BioSyent Inc.

Management's Discussion and Analysis

For the Three and Six Months ended June 30, 2017 and 2016

August 15, 2017

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BioSyent

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Introduction

The following discussion of BioSyent Inc.'s ("**BioSyent**" or the "**Company**") operations, performance and financial condition is based on the Company's interim unaudited condensed consolidated financial statements for the three and six months ended June 30, 2017 and June 30, 2016 ("**Consolidated Financial Statements**"), which were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("**IAS34**"). The discussion of financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements, including the notes thereto. Additional information relating to the Company, including the Consolidated Financial Statements and the accompanying notes can be found at www.sedar.com.

Forward Looking Statements

This management's discussion and analysis ("**MD&A**") contains or incorporates forward-looking statements within the meaning of Canadian securities legislation (collectively, "**forward-looking statements**"). These forward-looking statements relate to, among other things, revenue, earnings, changes in costs and expenses, capital expenditures as well as changes in other objectives, strategic plans and business development goals, and may also include other statements that are predictive in nature or that depend upon or refer to future events or conditions, and can generally be identified by words such as "may", "will", "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent only BioSyent's expectations, estimates and projections regarding future events.

Although the Company believes the expectations reflected in such forward-looking statements are reasonable, such statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. Undue reliance should not be placed on such statements. Certain material assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Known and unknown factors could cause actual results to differ materially from those expressed or implied in the forward looking statements. Important assumptions, influencing factors, risks and uncertainties are referred to in the body of this MD&A, in the press release announcing the Company's financial results for the three and six months ended June 30, 2017 and June 30, 2016 and in BioSyent's annual and interim financial statements and the notes thereto. These documents are available at www.sedar.com.

The forward-looking statements contained in this MD&A are made as at the date of this MD&A and, accordingly, are subject to change after such date. Except as required by law, BioSyent does not undertake any obligation to update or revise any forward-looking statements made or incorporated in this MD&A, whether as a result of new information, future events or otherwise.

Accounting Estimates and Accounting Policies

The preparation of the Company's consolidated financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date.

On an ongoing basis, management evaluates its judgments, estimates and assumptions using historical experience and various other factors it believes to be reasonable under the given circumstances. In the future, actual experience may differ from these estimates and assumptions.

BioSyent's significant accounting judgments and estimates include recoverability of asset carrying values, impairment of trade and other receivables, income taxes, depreciation, share-based payments, and inventory. For a more detailed discussion of the Company's critical accounting estimates and recent accounting pronouncements impacting the Company, please refer to Notes 3 and 4 in the Consolidated Financial Statements.

Non-IFRS Financial Measures

This MD&A makes reference to certain non-IFRS measures. These non-IFRS measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. When used, these measures are defined in such terms as to allow the reconciliation to the closest IFRS measure. These measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective.

Accordingly, these measures should not be considered in isolation nor as a substitute for analyses of the Company's financial information reported under IFRS. Management uses non-IFRS measures such as Earnings Before Interest, Taxes, Depreciation and Amortization ("**EBITDA**"), Compound Annual Growth Rate ("**CAGR**") and Trailing Twelve Months Earnings per Share ("**TTM EPS**") to provide investors with supplemental measures of the Company's operating performance and thus highlight trends in the Company's core business that may not otherwise be apparent when relying solely on IFRS financial measures.

Management also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets, and to assess the Company's ability to meet future debt service, capital expenditure, and working capital requirements. The definition and a reconciliation of EBITDA, as used and presented by the Company, to the most directly comparable IFRS measures follows later in this MD&A.

Overview, Vision, Strategy and Products

Overview

BioSyent is a publicly traded specialty pharmaceutical company which, through its wholly-owned subsidiaries, BioSyent Pharma Inc. ("**BioSyent Pharma**") and BioSyent Pharma International Inc., sources, acquires or in-licences and further develops pharmaceutical and other healthcare products for sale in Canada and certain international markets. Hedley Technologies Ltd. and Hedley Technologies (USA) Inc., also wholly-owned subsidiaries of BioSyent, operate the Company's legacy business, marketing biologically and health-friendly non-chemical insecticides (the "**Legacy Business**"). BioSyent's issued and outstanding common shares (the "**Common Shares**") are listed for trading on the TSX Venture Exchange under the symbol "RX".

