Biosenta Inc.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

The following management discussion and analysis ("MD&A") of financial results is dated January 28, 2015 and reviews the business of Biosenta Inc. (the "Company" or "Biosenta"), for the year ended September 30, 2014, and should be read in conjunction with the accompanying audited annual consolidated financial statements and related notes for the year ended September 30, 2014 and 2013. This MD&A and the accompanying audited annual consolidated financial statements and related notes for the year ended September 30, 2014 and 2013 have been reviewed by the Company's Audit Committee and approved by the Company's Board of Directors on January 28, 2015.

This release may contain forward-looking statements information and statements which constitute "forward-looking information" under Canadian securities law and which may be material regarding, among other things, the Company's beliefs, plans, objectives, estimates, intentions and expectations with respect to its operations, capital and funding plans. Inherent in the forward-looking information and statements are known and unknown risks, uncertainties and other factors beyond the Company's ability to control or predict, which give rise to the possibility that the Company's predictions, forecasts, expectations or conclusions will not prove to be accurate, that its assumptions may not be correct and that the Company's plans, objectives and statements will not be achieved. For additional information respecting certain of these risks, see Section L of this MD&A. Actual results or developments may differ materially from those contemplated by the forward-looking information and statements. Consequently, undue reliance should not be placed on such forward-looking statements. The forward-looking information and statements contained in this MD&A about prospective results of operations, financial position, business development and operations are based on current assumptions of management. Forward-looking information and statements reflect the Company's views only as of the date of this MD&A.

A. Core Business Strategy

The Company is developing two business units within the anti-microbial industry. Products within these business units are targeted to address the demand created by the mounting health and environmental concerns with mould. Mould can affect the immune system, nervous system, liver, kidneys, blood and cause brain damage.

The Company plans to manufacture and distribute an anti-microbial filler. Calcium Carbonate is one of the most common fillers used industrially. It is susceptible like other fillers that hold moisture to attract mould. Annual global revenue in the calcium carbonate filler industry approximates 140 billion dollars. Biosenta will produce anti-microbial filler that performs 'filling' and 'bulking' functions like calcium carbonate. Biosenta's filler product will not attract moisture and consequently mould infestation. Biosenta's filler with its anti-microbial high ph core in individual particles will enhance commercial product life and eradicate a broad spectrum of known bacteria, fungi, algae and other micro-organisms by suppression of their reproduction.

In addition, the Company has developed a line of retail anti-microbial products that will effectively kill mould, bacteria and fungi on contact and prevent re-growth. The Company obtained the necessary government approvals from Health Canada for selling the product in Canada in September 2012. The first shipments of the product started on October 15, 2012 on a limited basis within Canada. The Company is also in the process of seeking the necessary government approvals for selling the product in

the United States. The Company has made applications in Canada and the United States for a trademark for the name Zeromold™ and is considering making applications for trademark registrations in other jurisdictions as well.

B. Overall Performance

Intellectual Property

On June 7, 2011, the Company entered into an exclusive world-wide interim license agreement with Marcus Martin, a Director of the Company, with respect to certain intellectual property rights held by Mr. Martin relating to a process for the manufacture of anti-microbial filler product (the "MM License Agreement"). Effective October 3, 2011, the License Agreement was amended and restated to add Edward Pardiak, a former Director of the Company as a co-licensor and was again amended and restated on April 10, 2012 to add 2320696 Ontario Inc. and 2262554 Ontario Inc., as a co-licensor. Marcus Martin and Edward Pardiak, control 2320696 Ontario Inc. and 2262554 Ontario Inc. through holding companies controlled by them. The consideration payable for the acquisition of the MM License Agreement was $150,000 payable in installments of $50,000 ($50,000 paid). The consideration payable was superseded by the Amended and Restated License Agreement dated May 1, 2012 to an aggregate payment of $300,000, $50,000 having been paid in 2011, $100,000 payable on or before the date that is 30 days after the Company receives payment for its first shipment having an aggregate purchase price in excess of $200,000, with the balance of $150,000 payable on the date that is 90 days after the Company receives payment for such first shipment. The Company accrued the full amount as of September 30, 2013 and paid the full amount outstanding during the year ended September 30, 2014 by the issuance of common shares units.

The Company exercised its right to convert the interim license granted on June 7, 2011, as amended and restated, into an assignable, transferable, perpetual, world-wide exclusive license (the "License"). In connection with the exercise of the right to acquire the License, and in accordance with the terms of the MM License Agreement, the Company issued 20,000,000 fully paid and non-assessable Class A shares of the Company to the Licensors valued at $3,060,000 based on the value of the most recently completed private placement share price of $0.153. The effective date for the issuance of the Class A shares and the acquisition of the License was April 10, 2012. The License is subject to royalties payable equal to 7% to 25% of the amount the gross margin actually received by the Company on the sale of the licensed products based on gross margin as a percentage.

