ASEP MEDICAL HOLDINGS INC

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

For the six months ended June 30, 2022

Date of Report: August 8, 2022

INTRODUCTION

Management's discussion and analysis ("MD&A) is prepared as of August 8, 2022 and provides a review of the performance of ASEP Medical Holdings Inc ("Asep" or the "Company") and should be read in conjunction with the Company's condensed interim consolidated financial statements for the six months ended June 30, 2022, the audited consolidated financial statements for the period from January 20, 2021 (date of incorporation) to December 31, 2021 ("Annual Financial Statements"), and the corresponding notes to the Annual Financial Statements, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). This report contains discussion and analysis, which includes forward-looking statements that may differ materially from actual results achieved. All of the financial data herein has been prepared in accordance with IFRS and all figures are stated in Canadian dollars.

Additional information on the Company is available on the SEDAR website at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements". When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, and known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking information will not be realized.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that any forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated. The reader is cautioned not to place undue reliance on any forward-looking statements contained in this MD&A. Such forward-looking statements are presented for the purpose of assisting investors in understanding the Company's expected financial and operating performance and the Company's plans and objectives in making an investment decision and may not be appropriate for other purposes. All forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The Company disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements, or to reflect the occurrence of anticipated or unanticipated events, except as required by applicable laws.

RISKS AND UNCERTAINTIES

Risk factors applicable to the Company and its business include:

- risks related to the Company's investments in private issuers and illiquid securities, and the potential concentration of the Company's investments;
- that the Company may be unable to identify sources of income to generate material cash flow and revenue, and even if identified, such sources of income may be unavailable to the Company;
- that the Company is heavily reliant on its directors and management, and they only devote part of their time and efforts to the affairs of the Company;
- risks related to the Company's investment approach, objectives and strategy;
- the ability of the Company to identify other potential investment opportunities on satisfactory terms or at all;
- risks relating to available investment opportunities and competition for investments;
- the ability of the Company to obtain future financing on acceptable terms or at all;
- global financial conditions related to Covid-19 which have adversely affected the companies in which the Company has invested and the duration of which is undetermined at this time; and,
- other risks that may arise from time to time that are beyond the knowledge and/or control of the Company.

OVERALL PERFORMANCE

Nature of Business and Overall Performance

ASEP was incorporated under the British Columbia Business Corporations Act on January 20, 2021. On November 22, 2021, the Company commenced trading on the Canadian Securities Exchange (the "CSE") as a life sciences issuer under the trading symbol "ASEP". On April 19, 2022, the Company commenced trading on the OTCQB under the trading symbol "SEPSF".

The Company's head office is located at Unit 420, 730 View Street, Victoria, BC V8W 3Y7. ASEP is in the business of acquiring assets, technologies and/or businesses in the areas of life sciences and medical diagnostics.

In order to determine the impact early use of a diagnostic assay may have on clinical and economic outcomes, ASEP retained the services of RTI Health Solutions, the only independent, non-profit organization in the industry, whose primary objective is to provide the highest quality research and consulting services to benefit patients and improve public health. It is demonstrated that substantial savings in lives, hospital days, and costs result when a diagnostic assay, like Sepset^{ER}, becomes available to diagnose the onset of severe sepsis, enabling early treatment. The purpose of this independent assessment was to identify and verify the magnitude of these key elements.

Overall, early and appropriate antibiotic treatment is associated with an absolute decrease of 7.0% in mortality and a reduction in length of stay in the hospital of 5.85 days. Based on their analysis of the

literature describing 1,141,405 sepsis hospitalizations in a year and 5,534 hospitals in the United States (US), 14.11 lives and 1,206 hospital days are saved per hospital and 79,886 lives and 6,672,375 hospital days are saved in the US. This results in a cost savings of $3.0 million to $3.9 million per hospital and $16.6 billion to $22.0 billion in the US. This third-party analysis allows us to put a figure on the potential life-saving and economic impact that might result from the commercialization of a molecular diagnostic like SepsetER.