BioSyent's Vision

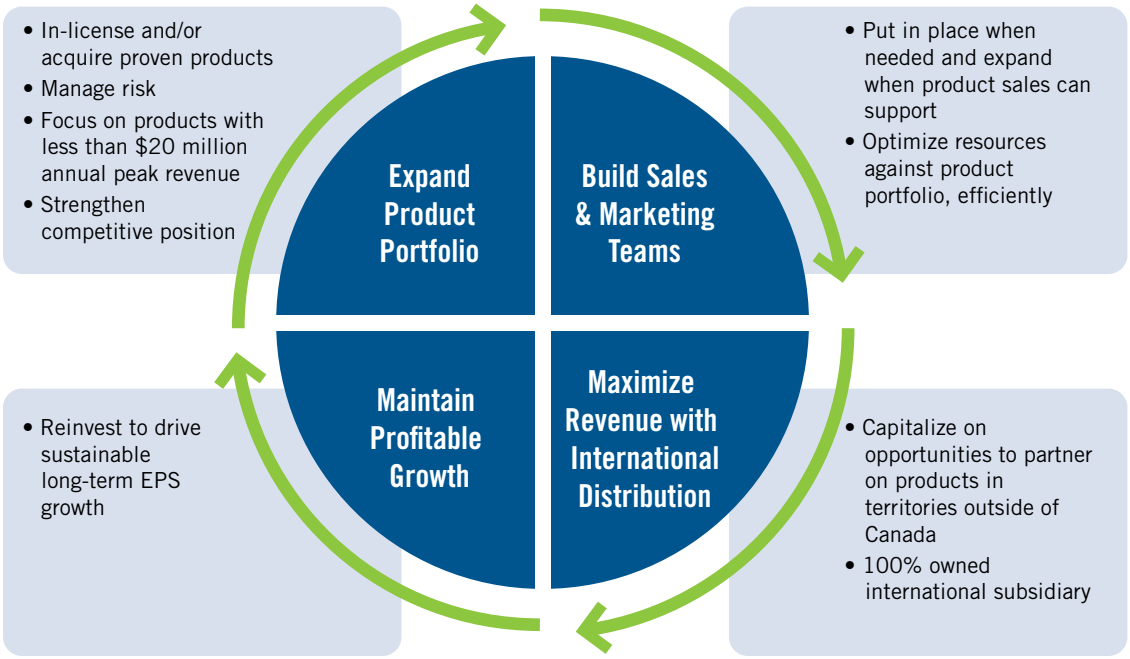
BioSyent's vision is to be the leading independent Canadian healthcare company focused on commercializing innovative products that improve patient lives and support healthcare providers.

BioSyent is independent and does not have access to large amounts of capital or a corporate pipeline of products funded by large investments in research and development. BioSyent is focused on innovative products that are sourced through international partnerships. These products are unique due to manufacturing complexities, novel technologies, therapeutic advantages and/or strong, defendable intellectual property rights. The Company's strategy allows it to commercialize these products as brands acquired or licensed to it by partners. The Company intends for its products to be differentiated and to improve patient lives. The Company works with, and supports, healthcare practitioners in achieving this objective.

BioSyent's Strategy

BioSyent has four key elements to achieving its strategic objectives:

1. Expand the product portfolio
2. Build sales and marketing teams
3. Maximize revenue with international distribution
4. Maintain profitable growth



BioSyent has developed sourcing arrangements with partners based in the U.S. and Europe. The Company has a flexible format for such arrangements.

The Company seeks long-term buy-sell agreements or in-licensing arrangements with or without royalties or payments linked to milestone events such as regulatory approvals or reimbursement by formularies.

The Company exercises diligence when sourcing new products. Some of the steps in this process involve reviewing market data and market trends, interviewing key healthcare practitioners or medical advisory boards and obtaining opinions on reimbursement possibilities with payers. Once the Company has decided to proceed with a new product opportunity, it acquires or licenses exclusive Canadian and/or international market rights to that product. After the acquisition or in-licensing of the product, the Company manages the product through the regulatory and product registration process and, once approved, commercializes the product in Canada and/or international markets.

The Company uses various means of reducing risk in the marketplace. The Company adopts a gradually accelerating investment approach in promoting its products in the marketplace by balancing its investment behind brands with brand revenue and growth and by segmenting the market into immediate and long-term growth opportunities. It pursues possible reimbursement avenues for its products in both the private and public sectors. The Company uses various marketing techniques throughout the product life cycle, as it deems appropriate, including healthcare practitioner detailing, direct to patient information, product differentiation materials, and expansion of patient and healthcare practitioner support services to increase awareness of product efficacy and safety. The Company employs a salesforce of qualified sales professionals across Canada with experience in pharmaceutical detailing to healthcare practitioners and hospitals.