As a result of the exercise of the License, the interim license was impaired as it was replaced by the License and therefore, the Company charged the balance of $150,000 to the statement of operations during the year ended September 30, 2013.

On June 23, 2014, the License was amended to effectively reduce the number of shares issued to acquire the License from 20,000,000 to 10,500,000 to be held in escrow. The escrowed shares will be released in equal quarterly installments beginning December 31, 2015. Under the terms of the agreement, all patents, know-how and patent applications were immediately assigned to the Company. All provisions of the License to which the Company is obligated to make payments to any of the licensors, including royalty payments are void and the parties acknowledge that no further payments will be made in respect of the License. A final termination payment of $50,000 was paid to Edward Pardiak and charged to the consolidated statement of operations and comprehensive loss during the year ended September 30, 2014. If the Company fails to obtain adequate funding for the Parry Sound Pilot facility and fails to achieve sufficient sales revenue by December 31, 2015, the patents will revert to the licensors.

In January 2013, the Company announced that it had entered into a non-binding contract with New South Biolabs ("Biolabs") pursuant to which Biolabs would become the Company's strategic logistics management partner responsible for enterprise resource planning, production and customer relationship management as pertaining to all "Zeromold" products destined for the southern United States, Mexico, South America and the Caribbean. Biolabs will also purchase Biosenta's first scale unit ringed product system and allocate resources to establish a facility for the Company's patented ringed product in the United States. Completion of the transaction is subject to a number of conditions, including completion of satisfactory due diligence reviews by both parties, negotiation and entering into definitive documents respecting the transactions acceptable to all parties, and obtaining all required approvals upon execution of definitive document respecting the transaction. Biolabs will pay Biosenta royalties on all products sold and a $600,000 non-refundable fee, of which $350,000 has been received to date. Of this amount, $300,000 was reflected as revenue during the year ended September 30, 2013 and the remaining $50,000 is an advance of the remaining fee which will be earned upon obtaining approval to sell the product in the United States.

Anti-Microbial Filler Product Line

The Company will manufacture and distribute proprietary anti-microbial filler, and/or sub-license the technology relating thereto. Calcium Carbonate is one of the most common fillers used industrially. It is susceptible like other fillers that hold moisture to attracting mould. Annual global revenue in the calcium carbonate filler industry approximates 140 billion dollars. The Company will produce anti-microbial filler that performs "filling" and "bulking" that will not attract moisture and consequently mould infestation. The Company's filler product with its anti-microbial high ph core in individual particles enhances commercial product life and eradicates a broad spectrum of known bacteria, fungi, algae and other micro-organisms by suppression of their reproduction.

During fiscal 2014, the Company started the final construction phase of its pilot plant facility located in Parry Sound, Ontario. The facility will be used primarily for research and development relating to the Company's anti-microbial filler product, and as testing and demonstration facility for customers.

Anti-Microbial Retail Product Line (Zeromold™**)**

The Company has developed a retail anti-mould product called Zeromold™ and has made its first shipments in Canada of the product starting after October 15, 2012 with the Company's exclusive Canadian distributor, at that time. The Company has filed trademark applications for Zeromold™ in Canada and the United States and is considering making trademark applications in other jurisdictions.

In July 2014, the Company announced the appointment of its new national sales partner, Crossmark Canada, to provide sale management expertise and representation in national retail channels in the DIY (Do It Yourself) , hardware, Mass Merchant, Grocery and Drug channels. Furthermore, new marketing materials have been developed including product web sites, sales collateral and product display merchandisers. The product is now being sold through mass merchant retailers on a limited basis in Canada.

The Company continues with the process of obtaining the necessary government approvals for selling the product in the United States. The Company has aligned itself with national sales and marketing companies located in the United States. The goal is to have a quick roll out of the Zeromold™ product line once the government approvals have been obtained.

C. Selected Annual Information

The following table presents selected financial information in Canadian dollars ($), for each of the three most recently completed financial years, and has been prepared in accordance with International Financial Reporting Standards ("IFRS").