In parallel to the continued advancements of the Company's subsidiaries, ABT Innovations Inc. ("ABT") and Sepset Biosciences Inc. ("Sepset"), the Business Development Team of ASEP is continuing a focused outreach program to identify potential clinical, manufacturing and commercialization relationships. We have identified a targeted list of companies that can potentially help us achieve our business goals as well as the ones that would have synergistic benefits from our technologies. Given that molecular diagnostics have a shorter development cycle and may result in clear overall saving (as illustrated by the RTI study mentioned above), our focus has been on potential partnerships for the Sepset^{ER} technology. As such, we have initiated contacts with a number of companies in the space. Our discussions thus far have contemplated stages of involvement and key territories including the USA, EU and Asia. We are also working on identifying potential companies that would be interested in our therapeutics technology in order to start cultivating these relationships as we move forward throughout the balance of the year.

The Company has also filed for a new provisional patent based on the recent discovery that sepsis patients can be further divided into different mechanistic groups, called endotypes. This discovery will serve as the basis for our next generation sepsis diagnostic test that will enable a personalized medicine approach for sepsis patients by providing doctors with important information regarding optimal treatment regimens. Furthermore, the Company received official approvals for the European and Australian versions of the patent underlying the Sepset^{ER} diagnostic test on May 11, 2022 and June 16, 2022, respectively. With regards to the European patent, Asep has initiated the process to validate the patent in Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Spain, Sweden, Switzerland and the UK, providing a wide range of markets where the test may be sold once it receives regulatory approval.

ABT continued to make progress advancing the synthetic antibiofilm and immunomodulatory peptide technology towards clinical trials. ABT continued their collaboration with iFyber to develop peptide loaded wound dressings and are particularly engaged in identifying biocompatible and resorbable materials that facilitate sustained peptide release and potent antibiofilm activity. Prototype dressings have been evaluated in mouse and pig models of efficacy, demonstrating better antimicrobial activity than other commercially available wound care products. In addition, ABT scientists have continued to look for antibiotic candidates that work in synergy with their proprietary peptide technology that could be combined in an aqueous solution and applied as an ointment to wound sites. ABT has also initiated detailed in vivo toxicity studies in mice to characterize the mechanisms of action underlying the toxic effects of the peptides (if any) that occur at high concentrations. This information will be essential to inform future formulation studies and will reveal the optimal route of delivery for the peptides to achieve peak activity and lowest toxicity. Finally, in collaboration with the Nanomedicines Innovation Network, they have developed lipid nanoparticle formulation candidates to facilitate peptide delivery and release in vivo while mitigating issues related to aggregation and toxicity.

Sepset made progress on the design and development of their first generation in vitro diagnostic test for sepsis named Sepset^{ER}. The machine learning algorithm underlying Sepset^{ER} was further refined. The PCR primers and TaqMan probe sequences were also further refined to enhance specificity for the RNA sequences corresponding to our gene of interest. These new sequences were synthesized and validated for their ability to amplify the six-genes in the proprietary sepsis gene signature. The PCR primers and TaqMan probe sequences for the housekeeping genes (whose expression levels are unaffected by sepsis status) were

also refined and validated using the same criteria. This change ensures that there is no signal due to amplification from genomic DNA sequences that may be present within a sample. In silico analysis of the gene targets was also performed to ensure broad coverage of the most common transcript variants of the signature genes and that there are no off-target products that could arise from the presence of common human pathogens whose RNA may be isolated from patient blood samples. All testing and validation was performed on the 7500 Fast Dx RT-qPCR Instrument from Applied Biosystems, which is a widely used diagnostic platform found in many clinical diagnostic labs. An in-house prototype of the Sepset^{ER} test kit was prepared and its ability to quantify the gene expression levels from RNA samples isolated from healthy donors was assessed. Furthermore, several commercially available RNA isolation kits were tested for their ability to isolate RNA from blood samples and an optimal RNA isolation procedure was established.

Lastly, in anticipation of engaging with the FDA for a pre-submission meeting as well as initiating a prospective clinical trial to evaluate the performance of Sepset^{ER} in a clinical setting, a leading contract research organization was engaged to complete a regulatory strategy assessment of Sepset^{ER}'s progress towards an eventual regulatory submission. In addition, Sepset selected a quality management system (QMS) platform that specializes in QMS solutions for medical device companies. These two activities are key steps to ensuring compliance with regulatory requirements, as the Sepset^{ER} test approaches its pivotal clinical trial for validation.