Evolution of Strategy

The Company has not engaged in clinical trials due to the risks associated with such research activities. However, from time to time, the Company may acquire or in-license opportunities in late-stage development with which it, or its partners, have significant prior experience. Such experience and competency of the Company and its partners give the Company the ability to gauge risk in some depth. The Company may also seek in-licensing opportunities for new products launched in countries outside of Canada that require additional research and development work before being launched in the Canadian market. The Company considers opportunities where there is a high probability that additional research and development work is likely to extend the lifecycle of portfolio products. Such studies might include in-vitro or in-vivo studies (including bio-equivalency studies, efficacy studies, or safety studies).

Pharmaceutical Business

FeraMAX® 150

In keeping with its strategy, the Company has, through BioSyent Pharma, launched FeraMAX® 150 to the Canadian healthcare market. FeraMAX® 150 is an oral hematinic indicated for the prevention and treatment of iron deficiency anaemia. This non-ionic polysaccharide-iron complex formulation reduces adverse side effects common with other iron formulations. Shipments of FeraMAX® 150 commenced in April 2007.

FeraMAX® 150 continues to be a strong driver of growth in the Company's domestic and international pharmaceutical business. In 2016, the Company developed a 100mg formulation of FeraMAX® capsules ("**FeraMAX® 100**") for distribution in certain markets outside of Canada. In 2015, the Company developed and launched a new "certified vegan" formulation of FeraMAX® 150.

FeraMAX® Powder

In July 2012, BioSyent Pharma received marketing approval from Health Canada for its unique new oral iron supplement FeraMAX® Powder. FeraMAX® Powder is the only oral iron product available in Canada in a dissolvable powder and comes in pleasant tasting grape and raspberry flavoured crystals, which can be conveniently dosed by diluting them in water or mixing them with soft foods. This innovative product is based upon the same non-ionic polysaccharide-iron complex technology found in FeraMAX®150.

Other oral iron products made from common ferrous salts intended for infants and children either have an unpleasant heavy metallic taste which deters patient compliance or they come in formulations containing alcohol, which healthcare professionals and caregivers prefer to avoid. The Canadian market launch of FeraMAX® Powder in May 2013 was the global introduction of this product and provides BioSyent Pharma with a unique offering for international marketing partners. The Company has also launched the product in six international markets through distribution agreements.

Cathejell® Jelly 2%

In July 2011, BioSyent Pharma received marketing approval from Health Canada for Cathejell® Jelly 2%. Cathejel® Jelly 2% was in-licensed by BioSyent Pharma from Pharmazeutische Fabrik Montavit. Shipments of Cathejell® Jelly 2% commenced in May 2012. In April 2017, BioSyent Pharma extended its in-license agreement with Pharmazeutische Fabrik Montavit, giving BioSyent Pharma exclusive Canadian rights to the Cathejell® Jelly 2% product until March 31, 2024.

Cathejell® Jelly 2% is an innovative pharmaceutical product that combines a sterile gel with lidocaine in a unique collapsible applicator syringe providing a safe and effective solution for patients to ease the discomfort of a range of medical procedures. Cathejell® Jelly 2% is indicated for surface anesthesia and lubrication for various procedures including male and female cystoscopies, catheterizations and other endourethral operations, endoscopies, proctoscopies, rectoscopies and tracheal intubations.

Cathejell® Jelly 2% can also be used for the symptomatic treatment of pain in connection with cystitis and urethritis. Cathejell® Jelly 2% has a unique collapsible syringe design with a trauma-free applicator tip that makes it easy to use for healthcare professionals and makes the application of the drug more comfortable for the subject patient.

RepaGyn®

In October 2013, the Company signed an exclusive Canadian Licensing and Distribution Agreement with Farma-Derma s.r.l. (the "**RepaGyn Agreement**"). Pursuant to the RepaGyn Agreement, the Company distributes a women's health product, RepaGyn®, which is an innovative vaginal suppository that has received approval from Health Canada. RepaGyn® helps relieve dryness and promotes healing of the vaginal mucosa. It is also recommended in situations where tissue repair is required after invasive vaginal surgeries and biopsy procedures. RepaGyn® vaginal suppositories can be used with or without local hormone therapy.

RepaGyn® is formulated with sodium hyaluronate, a naturally-occurring compound, and offers a hormone-free treatment alternative proven to deliver symptom relief, restoration of pH balance and tissue repair all in one ovule.