	2014	2013	2012	
	$	$	$	
Licensing fees Zeromold™	Nil	300,000	Nil	
Revenues Zeromold™	58,367	39,780	Nil	
Administrative Expenses	3,469,563	2,375,729	2,199,004	
Net loss for the year	(4,449,316)	(2,282,911)	(2,324,004)	
Net loss per share	(0.06)	(0.04)	(0.06)	
Total assets	2,927,405	3,932,456	3,745,151	
Total liabilities	2,035,487	2,395,913	1,558,051	

In fiscal 2011 and 2012, the Company focused on developing its two business units within the anti-microbial industry and bringing them to market. The Company started to roll out the Zeromold™ product line in first quarter of fiscal 2013, but due to issues with the Company's exclusive distributor for the Zeromold™ product line the rollout was unsuccessful and limited. The Company has taken steps to change the marketing and sales approach through the hiring of appropriate personnel and a new distributor for the Canadian market. The Company has now started to sell its product on a limited basis in mass market retailers in Canada.

The funds raised from the private placements completed in 2014 and 2013, allowed the Company to increase the asset base of the Company through the purchase of capital assets to complete the pilot plant in Parry Sound, as well as fund ongoing development activities, marketing and product expenditures for the rollout of the Zeromold™ product line in North America.

The most significant asset on the statements of financial position as at September 30, 2013 and 2012 was the intellectual property for $3.06 million which is the value of the perpetual worldwide license purchased as discussed in section A. For the year ended September 30, 2014, the value of this intellectual property was reduced, as result of a financial transaction that result in the cancellation of 9.5 million shares initially issued to the holders of the license.

D. Results of Operations

This analysis of the results of the Company's operations should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended September 30, 2014.

Licensing Fee

In January 2013, the Company announced that it had entered into a non-binding letter of intent with New South Biolabs ("Biolabs") pursuant to which Biolabs would become the Company's strategic logistics management partner responsible for enterprise resource planning, production and customer relationship management as pertaining to all Zeromold™ products destined for the southern United States, Mexico, South America and the Caribbean. Biolabs will also purchase Biosenta's first scale unit ringed product system and allocate resources to establish a facility for the Company's patented ringed product in the United States. Completion of the transaction is subject to a number of conditions, including completion of satisfactory due diligence reviews by both parties, negotiation and entering into definitive documents

respecting the transactions acceptable to all parties, and obtaining all required approvals upon execution of definitive document respecting the transaction. Biolabs will pay Biosenta royalties on all products sold and a $600,000 non-refundable fee, of which $350,000 has been received to date. Of this amount, $300,000 is reflected as revenue and the remaining $50,000 is an advance of the remaining fee which will be earned upon obtaining approval to sell the product in the United States.

Zeromold™ - Revenues and Cost of Sales

The Company's net revenues for the year ended September 30, 2014 were approximately $58,367 (2013 - $39,780). Shipments for the Zeromold™ product started in fiscal 2013 with the Company's then exclusive Canadian distributor, which was subsequently terminated in March 2013. Negative gross margin was realized as a result of large amount of returned items that increased shipping and additional handling costs, the return of damaged product from the distributor, and first year inefficiencies in producing the product. In fiscal 2014, the Company continued to struggle with sales in the Canadian market which resulted in negative margins. By the end of fiscal 2014, the Company successfully started to sale the product on a limited basis in Canadian mass merchant retailers.

Administrative Costs

For the year ended September 30, 2014, administrative costs increased to $3,469,563 from $2,375,729 in the same period last year. Generally, cost categories relating to management and personnel have increased as a result of the Company actively pursuing the development of both product lines, as well as building up the research and test facilities in Parry Sound. Significant components of this expense include:

1. Management and consulting fees increased to $2,044,136 for the year ended September 30, 2014 from $1,365,417 last year. Management and consulting fees include engineering, technical, packaging and marketing consultants used to develop the product lines. The Company continues to increase the number of consultants hired to develop the product lines and bring them to market;
2. Professional fees decreased to $237,924 for the year ended September 30, 2014 from $388,456 last year. The legal fees and professional fees are significantly higher in the prior period as a result of the high level of activity regarding product developments, license agreements, patents filings and increase in general corporate activity for the public Company. The current period reflects a more normal level of activity for legal and professional services;
3. Office and general expenses increased to $278,403 for the year ended September 30, 2014 from $174,859 last year. The significant increase is a result of more general expenses incurred as a result of increase in consultants and infrastructure costs. Costs for the Parry sound facility also increased as a result of preparing the site for the pilot plant;
4. Sales and Marketing has increased to $287,757 for the year ended September 30, 2014 from $67,288 last year. The Company has incurred sales and marketing costs as a result of aggressively pursuing the listing of the Zeromold™ product in Canadian mass market retailers.
5. Product development costs for Zeromold™ include third party marketing, laboratory testing and commercialization cost of the Zeromold™ product line, which increased to $397,582 for the year ended September 30, 2014 from $118,353 last year. The increase in expenditures is the result of the increase research and development type expenditures for the Canadian market, as well as development related costs in order to roll the product to jurisdiction outside of Canada.

