interest on promissory notes.

(3) Amended and restated financial statements for the period ended July 31, 2022 and 2021.

(4) Higher net loss and expenditures during the quarter were primarily attributable to an increase in product development expenditures as the Company enlisted a firm to complete the design of IzoView.

Results of Operations

The following selected financial information is derived from the Interim Financial statements prepared within acceptable limits of materiality and is in accordance with IFRS:

	Q3 2023	Q3 2022	**YTD 2023**	YTD 2022
	$	$	**$**	$
Expenses:				
Investor relations	**8,300**	45,000	**25,300**	147,000
Product development	**651,934**	836,994	**1,896,754**	3,103,292
Share-based compensation	**856,202**	(146,105)	**968,182**	400,266
Travel and promotion	**146,581**	226,401	**361,532**	479,685
Other Items:				
Accretion	**16,050**	-	**37,594**	-
Interest	**61,500**	256	**184,500**	-
Net loss	**(1,995,122)**	(1,231,737)	**(4,406,921)**	(5,012,400)
Net loss per share	**(0.04)**	(0.03)	**(0.09)**	(0.12)

Q3 2023 compared with Q3 2022

The Company has not generated any revenues as the Company continued to develop IzoView. Net loss in Q3 2023 was $1,995,122 compared with a net loss of $1,231,737 in Q2 2022. The overall increase in loss of $763,385 was largely attributable to increases in share-based compensation and interests paid on promissory notes.

The main factors that contributed to the change in net loss during Q3 2023 were:

- Investor relations decreased by $36,700 in Q3 2023 as during Q3 2022, the Company carried out social media, communication and financial marketing campaigns.

- Product development decreased by $185,060 during Q3 2023 as in Q3 2022, the Company retained independent consultants to complete the design and development of IzoView.

- Share-based compensation increased by $1,002,307 during Q3 2023 primarily due to 2,160,000 options granted to key employees and consultants of the Company during the period. Share-based compensation in Q3 2022 related to fair value adjustments for options, RSUs and PSUs vested during the period.

- Travel and promotion decreased by $79,820 during Q3 2023 due to higher expenditures in Q3 2022 in connection with various meetings related to product development and investment opportunities.

- Interests of $61,500 were paid in Q3 2023 to the holders of promissory notes and accretion expenses of $16,050 were recognized related to the promissory notes. There were no promissory notes payable in Q3 2022.

YTD 2023 compared with YTD 2022

Net loss in YTD 2023 was $4,046,921 compared with a net loss of $5,012,400 in YTD 2022. The overall decrease in net loss of $605,479 was largely attributable to a decrease in product development expenditures during the year.

The main factors that contributed to the change in net loss during YTD 2023 were:

- Investor relations decreased by $121,700 in YTD 2023 as during YTD 2022, the Company engaged firms to provide financial marketing services as well as social media and communication services.

- Product development decreased by $1,206,538 during YTD 2023 as in YTD 2022, the Company retained various firms and independent consultants to complete the design and development of IzoView.

- The increase in share-based compensation of $567,916 in YTD 2023 related to new options granted to key employees and consultants during the period. Share-based compensation in YTD 2022 related to options, RSUs and PSUs vested during the period.

- Travel and promotion decreased by $118,153 in YTD 2023 due to higher expenditures in YTD 2022 in connection with various meetings related to product development and investment opportunities.

- During YTD 2023, the Company paid interests of $184,500 to the holders of promissory notes and recorded accretion expenses of $37,594 on the promissory notes. No such expenses were paid or recognized in YTD 2022.

Liquidity and Capital Resources

The Company manages liquidity risk by ensuring, as far as reasonably possible, that it has sufficient capital to meet working capital and operating requirements as well as its financial obligations and commitments. The Company has historically financed its operations and met its capital requirements primarily through equity and debt financings.

As of January 31, 2023, the Company had working capital deficiency of $2,063,630 (April 30, 2022 – working capital deficiency of $393,576) and cash and cash equivalents of $418,753 (April 30, 2022 - $1,856,573). The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent on the continued financial support of its creditors and the shareholders. There can be no assurance that funding from this or other sources will be sufficient in the future to continue its operations. Even if the Company is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to the Company.