RepaGyn® is supported by clinical evidence of both efficacy and symptom relief and has been recommended by doctors and successfully used by women in several European countries including Italy, France, Belgium, Switzerland, Denmark and Poland for over 10 years under the brand names Cicatridine®, Cicatridina®, Cikatridina®, and Repadina®.

Proktis-M®

In March 2014, the Company entered into an in-licensing agreement for exclusive marketing and distribution rights in Canada of Proktis-M® rectal suppositories with Farma-Derma s.r.l. Proktis-M® rectal suppositories are designed to help healing of the anus and rectum. Proktis-M® rectal suppositories, which were launched by the Company in November 2014, have been studied and tested in conditions such as operated severe internal hemorrhoids, anal fissures and prevention of radiation-induced proctitis.

Proktis-M® rectal suppositories are formulated with sodium hyaluronate, a naturally-occurring compound, and offer a temporary matrix to facilitate cell proliferation which enhances

wound healing. Proktis-M® rectal suppositories can be used on their own or in combination with other products. Proktis-M® rectal suppositories are supported by clinical evidence and have been successfully used to treat men and women in several European countries.

Aguettant System®

In August 2012, BioSyent Pharma signed an exclusive Licensing and Distribution Agreement (the "**Aguettant Agreement**") with Laboratoire Aguettant S.A.S. ("**Laboratoire Aguettant**"). Pursuant to the Aguettant Agreement, the Company in-licensed three pre-filled syringe ("**PFS**") products, which are medical syringes pre-filled with a specific dosage of medication and marketed to hospitals.

These urgent care drugs are supplied in the patented Aguettant System® which offers technical advantages over existing alternatives.

The PFS products are used in hospitals and acute care settings. The Aguettant System® for PFS offers a patented innovation that can be used for a variety of injectable medications. The Aguettant System® for PFS features a needleless, glassless, sterile plastic syringe with a ready-to-use dual tamper-evident seal. These products provide hospitals, clinics and healthcare professionals with improved patient safety as well as operational efficiencies.

Laboratoire Aguettant has been providing innovative and patented infusion delivery systems to hospitals for more than 100 years. The Aguettant System® for PFS has been available since 2009 and is used in several European countries including France, the United Kingdom and Belgium.

Aguettant System® - Atropine Sulphate

One Aguettant System® urgent care product contains atropine sulphate, a commonly used drug in emergency situations and anaesthetic procedures. The Company launched this product in February 2015 as the first of three drugs for use in urgent care.

Aguettant System® - Phenylephrine Hydrochloride

In May 2016, the Company received approval from Health Canada for a new urgent care product, phenylephrine hydrochloride injection, for use in Aguettant System® PFS in hospitals and acute care settings. Phenylephrine hydrochloride injection is indicated for the treatment of clinically important hypotensive states, including overcoming peripheral vascular failure (shock, or shock-like states), maintenance of blood pressure in the setting of anesthesia, drug-induced hypotension, or hypersensitivity with circulatory compromise. The Company commenced distribution of this product in November 2016.

The Company and Laboratoire Aguettant are actively evaluating other urgent care products for use with the Aguettant System®.

Cysview®

In August 2015, BioSyent Pharma signed a Distribution and Supply Agreement with Photocure ASA granting BioSyent Pharma an exclusive license to import, promote and sell the Cysview® product in Canada.

Cysview® is a patented, innovative technology that aids in the diagnosis and management of non-muscle-invasive bladder cancer. It is designed to selectively target malignant cells in the bladder and induce fluorescence during cystoscopic procedures using a blue-light enabled cystoscope.

This technology can lead to an up to 25% improvement in the detection of bladder cancer tumors as compared with traditional white light cystoscopy (Burger et al. 2013), leading to a reduced risk of recurrence. Cysview® has been successfully marketed in the U.S. and Europe and was approved by Health Canada in January 2015. The Company commenced the Canadian promotional launch of Cysview® in November 2015.

Cardiovascular Products

In May 2016, the Company signed an exclusive Distribution Agreement with a European partner for two products in the cardiovascular therapeutic area for the Canadian market. These products have been approved in Europe and certain other markets around the world and are expected to be launched in Canada upon approval being granted by Health Canada.