As of the date of filing this MD&A, the Company has the following subsidiaries:

	Principal Activity	Location	Percentage Owned
Asep Medical Inc.	Life Sciences	Canada	100%
ABT Innovations Inc. ("ABT")	Life Sciences	Canada	50.1%
Sepset Biosciences Inc. ("Sepset")	Life Sciences	Canada	50.1%

The Company's subsidiary, ABT, owns 100% of ABT Peptides Inc, an inactive company incorporated in British Columbia, Canada.

ABT Innovations Inc.

ABT was incorporated on July 3, 2015 pursuant to the provisions of the BCBCA under the name "ABT Innovations Inc." for the purpose of ensuring the commercialization of the broad peptide technology developed by its founder, Dr. Robert E.W. Hancock. This peptide technology covers a broad range of therapeutic applications including bacterial biofilm infections (medical device infections, chronic infections, lung, bladder, wound, dental, skin, ear-nose and throat, sinusitis, orthopedic, etc.), representing two thirds of all infections, anti-inflammatories, anti-infective immune-modulators and vaccine adjuvants.

Sepset Biosciences Inc.

Sepset was incorporated on April 23, 2015 pursuant to the provisions of the BCBCA under the name "Sepset Biosciences Inc." for the purpose of ensuring the commercialization of a diagnostic kit for predicting the onset of severe sepsis and organ failure that was developed by its founder Dr. Robert E.W. Hancock. Its diagnostic technology involves a patient gene expression signature that is identified in the blood and assessable by nucleic acid amplification technologies. Sepset's diagnostic technology differs from current diagnostic tests in enabling diagnosis of severe sepsis within 1-2 hours of first clinical presentation (i.e., in the emergency room), while other diagnostics only provide diagnosis after 24-48 hours. Sepset believes

this will enable critical early decisions to be made by physicians regarding appropriate therapies and reduces mortality and morbidity.

Changes in Management and Board of Directors

On July 5, 2022, the Company appointed Dr. Robert E. W. Hancock as the CEO and Chairman of the Company. Dr. Hancock replaces Rudy Mazzocchi, the former CEO and Chairman, who stepped down due to health reasons. Dr. Hancock is a world-leading expert in infectious diseases. In recognition of his research work, Dr. Hancock has received numerous awards and honours including the Prix Galien (highest award for Canadian pharmaceutical research and innovation), the Killam Prize (Canada Council's prize for health research), Michael Smith CIHR Researcher of the Year, the ICAAC Aventis Antimicrobial Research Award (leading award worldwide for antimicrobial research) and in 2001 he was inducted as an Officer of the Order of Canada (Canada's second highest honour). Dr. Hancock will be stepping down as COO and will be replaced by Timothy Murphy, a current member of the Company's board of directors. Mr. Murphy is an experienced business lawyer and executive with a strong background in mergers and acquisitions, intellectual property and technology licensing.

Results of Operations

These results of operations should be read in conjunction with the Company's condensed interim consolidated financial statements for the six months ended June 30, 2022, which are being filed concurrently with this MD&A. All figures are stated in Canadian dollars.

Six months period ended June 30, 2022 compared to period from January 21, 2021 to June 30, 2021

(Information extracted from the Company's condensed interim consolidated financial statements)

	Six months ended June 30, 2022	For the period from January 20, 2021 (incorporation) to June 30, 2021
Expenses		
Amortization	$ 641,395	$ -
Compensation	263,123	-
Consulting	281,740	97,060
General & administrative	579,180	1
Interest expense	-	10,486
Patent fees	66,040	-
Professional fees	199,081	92,914
Research & development costs	271,843	-
Share-based compensation	764,937	-
Total expenses	3,067,339	200,462
Loss before other income (expenses)	(3,067,339)	(200,462)
Foreign exchange loss	(514)	-
Net loss and comprehensive loss for period	**$ (3,067,853)**	**$ (200,462)**

Net loss attributable to:				
Shareholders of ASEP	$	(2,554,871)	$	(200,462)
Non-controlling interest		(512,982)		-
	$	**(3,067,853)**	**$**	**(200,462)**
Loss per share – basic and fully diluted	**$**	**(0.05)**	**$**	**(0.02)**
Weighted average number of common shares outstanding – basic and fully diluted		**56,130,344**		**9,434,783**

The net loss attributable to the shareholders for the six month period totalled $3,067,339 compared to $200,462 for comparative prior period. Current period results, included a foreign exchange loss of $514 (2021 - $Nil).