Cash Flow Highlights

The table below summarizes the Company's cash flows for the six months ended January 31, 2023 and 2022:

	YTD 2023	YTD 2022
	$	$
Cash used in operating activities	(3,030,978)	(2,854,500)
Cash used in investing activities	(29,791)	(31,911)
Cash provided by financing activities	1,622,972	302,745
Increase (decrease) in cash	(1,437,797)	(2,583,666)

The overall decrease in cash during YTD 2023 was due to cash used for operations of $3,030,978 primarily in connection with the development of IzoView offset by cash received from financing activities of $1,622,972.

Cash flow used for operations for YTD 2023 and 2022 primarily consisted of product development expenditures, corporate and administration costs.

Cash flows provided by (used in) financing activities during YTD 2023 of $1,622,972 were as follows:

- Gross proceeds of $1,000,000 from a non-brokered private placement of 2,500,000 units at a price of $0.40 per unit. The units consist of 2,500,000 common shares, 1,250,000 A warrants exercisable at $0.70 per share and 1,250,000 B warrants exercisable at $0.80 per share. The A and B warrants expire November 10, 2024.

- Exercise of 3,951,067 warrants at a weighted average exercise price of $0.20 per share for gross proceeds of $808,087;

- Exercise of 375,000 options at a weighted average exercise price of $0.12 per share for gross proceeds of $44,500;

- Interest payments on promissory notes of $184,500; and

- Payment of lease liability related to the Company's leased premises in California of $7,173.

Cash flow provided by financing activities during YTD 2022 of $302,745 was mainly from the exercise of 908,881 warrants at a weighted average exercise price of $0.33 per share for gross proceeds of $302,745.

Cash flow used in investing activities for YTD 2023 and 2022 consisted of purchases of furniture and equipment.

Contractual Obligations and Commitments

A summary of the Company's contractual obligations and commitments, which outlines the year the payments are due are as follows:

	Total	< 1 year	1 – 3 years	3 – 5 years
	$	$	$	$
Accounts payable and accrued liabilities	651,601	651,601	-	-
Promissory notes	2,042,690	2,042,690	-	-
Lease liability	94,524	28,056	66,468	-
	2,788,815	2,722,347	66,468	-

The Company has not pledged any of its assets as security for loans, or otherwise, and is not subject to any debt covenants. As a young growth company, management is cognizant that as at January 31, 2023, the Company is not capable of sustaining its working capital requirements. In order to reach sustainable business operations, Izotropic will continue to achieve the Milestones for IzoView and raise additional capital to meet its financial obligations and commitments, and to fund the development of IzoView as well as the administration of the Company.

Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity and debt securities to raise capital, which would result in further dilution to the shareholders. There is no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company or at all.

Capital Management

The Company manages its capital, consisting of share and working capital, in a manner consistent with the risk characteristic of the assets it holds. All sources of financing are analyzed by management and approved by the board of directors. The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is meeting its objective of managing capital through preparing short- term and long-term cash flow analysis to ensure an adequate amount of liquidity. The Company is not subject to any externally imposed capital restrictions. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any external restrictions on its capital.

Off-Balance Sheet Arrangements

The Company had no material off-balance sheet arrangements as at January 31, 2023, and as at the date of this MD&A, that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

Transactions with Related Parties

Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and members of its Board of Directors. Key management compensation for the three and nine months ended January 31, 2023 and 2022 consisted of:

(a) Compensation of key management personnel

	Three months ended January 31,		Nine months ended January 31,	
	2023	2022	2023	2022
	$	$	$	$
President & CEO[(1)]	90,000	90,000	270,000	269,000
Former CFO	17,000	25,500	68,000	86,500
	187,000	195,000	575,500	584,000
Share-based compensation [(2)]	189,444	(7,270)	269,262	72,548

[(1)] President & CEO fees included consulting fees under product development of $48,000 and $127,500 during the three and nine months ended January 31, 2023, respectively, (three and nine months ended January 31, 2022 - $36,000 and $143,400, respectively).