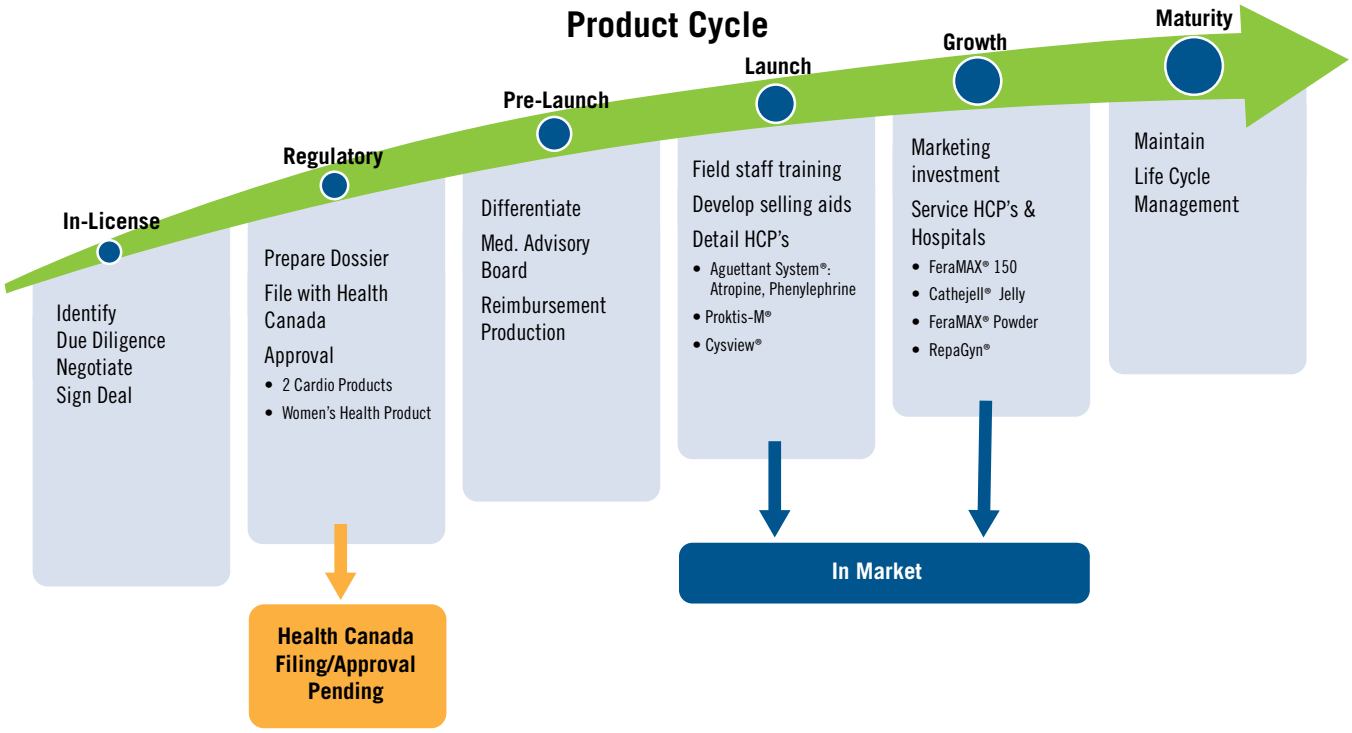
Women's Health Product

In November 2016, the Company signed an exclusive License and Supply Agreement with a European partner for a new prescription product in the women's health therapeutic area for the Canadian market. The product has been approved in Europe and in certain other markets around the world and is expected to be launched in Canada upon approval being granted by Health Canada. The Company intends to seek marketing approval of the product from Health Canada in 2017.

Brand Lifecycle and Product Pipeline

The Company organizes its product lifecycle into six stages: (i) the in-license stage, (ii) the regulatory stage, (iii) the pre-launch stage, (iv) the launch stage, (v) the growth stage, and (vi) the maturity stage.

The Company currently has four products in the growth stage (FeraMAX®150, Cathejell® Jelly 2%, FeraMax® Powder and RepaGyn®), four products in the launch stage (Cysview®, Proktis-M® and Aguettant System® Atropine and Phenylephrine), and three products in the regulatory stage subject to Health Canada approval (two Cardiovascular Products and the Women's Health Product).



The Company is in discussions with several other potential partners for new product opportunities. These products will feature in the Product Cycle illustration if and when they are in-licensed.