Operating expenses

Operating expenses totalled $3,067,339 for the six months ended June 30, 2022 compared to $200,462 for the comparative prior period.

Significant factors that contributed to the variances are discussed below:

The Company incurred amortization of $641,395 for the six months ended June 30, 2022 on intangible assets, lab equipment and computer equipment. This increased from $Nil incurred for the period from January 20, 2021 (incorporation) to June 30, 2021 mainly due to the Company recognizing intangible assets related to the acquisition of Asep Medical Inc. with further increases due to acquisitions of lab and computer equipment.

The Company incurred compensation of $263,123 for employees of ASEP and Sepset for the six months ended June 30, 2022. Throughout the six months period, Asep had 3 employees and its subsidiary, Sepset, had 1 employee. This increased from $Nil incurred for the period from January 20, 2021 (incorporation) to June 30, 2021 mainly due to employees acquired through the acquisition of Asep Medical Inc. in November 2021

The Company incurred consulting costs of $281,740 for the six months ended June 30, 2022, which is related to the services provided by the former CEO, regulatory, marketing and finance consultants. This increased from $97,060 incurred for the period from January 20, 2021 (incorporation) to June 30, 2021 due to the Company engaging with more consultants in the current period. In the prior period, consulting fees consisted of financial advisory services.

The Company incurred $579,180 of general & administrative costs during the six months ended June 30, 2022, which includes travel, marketing, occupancy and insurance costs in addition to transfer agent & filing

fees. This increased from $1 incurred for the period from January 20, 2021 (incorporation) to June 30, 2021 due to the Company not yet incurring G&A in the prior comparative period.

The Company incurred $66,040 in patent fees related to patent filing and maintenance fees incurred by ABT and Sepset. This increased from $Nil incurred for the period from January 20, 2021 (incorporation) to June 30, 2021 as the Company did not complete the acquisition of ABT and Sepset until November 2021.

The Company incurred $199,081 in professional fees for the six months ended June 30, 2022, which included legal, audit and accounting fees. This decreased from $92,914 incurred for the period from January 20, 2021 (incorporation) to June 30, 2021 due to the Company's formation and the initial legal work on contractual and employment matters resulting in higher fees incurred during the prior comparative period.

The Company incurred research & development costs of $271,843 for the six months ended June 30, 2022 related to the collaborative research agreements with the University of British Columbia (UBC). This increased from $Nil incurred for the period from January 20, 2021 (incorporation) to June 30, 2021 due to the Company not having a research agreement signed with UBC in the prior comparative period.

The Company recognized share-based compensation of $764,937 related to the 4,540,000 stock options that were issued to certain directors, officers, employees and consultants of the Company on November 18, 2021. During the six months ended June 30, 2022, 1,227,329 stock options vested. There were no stock options granted in prior comparative period.

Three months period ended June 30, 2022 compared to three months period ended June 30, 2021

(Information extracted from the Company's condensed interim consolidated financial statements)

	Three months ended June 30, 2022	Three months ended June 30, 2021
Expenses		
Amortization	$ 320,116	$ -
Compensation	132,158	-
Consulting	125,922	97,060
General & administrative	319,327	-
Interest expense	-	10,486
Patent fees	51,035	-
Professional fees	118,625	856
Research & development costs	161,335	-
Share-based compensation	278,584	-
Total expenses	1,507,102	108,402
Loss before other income (expenses)	(1,507,102)	(108,402)
Foreign exchange loss	-	-
Net loss and comprehensive loss for period	$ (1,507,102)	$ (108,402)

Net loss attributable to:		
Shareholders of ASEP	$ (1,153,033)	$ (108,402)
Non-controlling interest	(354,069)	-
	$ (1,507,102)	$ (108,402)
Loss per share – basic and fully diluted	**$ (0.03)**	**$ (0.01)**
Weighted average number of common shares outstanding – basic and fully diluted	**56,130,344**	**14,905,556**

The net loss attributable to shareholders for the three-month period ended June 30, 2022 amounted to $1,153,033 compared to a net loss for the comparative period of $108,402 representing an increase in net loss of $1,398,700. The fluctuations in line item amounts are due to the same factors discussed in the above noted year-to-date analysis.