E. Liquidity and Capital Resources

At September 30, 2014, the Company had cash of $302,067 compared to $2,774 at September 30, 2013,

and a working capital deficit of $1,379,936as of September 30, 2014 compared to a working capital deficit of $2,138,426 at September 30, 2013. The working capital has improved as a result of the Company completing several private placements in fiscal 2014 for gross proceeds of $2.9 million, which funded a portion of the ongoing product development and head office operating expenditures for the development of the two product lines.

Net additions to equipment for the year ended September 30, 2014 were $52,796 compared to $74.432, for the year ended September 30, 2013. Additions were mainly related to leasehold improvements for the research and test facilities in Parry Sound, Ontario.

Issued and outstanding: Class A Shares

	Number of shares
Balance, September 30 2012	**51,314,320**
Balance, September 30, 2013	**58,427,327**
Balance, September 30, 2014	**83,767,821**

Between June 30, 2014 and September 30, 2014, the Company closed three tranches totaling $2,120,000 of Convertible Debentures ("Debentures"). Each Debenture has a term of 2 years and bears interest at a fixed rate of 6% per year payable quarterly starting September 30, 2014. Under the terms of the 2 year Debentures, the Company has the option to convert the Debentures into common shares at anytime after the Company's common shares have traded at $0.50 or higher for 30 or more consecutive trading days, at a price of $0.40 per share. Upon conversion, for each share issued, a full warrant exercisable for one common share at a price of $1.00 per common with a term of two years from the date of conversion will be issued.

On June 26, 2014, the Company issued 3,700,000 Class A shares at a value of $518,000, based on the current market value, to management and directors of the Company for providing various financial and consulting services and 1,000,000 Class A shares at a value of $140,000, based on the current market value, to directors and officers of the Company in settlement of debt of $575,548.

On May 24, 2014, the Company issued 2,499,999 Class A shares at $0.07 per share for aggregate consideration of $175,000.

The Company also issued 666,667 Class A shares valued at $100,000 to the Chairman of the Company as compensation for 12 months of service and 157,733 Class A shares to settle existing debt of $23,660. In addition, the Company issued 1,749,999 units at $0.15 per unit for aggregate consideration of $262,500, each unit consisting of one Class A share and one half of a Class A share purchase warrant. Each whole warrant entitles the holder to purchase one additional Class A share in the capital of the Corporation at an exercise price of $0.20 per warrant to the extent such warrant is exercised on or before the date that is 18 months from the closing of the Offering.

On January 28, 2014, the Company issued 6,294,870 units at $0.15 per unit for aggregate consideration of $944,230 with $626,231 of the total consideration used to offset existing debt. Each unit consisting of one Class A share and one half of a Class A share purchase warrant. Each whole warrant entitles the holder to purchase one additional Class A share in the capital of the Corporation at an exercise price of $0.20 per warrant to the extent such warrant is exercised on or before the date that is 18 months from the closing of the Offering.

On October 10, 2013, the Company issued 6,522,892 units at $0.15 per unit for aggregate consideration of $978,434 with $734,185 of the total consideration used to offset existing debt. Each

unit consisting of one Class A share and one half of a Class A share purchase warrant. Each whole warrant entitles the holder to purchase one additional Class A share in the capital of the Corporation at an exercise price of $0.20 per warrant to the extent such warrant is exercised on or before the date that is 18 months from the closing of the Offering.

On February 4, 2013, the Company issued 800,004 units at a price of $0.15 per unit for gross proceeds of $120,000. Each unit consists of one Class A Share and one half of one Class A Share purchase warrant. Each whole warrant will entitle the holder to purchase one additional Class A Share in the capital of the Corporation (a "Warrant Share") at an exercise price of $0.20 per Warrant Share to the extent such Warrant is exercised on or before the date that is 18 months from the closing of the Offering.

In November 2012, the Company completed the closing of a private placement of 6,313,003 units at a price of $0.20 per unit for gross proceeds of $1,262,600. Each unit consisted of one Class A Share and one Class A Share purchase warrant. Each warrant entitled the holder to purchase one additional Class A share of the Company at a price of $0.30 for a period of 18 months from the date of closing.

Please refer to note 13 and 14 of the audited annual consolidated financial statements for the year ended September 30, 2014 and 2013 for additional information on outstanding warrants and options.