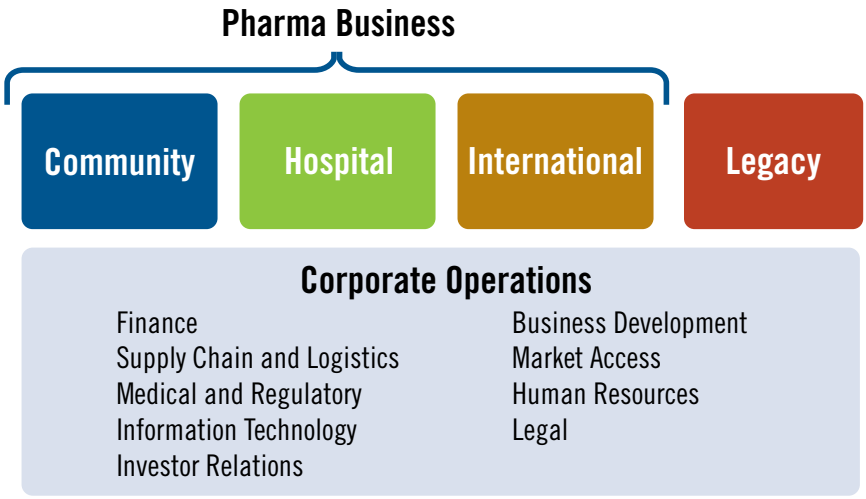
Future Product Pipeline

The Company is committed to expanding and accelerating its product pipeline with a focus on innovative products that are unique. The Company is currently in discussions with several potential partners for new product opportunities in the prescription drug category. Although launched in other markets, some of these products may require additional investment before the Company seeks approval from Health Canada or other international government regulatory bodies.

Business Structure

The Company has four business units: (i) the Community and Women's Health Unit which commercializes pharmaceutical products focused on improving family and women's health (the "**Community Business**"); (ii) the Hospital Business Unit which sells pharmaceutical and healthcare products to hospitals and hospital specialists (the "**Hospital Business**"); (iii) the International Pharmaceutical Unit which sells pharmaceutical products to markets outside of Canada (collectively with the Community Business and the Hospital Business, the "**Pharmaceutical Business**"); and (iv) the Legacy Business, which markets biologically and health friendly non-chemical insecticides.

These four business units are supported by the Company's Corporate Operations, including the finance, supply chain and logistics, medical and regulatory affairs, business development, market access, human resources, information technology, legal and investor relations functions.



Legacy Business

Protect-It®

The Company manufactures and markets Protect-It®, a bio-friendly non-toxic product. Protect-It® is a non-chemical, food-safe grain insecticide. The patented formula contains a natural mineral called diatomaceous earth. Protect-It® was developed through collaborative research between the Winnipeg-based Cereal Research Centre of Agriculture and Agri-Food Canada. Protect-It® is used as a preventative treatment against insect infestations in stored grains. It is registered for use in Canada and the U.S. The Legacy Business provides an additional source of stable cash flows for the Company allowing it to focus on its strategic areas of growth in the pharmaceutical market.

New Capabilities and Awards

In April 2017, the Company extended its License, Distribution and Supply Agreement with its European partner, Pharmazeutische Fabrik Montavit, giving BioSyent Pharma exclusive Canadian rights to the Cathejell® Jelly 2% product until March 31, 2024. This product is an important element in the Company's urology portfolio and its Hospital Business.

In May 2017, the Company's FeraMAX® brand was named the #1 Doctor and Pharmacist recommended over-the-counter oral iron supplement brand in Canada for the second consecutive year (EnsembleIQ Healthcare Group: Pharmacy Practice+, The Medical Post, Profession Santé, CanadianHealthcareNetwork.ca, and ProfessionSanté.ca 2017 Survey on OTC Counselling and Recommendations).

Key Performance Measures

Key performance measures for the three months ("Q2") and six months ("H1") ended June 30, 2015, 2016, and 2017 are summarized in the tables below:

	Q2 2015	Q2 2016	Q2 2017	CAGR*
Sales	$3,593,998	$4,373,353	$5,636,405	25%
Sales Growth %	17%	22%	29%	-
Net Income Before Tax	1,174,422	1,391,026	2,003,227	31%
Net Income Before Tax Growth %	-4%	18%	44%	-
Net Income Before Tax Margin	33%	32%	36%	-
Income Tax (Current and Deferred)	323,383	375,577	450,309	-
Net Income After Tax	851,039	1,015,449	1,552,918	35%
Net Income After Tax Growth %	-4%	19%	53%	-
Net Income After Tax Margin	24%	23%	28%	-
Net Increase (Decrease) in Cash and Short-term Investments	735,310	1,193,431	658,030	-
Basic EPS	0.06	0.07	0.11	-
Diluted EPS	0.06	0.07	0.11	-