Summary of Quarterly Results – Unaudited

The following table details the Company's quarterly results:

Quarter ended	Net revenues	Net income (loss) attributable to shareholders	Net income (loss) attributable to non-controlling interest	Net income (loss)	Income (loss) per share - basic	Income (loss) per share - diluted
	$	$	$	$	$	$
January 20, 2021 (date of incorporation) to March 31, 2021	-	(92,059)	-	(92,059)	(0.04)	(0.04)
June 30, 2021	-	(167,000)	-	(167,000)	(0.02)	(0.02)
September 30, 2021	-	(134,386)	-	(134,386)	(0.01)	(0.01)
December 31, 2021	-	(2,200,086)	(143,477)	(1,950,118)	(0.10)	(0.10)
March 31, 2022	-	(1,401,838)	(158,913)	(1,560,751)	(0.03)	(0.03)
June 30, 2022	-	(1,153,033)	(354,069)	(1,507,102)	(0.03)	(0.03)

There are no meaningful trends evident from analysis of the summary of quarterly financial information.

Factors that can cause significant fluctuations in the Company's quarterly results include share-based compensation:

	January 20, 2021 (date of incorporation) to March 31, 2021	**June 30, 2021**	**September 30, 2021**	**December 31, 2021**	**March 31, 2022**	**June 30, 2022**
Share based compensation	$ -	$ -	$ -	$ 956,227	$ 486,353	$ 278,584

Financial Condition, Liquidity and Capital Resources

The Company had total assets of $28,515,379 as at June 30, 2022. The current assets of the Company as of such date consisted cash of $3,339,512, prepaids of $757,324, and GST receivable of $98,035. Non-current assets of the Company consisted of equipment of $57,124 and intangible assets of $24,263,384. The Company had total liabilities of $246,367 with current liabilities consisting of accounts payable of $227,079 and accrued interest of $19,288 as at June 30, 2022.

The Company's contractual obligations at June 30, 2022 are as follows:

	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	$ 215,297	$ -	$ -	$ 215,297
Payroll tax payable	11,782	-	-	11,782
Accrued interest	19,288	-	-	19,288
Total	$ 246,367	$ -	$ -	$ 246,367

The Company's unaudited condensed interim consolidated financial statements for the six months ended June 30, 2022 were prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months from loans from related parties and or through an equity financing through completion of private placement(s) of common shares or a debt financing through completion of a private placement(s) of convertible debentures.

Classification of financial instruments

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

	June 30, 2022	December 31, 2021
Financial assets at FVTPL:		
Cash	$ 3,339,512	$ 5,290,070
Financial assets at amortized cost:		
GST receivable	$ 98,035	$ 73,398

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

	June 30, 2022	December 31, 2021
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	$ 227,079	$ 124,916
Interest payable	19,288	19,288
	$ 246,367	$ 144,204

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial instruments classified as level 1 – quoted prices in active markets include cash.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet arrangements as at June 30, 2022.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

		Six months ended June 30, 2022
CEO consulting fees	(a)	$ 120,000
Management salaries	(b)	200,292
Share based compensation	(c)	754,484
		$ 1,074,776

(a) CEO consulting fees consist of $120,000 paid to Rudy Mazzocchi, the former CEO of the Company.

(b) Management salaries

$90,000 paid to current Chief Business Development Officer of the Company for the six months ended June 30, 2022.

$75,000 paid to current Chief Financial Officer of the Company for the six months ended June 30, 2022.

$35,292 paid to current Chief Scientific Officer of the Company for the six months ended June 30, 2022.

(c) Share-based compensation

During the six months ended June 30, 2022, the Company had recognized $754,484 of share based compensation for the vesting of stock options for directors and officers of the Company.