[(2)] Share-based compensation represents the fair value of options and RSUs granted and vested to directors and officers of the Company.

(b) Related party transactions

	Three months ended January 31,		Nine months ended January 31,	
	2023	2022	2023	2022
	$	$	$	$
Consulting fees [(1)]	42,000	45,000	130,500	130,000
Consulting fees and administration [(2)]	38,000	34,500	107,000	98,500
	187,000	195,000	575,500	584,000

[(1)] Consulting fees paid to a director and former President & CEO of the Company related to business development services, strategic capital markets and corporate strategic financing advisory services.

[(2)] Consulting and administration fees paid to the Company's Corporate Secretary related to corporate secretarial, office administration, accounting, shareholder communications, marketing and branding services.

(c) Related party balances

As at January 31, 2023, included in accounts payable and accrued liabilities were amounts due to directors and officers of $123,803 (April 30, 2022 - $54,477). The amounts are unsecured, non-interest-bearing and without fixed terms of repayment.

Critical Accounting Estimates

The preparation of the Interim Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are based on historical experience, and other factors considered to be reasonable and are reviewed on an ongoing basis. Actual results may differ from these estimates.

Refer to note 2 to the Annual Financial Statements for a detailed discussion of the areas in which critical accounting estimates are made and where actual results may differ from the estimates under different assumptions and conditions and may materially affect financial results of its statement of financial position reported in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized when the estimates are revised and in any future periods affected.

New Accounting Pronouncements

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any new standards that have been issued would have no or very minimal impact on the Company’s financial statements.

Financial Instruments

As at January 31, 2023, the Company’s financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities, promissory notes payable and lease liability. The carrying amounts of these financial instruments approximate fair value due to their immediate or short-term maturity.

The fair value of the Company’s lease liability approximates its carrying value measured based on level 2 of the fair value hierarchy.

The Company may be exposed to risks of varying degrees of significance from financial instruments. Management’s close involvement in the operations allows for the identification of risks and variances from expectations. A discussion of the types of risks the Company is exposed to and how such risks are managed by the Company is provided in note 11 to the Annual Financial Statements.

Other Risks and Uncertainties

The Company's business is subject to other risks and uncertainties that may have a material adverse effect on the Company's business, assets, liabilities, financial condition, results of operations, prospects, and cash flows and the future trading price of the common shares. Due to the nature of Izotropic's business, the legal and economic climate in which it operates and its present stage of development and proposed operations, Izotropic is subject to significant risks. Please see a complete list of Risk Factors below.

Risk Factors

The operations of the Company are highly speculative and notably involve risks inherent to the Company's capacity to successfully implement its solutions with the customers it is currently servicing and its ability to market such solutions. The risks and uncertainties set out below and the additional risks and uncertainties incorporated by reference herein are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. The Company's business is subject to significant risks and past performance is no guarantee of future performance.

Risks Relating to the Company's Business

Negative Cash Flow from Operating Activities

The Company has no history of earnings and had negative cash flow from operating activities since inception. To date, the Company has not received and revenues from the sales of IzoView. The Company has accumulated net losses and expects to continue to incur such losses until such time as milestone payments from collaborative partners, licensing fees, product sales or royalty payments generate sufficient revenues to fund its continuing operations.

The Company's ability to attain profitability will depend on a number of factors, some of which are outside its control. These factors include the following:

- its ability to obtain necessary government and regulatory approvals, including FDA market authorization;
- its ability to successfully complete the design and development of the Commercial Unit;
- its ability to successfully commercialize IzoView;
- its ability to protect the intellectual property granted to the Company under the License Agreement;
- the success of its sales and marketing efforts;
- its ability to maintain its competitive advantages;
- new developments in the area of cancer detections and the efficacy of competing technologies;
- market acceptance of its products and services;
- its ability to raise additional capital as and when needed and on acceptable terms;
- the effect of the COVID -19 pandemic on R&D teams, manufacturing, supply chain, clinical study operations; and

- recruitment ability of clinical study sites, cancer positivity rates at each site.