	H1 2015	H1 2016	H1 2017	CAGR*
Sales	$6,900,098	$8,145,816	$9,457,667	17%
Sales Growth %	25%	18%	16%	-
Net Income Before Tax	2,494,355	2,694,936	3,185,654	13%
Net Income Before Tax Growth %	31%	8%	18%	-
Net Income Before Tax Margin	36%	33%	34%	-
Income Tax (Current and Deferred)	680,604	727,633	731,180	-
Net Income After Tax	1,813,751	1,967,303	2,454,474	16%
Net Income After Tax Growth %	30%	8%	25%	-
Net Income After Tax Margin	26%	24%	26%	-
Net Increase (Decrease) in Cash and Short-term Investments	(512,234)	740,079	963,341	-
Basic EPS	0.13	0.14	0.17	-
Diluted EPS	0.13	0.14	0.17	-

* CAGR - Compound Annual Growth Rate – See "Non-IFRS Financial Measures"

The Company's sales CAGR between H1 2015 and H1 2017 was 17%. The Company's H1 2017 net profit margin was 26% which is consistent with net profit margins of 26% and 24% for H1 2015 and H1 2016, respectively.

Results of Operations for the three and six months ended June 30, 2017 and 2016

Sales

Sales Overview

The Company recorded sales of $5,636,405 for the three months ended June 30, 2017 – the highest quarterly sales level in the Company's history, representing a 29% increase over sales for the three months ended June 30, 2016. This record sales level was driven by quarter-over-quarter growth in both the Company's Canadian and international pharmaceutical businesses. On a year-to-date basis, total Company sales of $9,457,667 for H1 2017 increased by 16% over H1 2016 sales.

Quarterly Sales Trends

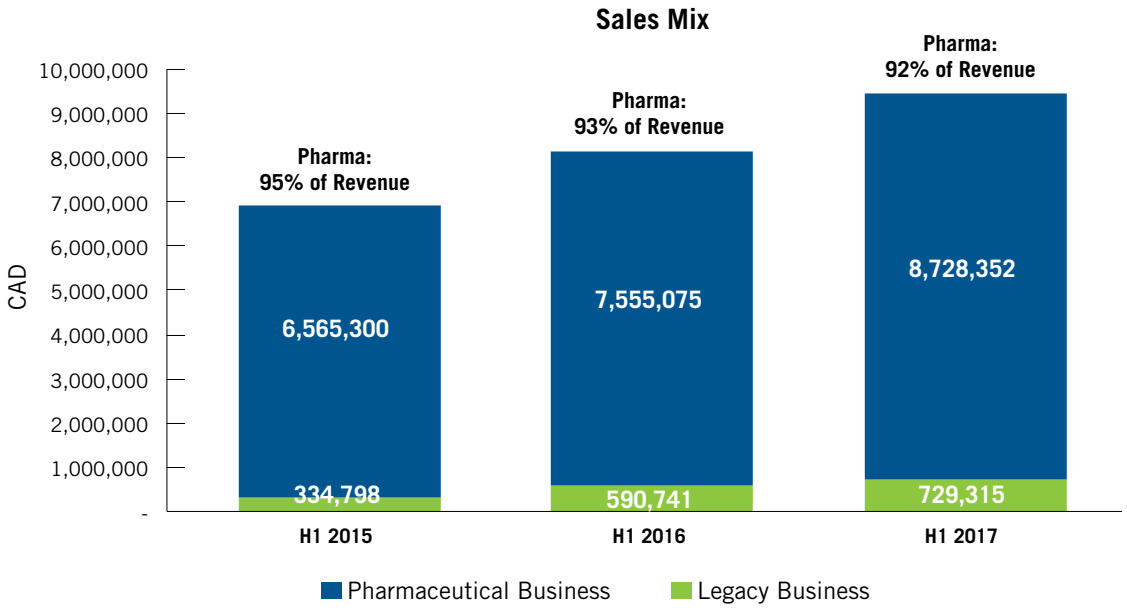
Below is a summary of the Company's sales by business for the eight most recently completed quarters:

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Sales								
Pharmaceutical Business	4,068,225	3,779,349	3,546,608	4,008,467	4,185,311	4,922,773	3,652,834	5,075,518
Growth% vs. prior year period	32%	26%	10%	20%	3%	30%	3%	27%
Legacy Business	578,011	62,513	225,855	364,886	581,475	86,895	168,428	560,887
Growth% vs. prior year period	7%	17%	194%	41%	1%	39%	-25%	54%
Total Sales	**4,646,236**	**3,841,862**	**3,772,463**	**4,373,353**	**4,766,786**	**5,009,668**	**3,821,262**	**5,636,405**
Growth% vs. prior year period	28%	26%	14%	22%	3%	30%	1%	29%

Record Q2 2017 Pharmaceutical Business sales of $5,075,518 increased by 27% versus Q2 2016. This compares to an increase of 20% in Q2 2016 pharmaceutical sales over Q2 2015.