CRITICAL ACCOUNTING ESTIMATES

All critical accounting estimates are fully disclosed in Note 3 of the Company's audited consolidated financial statements for the period from January 20, 2021 to December 31, 2021.

SIGNIFICANT ACCOUNTING POLICIES

All significant accounting estimates are fully disclosed in Note 3 of the Company's audited consolidated financial statements for the period from January 20, 2021 to December 31, 2021.

RISK FACTORS

The business of the Company is subject to risks and hazards, some of which are beyond the Company's control. Shareholders must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company. The following is a summary of some risks and uncertainties that management believes to be material to the Company's business. Additional risk factors are included in the Filing Statement, which is available under the Company's SEDAR profile at www.sedar.com.

Global Financial Conditions

The COVID 19 Pandemic has been responsible for a substantial negative impact on the world economy. Many industries are impacted by global market conditions. Some of the key impacts of financial market turmoil can include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity markets, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A slowdown in the financial markets or other economic conditions, including but not limited to, reduced consumer spending, increased unemployment rates, deteriorating business conditions, inflation, deflation, volatile fuel and energy costs, increased consumer debt levels, lack of

available credit, lack of future financing, changes in interest rates and tax rates may adversely affect the Company's operations and business plans. Any of these factors may impact the ability of the Company and its potential partners to obtain equity or debt financing in the future and, if obtained, on favourable terms. Additionally, any such occurrence could cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses.

Dependence on the Performance of Investee Companies

The Company is, and will be, dependent on the operations, assets and financial health of the investee companies in which it makes investments. The Company's ability to meet its operating expenses in the long term will be largely dependent on the interest and other payments received from investee companies, which are expected to be the sole source of cash flow for the Company. In addition, if the financing position of an investee company declines such that it is unable to make interest payments to the Company, the Company's financial condition and cash flow will be adversely affected.

The Company has conducted, and will conduct, due diligence on each of its investee companies prior to entering into agreements with them. In addition, the Company plans to monitor investee company performance through observer rights at board meetings of investee companies, negotiating rights to appoint one or more directors to the boards of investee companies, and receiving and reviewing regular financial reports from the investee companies. Nonetheless, there is a risk that there may be some liabilities or other matters that are not identified through the Company's due diligence or ongoing monitoring that may have an adverse effect on an investee company's business and, as a result, on the Company**.**

Financing Risks

The Company has no history of earnings or material revenue. In addition, the Company's business model may require it to make additional investments in investee companies, for which the Company would have to raise additional capital. While the Company may generate additional working capital through equity or debt offerings, or through the receipt of interest or other payments from investee companies, there is no assurance that such funds will be sufficient to facilitate the development of the Company's business as envisioned or, in the case of equity financings, that such funds will be available on terms acceptable to the Company or at all. If available, future equity financing may result in substantial dilution to the Company's shareholders.

Risks Facing Investee Companies

As previously noted, the Company's financial condition and results of operations will be affected by the performance of the companies in which it invests. Each investee company will also be subject to risks which will affect their respective financial condition. Given that, other than with respect to the Initial Investment, the Company does not currently know the exact nature of the businesses in which it may make investments, it is impossible to predict exactly what risks investee companies will face. Nonetheless, typical risks which investee companies might be expected to face include the following:

- Investee companies may need to raise capital through equity or debt financing. Failure to obtain such equity or debt, or the terms of such equity or debt that may be available, may impair the ability of investee companies to finance their future operations and capital needs. Flexibility to respond to changing business and economic conditions may therefore be limited.

- The success of investee companies may depend on the talents and efforts of one or two persons or a small group of persons. The death, disability or resignation of one or more of these persons could have a material adverse impact on an investee company.

- Investee companies may require additional working capital to carry out their business activities and to expand their businesses. If such working capital is not available, the financial performance and development of the businesses of the investee companies may be adversely affected.

- Damage to the reputation of investee companies' brands could negatively impact consumer opinion of those companies or their related products and services, which could have an adverse effect on their businesses.

- Investee companies may face intense competition, including competition from companies with greater financial and other resources, and more extensive development, manufacturing, marketing and other capabilities. There can be no assurance that investee companies will be able to successfully compete against their competitors or that such competition will not have a material adverse effect on their businesses.