No Production History

The Company has no product sales history and its ultimate success will depend on its operating ability to generate cash flow from sales of its products and services in the future. The Company has not generated any revenue to date and there is no assurance that it will do so in the future.

The Company's business operations are at an early stage of development and its success will be largely dependent upon the outcome of its ultimate strategy of successfully developing and marketing IzoView.

The ability of the Company to satisfy the terms of the License Agreement and maintain the License in good standing

The Company has been granted an exclusive license to the Inventions pursuant to the License Agreement. The Company's rights and obligations are outlined in the License Agreement. The License Agreement requires the Company to complete the License Agreement Milestones. Failure to complete the License Agreement Milestones could allow the Licensor to terminate the License Agreement. The License Agreement may also be terminated by the Licensor if certain other conditions occur. If the Company's relationship with the Licensor were to terminate, the Company would not be able to distribute and commercialize IzoView and might not be able to enter into another license agreement with an entity with similar technologies on acceptable terms or at all. As a result, the Company could experience delays in its ability to distribute and commercialize IzoView or a similar technology, all of which would have a material adverse effect on the Company's business, results of operations and financial condition.

The ability of the Company to complete the design and development of the Commercial Unit, as well as create a physical prototype of the Commercial Unit

Recently, the Company ended its partnership with Starfish Medical but continues to work with researchers at UC Davis and third-party engineers at an established development facility in the US which was completed in August of 2022. The Company's engineers and third-party engineers continue to improve the initial iteration and prototype of the future Commercial Unit. The Company released the first physical device in January 2023.

Upon completion of the manufacturing of the initial prototype unit, electrical testing and certification will be required for the completion of additional units specifically for the clinical study. Regulatory authorities will need to approve the use of these units for the clinical study prior to shipping to the clinical study sites. The Company is also dependent on each clinical trial site to reserve appropriate space and facilitate necessary internal processes to initiate a study at the institution. The Company anticipates the commencement of the clinical study in first half of 2023, but there are no assurances that the Company will receive the various required approvals for the unit by this date.

If this is the case, the Company could experience delays in its ability to begin the clinical study and hence delay the commercialize launch of IzoView, all of which could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's ability to timely obtain regulatory approvals, including FDA approval, in order to satisfy the terms of the License Agreement

Under the revised License Agreement, Izotropic has until January 2027 to submit application the FDA, obtain FDA or foreign agency approval, and achieve first commercial sale of IzoView.

The FDA might not approve market authorization the Commercial Unit or might delay approval. As a result, the Company could experience delays in its ability to distribute and commercialize IzoView, all of which would have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's products and operations are subject to extensive regulation in the U.S. by the FDA. The FDA regulates the development, bench and clinical testing, manufacturing, labeling, storage, record keeping, promotion, sales, distribution and post market support and reporting of medical devices in the U.S. to ensure that medical products distributed in the U.S. are safe and effective for their intended uses. In order to market certain products for use in the U.S., the Company generally must first obtain clearance from the FDA pursuant to the Federal Food, Drug and Cosmetic Act (previously defined as the "**FDCA**").

To be able to provide the Company's products in other countries, the Company must obtain regulatory market authorization and comply with the regulations of those countries which may differ substantially from those of the U.S. These regulations, including the requirements for market authorization and the time required for regulatory review, vary from country to country. Obtaining and maintaining foreign regulatory approvals is complex, and the Company cannot be certain that it will receive regulatory approvals in any foreign country in which the Company plans to market the Company's products, or to obtain such approvals on a favorable schedule. If the Company fails to obtain or maintain regulatory approval in any foreign country in which the Company plans to market the Company's products, the Company's ability to generate revenue will be harmed.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful in pursuing its ultimate strategy of successfully developing and marketing IzoView. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future operations. Revenues, taxes, costs, capital expenditures, operating expenses, regulatory approvals, and the political environment are all factors which will have an impact on the amount of additional capital that may be required. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if 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 anticipated expansion, incur financial penalties, or reduce or terminate its operations.