F. Quarterly Information

Selected quarterly information for the eight most recently completed quarters is presented below in Canadian currency ($), and in accordance with International Financial Reporting Standards ("IFRS").

	2014				**2013**			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Net margins/fees	(52)	3	(2)	(2)	(93)	29	142	164
Administrative expenses	(610)	(778)	(1,585)	(497)	(764)	(532)	(550)	(530)
Income/(Loss)	(1,939)	(775)	(1,587)	(499)	(1,007)	(503)	(407)	(365)
	$	$	$	$	$	$	$	$
Income/(loss) per share	(0.03)	(0.01)	(0.02)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)

G. Fourth Quarter Result

The Company was able to close on a few private placements for a debenture financing for gross proceeds of $1.95 million. The capital was used to pursue the roll out of the Zeromold™ product in Canada, as well as prepare its Parry Sound facility for completion of the testing facility and pilot plant for the dry "filler product".

H. Off-Balance Sheet Arrangements

The Company has no off –balance sheet arrangements as at September 30, 2014.

I. Financial Instruments

The Company has not entered into any specialized financial arrangements to minimize its investment risk, currency risk or commodity risk.

J. Proposed Transactions

The Company has no reportable proposed transactions at this time.

K. Related Party Transactions

Refer to note 10 of the audited annual consolidated financial statements for the year ended September 30, 2014 and 2013 for the related party transactions.

L. Business Risks and Financial Risks

Business Risk Factors
The Company's strategy emphasizes developing product lines in order to leverage its investment in licenses and drive the creation of shareholder value. This strategy has required, and continues to require significant financings. Due to the nature of the Company's business, the present stage of development of its product lines, and the constraints placed upon the Company's ability to move forward by its current liquidity situation, readers should carefully review and consider the financial, environmental and operational risk factors affecting the Company. The risk factors identified below are not an exhaustive list of the factors that may affect the Company, its operations or any forward-looking statements contained herein.

Need for Additional Financing
The Company currently has no source of operating cash flow, and there is no assurance that additional funding will be available to the Company as and when needed for further development of its current or future product lines, or to fulfill its obligations to its existing creditors. Volatile markets may make it difficult or impossible for the Company to obtain adequate debt or equity financing in the future, or on terms acceptable to the Company. The failure to obtain additional financing could force the Company to liquidate its assets to satisfy creditor claims.

No Production Revenues
To date, the Company has not achieved a sustainable stream of revenue. There can be no assurance that significant additional losses will not occur in the near future, or that the Company will be profitable in the future. In particular, the Company's operating expenses and capital expenditures may increase in subsequent three months as consultants, personnel, and equipment associated with advancing the product development and commercial production of its products are added.

The Company expects to continue to incur losses until such time as its product lines enter into commercial production and generate sufficient revenues to fund its continuing operations. There can be no assurance that the Company will generate any revenues or achieve profitability.

Dependence on Management
The Company's business and operations are dependent on recruiting and retaining the services of a small number of key members of management and qualified personnel. The success of the operations and activities of the Company are dependent, to a significant extent, on the efforts and abilities of the management of the Company. Investors must be willing to rely, to a significant extent, on the discretion and judgment of the management of the Company. Furthermore, while the Company believes that it will be successful in attracting qualified personnel and retaining its current management team, there can be no assurance of such success.

Conflicts of Interest
Certain of the Company's directors and officers may serve as directors or officers of other reporting companies, companies providing services to the Company, or companies in which they may have

significant shareholdings. To the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.

In accordance with the laws of Canada, the directors of the Company are required to act honestly, in good faith and in the best interest of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Litigation

From time to time, the Company may be named as a defendant in legal actions or may commence legal actions against other parties arising in the course of business. To the extent that management's assessment of the Company's exposure in respect of such matters is incorrect or changes, including as a result of any determinations made the courts or other finders' of fact, the Company's exposure could exceed management's current expectations, which could have a material adverse effect on its business, financial conditions and results of operations or the ability to continue to carry on business.

Financial Risk Factors

Refer to note 17 of the audited annual consolidated financial statements for the year ended September 30, 2014 and 2013 for discussed credit risk, liquidity risk and market risks.

M. Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

1. **Assets' carrying values and impairment charges**

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

2. **Income taxes and recoverability of potential deferred tax assets**

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by

applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

N. Change in Accounting Policies

Refer to note 4 of the audited annual consolidated financial statements for the year ended September 30, 2014 and 2013 for discussed change in accounting policies, including initial adoption of IFRS 10, IFRS 11,IFRS 12, IFRS 13, IAS1, IAS27, IAS 28.

O. Other MD&A Requirements

Additional information related to the Company is filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.