- Investee companies may experience reduced revenues through the loss of a customer representing a high percentage of their revenues.

- Investee companies may experience reduced revenues due to an inability to meet regulatory requirements or may experience losses of revenues due to unforeseeable changes in regulations imposed by various levels of government.

- Investee companies may rely on government or other subsidy programs for revenue or profit generation. Changes to, or elimination of, such programs may have an adverse effect on such companies.

- Investee companies may experience negative financial results based on foreign exchange losses.

Reliance on Key Personnel

The success of the Company is dependent on the abilities, experience, efforts and industry knowledge of its senior management and other key personnel. The long-term loss of the services of any key personnel for any reason could have a material adverse effect on the business, financial condition, results of operations or future prospects of the Company. In addition, the growth plans of the Company may require additional personnel, increase demands on management, and produce risks in both productivity and retention levels. The Company may not be able to attract and retain additional qualified management and personnel as needed in the future. There can be no assurance that the Company will be able to effectively manage its growth, and any failure to do so could have a material adverse effect on its business, financial condition, results of operations and future prospects.

Risks associated with ABT and Sepset

The Company's financial condition and results of operations are affected by the performance of the companies in which it invests. Each investee company will also be subject to risks and uncertainties which will affect their respective financial conditions. While it is impossible to outline every risk or

uncertainty that each of Sepset and ABT will face, management believes the typical risks which each of Sepset and ABT may face include the following:

a. **Delays and Difficulties with Clinical Trials** - Clinical trials for treatment candidates require identification and enrollment of a large number of volunteers or eligible patients. ABT or Sepset may not be able to enroll sufficient volunteers or eligible patients to complete clinical trials in a timely manner or at all. Patient enrollment is a function of many factors, including the following: design of the protocol, size of the patient population, eligibility criteria for the study in question, perceived risks and benefits of the drug under study, availability of competing therapies, efforts to facilitate timely enrollment in clinical trials, patient referral practices of physicians, and availability of clinical trial sites. If ABT or Sepset have difficulty enrolling sufficient volunteers or patients to conduct its clinical trials as planned, they may need to delay, forego or terminate ongoing clinical trials. This may have a material adverse effect on ABT or Sepset's financial condition or results of operations.

b. **Adverse Effects** - ABT or Sepset's potential product candidates are still in preclinical or clinical development and as such, they have a high risk of failure. If serious adverse or intolerable side effects are identified during the development of the product candidates, ABT or Sepset may need to abandon their development or limit development to certain uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk benefit perspective. It is impossible to predict when or if any of ABT or Sepset's product candidates will prove effective or safe in humans or will receive regulatory approval. If serious adverse or intolerable side effects are identified post-approval, ABT or Sepset's may need to recall its products and depending on the serious adverse event or intolerable side effects, ABT or Sepset may have to abandon the product completely and could be subject to substantial product liability claims. ABT or Sepset may be able to limit sales to certain uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective.

c. **Clinical Data** - The clinical effectiveness and safety of any of ABT or Sepset's developmental products is not yet supported by clinical data and the medical community has not yet developed a large body of peer-reviewed literature that supports the safety and efficacy of ABT or Sepset's potential products. If future studies call into question the safety or efficacy of ABT or Sepset's potential products, ABT or Sepset's business, financial condition, and results of operations could be adversely affected.

d. **Unproven Market** - The Company believes that the anticipated market for ABT or Sepset's potential products and technologies if successfully developed will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and the degree of commercial viability of the potential product.

e. **Raw Materials** - Raw materials and supplies are generally available in quantities to meet ABT or Sepset's needs. ABT or Sepset will be dependent on third-party manufacturers for the products that it markets. An inability to obtain raw materials or product supplies could have a material adverse impact on ABT or Sepset's business, financial condition and results of operations.