The Company's ability to timely enter into leasing agreements with hospitals and clinics to lease IzoView

Neither the Company nor Izotropic Imaging Corp. has entered into any revenue generating agreements with hospitals or clinics for IzoView. The Company's success will be largely dependent upon the outcome of its strategy of successfully developing and marketing IzoView and entering into revenue generating agreements with hospitals and clinics once it has obtained necessary regulatory approvals.

Competition

The Company competes with numerous other research-based imaging companies and organizations that develop, manufacture, market, and sell proprietary imaging technologies, solutions, and products that may possess greater financial resources and technical facilities than the Company in proprietary diagnostic and imaging products for breast cancer, as well as the recruitment and retention of suitably qualified individuals. These competitors may introduce new products or develop technological advances that compete with the Company. The Company cannot predict the timing or impact of competitors introducing new products or technological advances. Such competing products may be safer, more effective, more effectively marketed or sold, or have lower prices or superior performance features than the Company's products, and this could negatively impact the Company's business and results of operations.

Laws and regulations affecting government benefit programs could impose new obligations on the Company, require it to change its business practices, and restrict its operations in the future

The healthcare industry is subject to various federal, state and international laws and regulations pertaining to government benefit programs reimbursement, rebates, price reporting and regulation, and healthcare fraud and abuse. Violations of these laws may be punishable by criminal and/or civil sanctions, including, in some instances, substantial fines, imprisonment, and exclusion from participation in federal and state healthcare programs. These laws and regulations are broad in scope and they are subject to change and evolving interpretations, which could require the Company to incur substantial costs associated with compliance, or to alter one or more of its sales or marketing practices. In addition, violations of these laws, or allegations of such violations, could disrupt the Company's business and result in a material adverse effect on its business and results of operations.

The international nature of the Company's business subjects it to additional business risks that may cause its revenue and profitability to decline

The Company's business is subject to risks associated with doing business internationally, including in emerging markets. As the Company's market is global, the Company faces risks that may include:

- Fluctuations in currency exchange rates;
- Multiple legal and regulatory requirements that are subject to change and that could restrict the Company's ability to manufacture, market, and sell its products;
- Trade-protection measures and import or export licensing requirements;
- Difficulty in establishing staffing and managing operations;
- Differing labour regulations;
- Inflation, recession, and fluctuations in interest rates;
- Political and economic instability; and
- Price and currency exchange controls, limitations on participation in local enterprises, expropriation, nationalization, and other governmental action.

The aforementioned risks may have a material adverse effect on the Company's revenues and profitability.

Technological change

The digital imaging industry is susceptible to technological advances and the introduction of new products utilizing new technologies. Further, the digital imaging industry is also subject to changing industry standards, market trends and customer preferences, and to competitive pressures which can, among other things, necessitate revisions in pricing strategies, price reductions and reduced profit margins. The Company’s success will depend on its ability to secure technological superiority in its products and maintain such superiority in the face of new products. While the Company believes that its products will be competitive, no assurances can be given that the Company’s products will be commercially viable or that further modification or additional products will not be required to meet demands or to make changes necessitated by competitors’ developments that might render the Company’s products less competitive, less marketable, or even obsolete over time.

Management of growth

The Company may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The Company’s ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train, and manage its employee base. Inability of the Company to deal with this growth could have a material adverse impact on its business, operations, and prospects.

Protection of intellectual property

Although the Company does not believe that its products infringe on the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against the Company or the Licensor or that any such assertions or prosecutions will not materially adversely affect the Company's business, financial condition, or results of operations. Regardless of the validity or the successful assertion of such claims, the Company could incur significant costs and diversion of resources with respect to the defense thereof, which could have a material adverse effect on the Company's business, financial condition, or results of operations. The Company's performance and ability to compete are dependent to a significant degree on the proprietary technology licensed to it under the License Agreement. The Company relies on the patents and a combination of copyright and trade secret laws, as well as confidentiality agreements and technical measures, to establish and protect the proprietary rights of the Inventions. As part of its confidentiality procedures, the Company generally enters into agreements with its employees and consultants and limits access to and distribution of its documentation and other proprietary information.

Accordingly, while the Company will endeavor to protect the intellectual property licensed to it under the License Agreement, there can be no assurance that the steps taken by the Company will prevent misappropriation of that technology or that agreements entered into for that purpose will be enforceable. The laws of other countries may afford the Company little or no effective protection of its intellectual property or the intellectual property of the Licensor.