f. **Key Personnel** - Although ABT or Sepset are expected to have experienced senior management and personnel, ABT or Sepset will be substantially dependent upon the services of a few key technical personnel, particularly Dr. Robert E.W. Hancock, Dr. Fadia Saad and Dr. Evan Haney as well as certain other medical research professionals engaged for the successful operation of ABT or Sepset's businesses. Phase I of ABT or Sepset's research and development is planned to be completed by qualified professionals and is expected to concentrate on treatment of bacterial biofilm infections. The loss of the services of any of these personnel could have a material adverse effect on the business of ABT or Sepset. ABT or Sepset 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 ABT or Sepset loses any of these persons, or is unable to attract and retain qualified personnel, the business, financial condition and results of operations may be materially and adversely affected.

g. **Commercialization of Products** - ABT or Sepset's ability to generate revenues and achieve profitability depends on ABT or Sepset's ability to successfully complete the development of its products, obtain market and regulatory approval and generate significant revenues. The future success of ABT or Sepset's business cannot be determined at this time, and the Company does not anticipate ABT or Sepset generating revenues from product sales for the foreseeable future. In addition, ABT or Sepset will face a number of challenges with respect to its future commercialization efforts, including, among others, that:

   i. ABT or Sepset may not have adequate financial or other resources to complete the development of its various products or medical therapies, including two stages of clinical development that are necessary in order to commercialize such products or medical therapies;

   ii. ABT or Sepset's may not be able to manufacture its products in commercial quantities, at an adequate quality or at an acceptable cost;

   iii. ABT or Sepset may never receive FDA or Health Canada approval for its intended products or medical therapies;

   iv. ABT or Sepset may not be able to establish adequate sales, marketing and distribution channels;

   v. healthcare professionals and patients may not accept ABT or Sepset's product candidates;

   vi. technological breakthroughs in sepsis treatment and prevention may reduce the demand for the Sepset's product candidates; and

   vii. changes in the market for sepsis treatment, new alliances between existing market participants and the entrance of new market participants may interfere with the Sepset's market penetration efforts.

h. **Proprietary Intellectual Property Rights** - ABT or Sepset's ability to compete may depend on the superiority, uniqueness and value of any intellectual property and technology that it may develop. To the extent ABT or Sepset is able to do so, to protect any proprietary rights of ABT or Sepset, ABT or Sepset intends to rely on a combination of patent, trademark,

copyright and trade secret laws, confidentiality agreements with its employees and third parties, and protective contractual provisions. Despite these efforts, any of the following occurrences may reduce the value of any of the Company's intellectual property:

i. issued patents, trademarks and registered copyrights may not provide ABT or Sepset with competitive advantages and ABT or Sepset's efforts to protect its current intellectual property rights may not be effective in preventing misappropriation of any its products or intellectual property;

ii. another party may assert a blocking patent and ABT or Sepset would need to either obtain a license or design around the patent in order to continue to offer the contested feature or service in its products; and,

iii. the expiration of patent or other intellectual property protections for any assets owned by ABT or Sepset could result in significant competition, potentially at any time and without notice, resulting in a significant reduction in sales. The effect of the loss of these protections on ABT or Sepset and its financial results will depend, among other things, upon the nature of the market and the position of ABT or Sepset's products in the market from time to time, the growth of the market, the complexities and economics of manufacturing a competitive product and regulatory approval requirements but the impact could be material and adverse.

i. **Legal Proceedings** - From time to time, ABT or Sepset may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. It is expected that ABT or Sepset will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on ABT or Sepset's financial results.

j. **Competition** - An increase in other companies competing in the industry could limit the ability of ABT or Sepset's potential of expanding its operations. Current and new competitors may have better capitalization, a longer operating history, more expertise and able to develop higher quality equipment or products, at the same or a lower cost. The Company will not be able to provide assurances that ABT or Sepset will be able to compete successfully against current and future competitors. Competitive pressures that the ABT or Sepset may face could have a material adverse effect on its business, operating results and financial condition.

If ABT or Sepset are unable to meet any one or more of these challenges successfully, ABT or Sepset's ability to effectively commercialize its product candidates could be limited, which in turn could have a material adverse effect on the Company's business, financial condition and results of operations.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

As at June 30, 2022 and the of this MD&A , the following securities of the Company were outstanding:

Common Shares – 56,130,344

Options – 4,540,000

Finder's warrants – 187,200

OTHER INFORMATION AND BOARD APPROVAL

This MD&A has been reviewed and approved by the Board of Directors of the Company.