Product Liability Claims

The Company may become subject to liability in connection with the use of IzoView, such as unusual litigation claims that cannot be insured against or against which it may elect not to be so insured because of high premium costs or other reasons. The Company has agreed to indemnify the Licensor under the License Agreement with respect to certain types of claims. However, the Company may incur a liability to third parties (in excess of any insurance coverage) arising from damage or injury.

Risks Relating to the Company's Management

Conflicts of Interest

The Company's directors and officers may act as directors and/or officers of other companies engaged in the development of diagnostic products for the early detection of breast cancer. As such, the Company's directors and officers may be faced with conflicts of interests when evaluating alternative opportunities. In addition, the Company's directors and officers may prioritize the business affairs of another Company over the affairs of the Company.

The Company's future performance is dependent on its management team

The Company has a small management team and the loss of any key individual could affect the Company's business. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Company.

Risks Relating to the Company's Common Shares

Substantial number of authorized but unissued Common Shares

The Company has an unlimited number of Common Shares that may be issued by the Board without further action or approval of the Company's shareholders. While the Board is required to fulfill its fiduciary obligations in connection with the issuance of such Shares, the Shares may be issued in transactions with which not all shareholders agree, and the issuance of such Shares will cause dilution to the ownership interests of the Company's shareholders.

Dilution

The financial risk of the Company's future activities will be borne to a significant degree by purchasers of the Common Shares. If the Company issues Common Shares from its treasury for financing purposes, control of the Company may change and purchasers may suffer additional dilution.

Liquidity of the Common Shares

Having listings on public stock exchanges should not be taken as implying that there will be a liquid market for the Common Shares. Thus, an investment in the Common Shares may be difficult to realize. Investors should be aware that the value of the Common Shares may be volatile. Investors may, on disposing of Common Shares, realize less than their original investment, or may lose their entire investment. The Common Shares, therefore, may not be suitable as a short-term investment.

The market price of the Common Shares may not reflect the underlying value of the Company's net assets. The price at which the Common Shares will be traded, and the price at which investors may realize their Common Shares, will be influenced by a large number of factors, some specific to the Company and its proposed operations, and some which may affect the sectors in which the Company operates. Such factors could include the performance of the Company's operations, large purchases or sales of the Common Shares, liquidity or the absence of liquidity in the Common Shares, legislative or regulatory changes relating to the business of the Company, and general market and economic conditions.

Volatility of the Common Shares

The share price of publicly traded smaller companies can be highly volatile. The value of the Common Shares may go down as well as up and, in particular, the share price may be subject to sudden and large falls in value given the restricted marketability of the Common Shares.

Current market volatility

The securities markets in the U.S. and Canada may experience price and volume volatility, and the market prices of securities of many companies may experience wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company. The value of the Common Shares distributed hereunder will be affected by such volatility.

Tax issues

Income tax consequences in relation to the securities offered will vary according to the circumstances of each purchaser. Prospective purchasers should seek independent advice from their own tax and legal advisers prior to subscribing for the securities.

General

Although management believes that the above risks fairly and comprehensibly illustrate all material risks facing the Company, the risks noted above do not necessarily comprise all those potentially faced by the Company as it is impossible to foresee all possible risks

Controls and Procedures

In connection with National Instrument 52-109 ("**NI 52-109**"), the CEO and CFO of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Interim Financial Statements and accompanying MD&A as at January 31, 2023 (together the "Interim Filings").

In contrast to the certificate under NI 52-109, the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

Disclosure Controls and Procedures

Disclosure controls and procedures ("**DC&P**") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("**ICFR**") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with IFRS.

Venture companies are not required to provide representations in the Interim Filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Summary of Outstanding Share Data

As at the date of this MD&A, the Company had the following issued and outstanding securities:

Description of securities	Number of securities
Issued and outstanding common shares	51,855,021
Warrants	3,391,468
Stock options	3,660,000
RSUs	100,000
PSUs	500,000
	59,506,489