Sales Mix

The graph below illustrates the Company's sales mix for the six months ended June 30, 2015, 2016 and 2017. The Pharmaceutical Business accounted for 92% of total sales in H1 2017, slightly lower than its 93% and 95% proportion of total sales for H1 2016 and H1 2015, respectively. This sales mix is in line with management's strategy of growing the Pharmaceutical Business while maintaining the Legacy Business. The Company supports the Legacy Business in a limited way, as Legacy Business customers are generally less responsive to marketing and promotion with demand for grain insecticides influenced more by the weather, prices of agricultural inputs, the quality and quantity of the food grain harvest, and the level of infestation of stored grain.

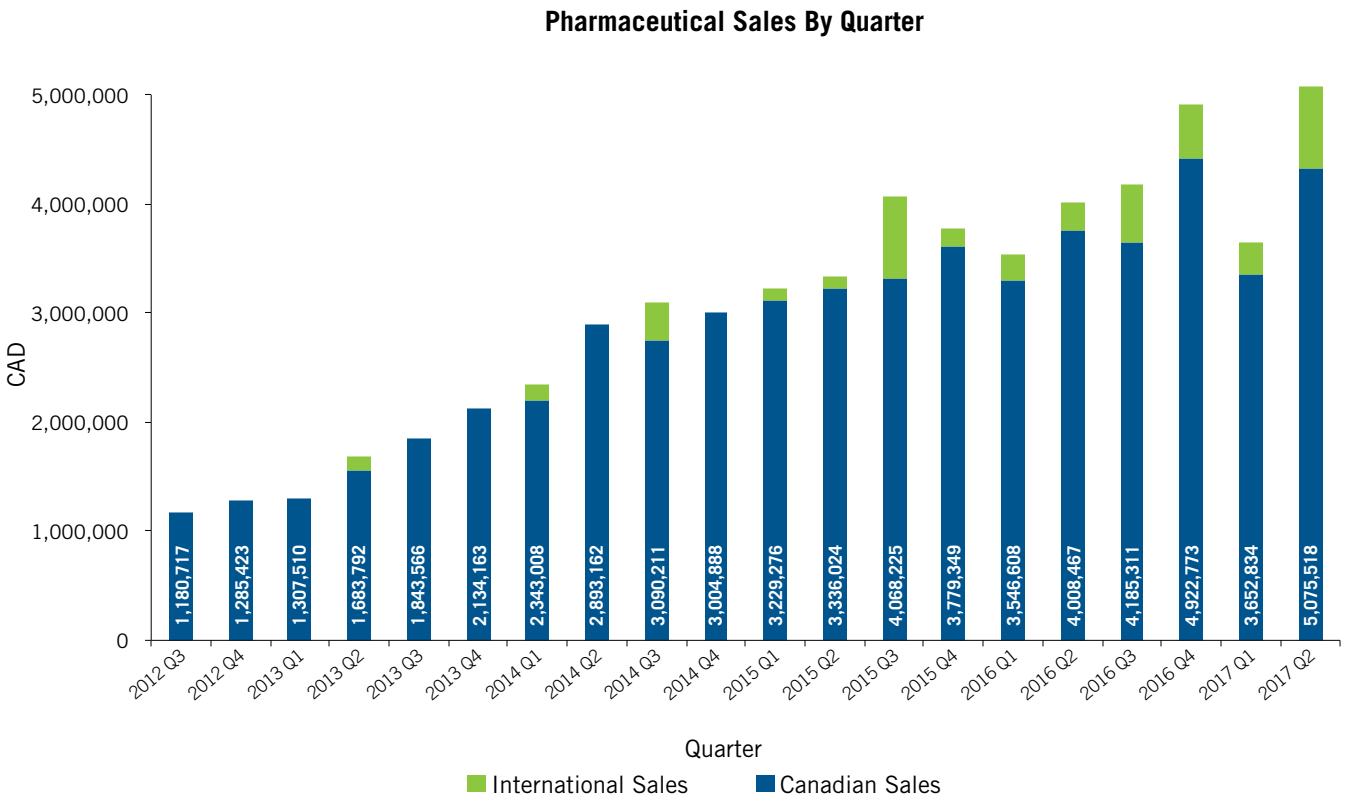


Within the Pharmaceutical Business, the Company focuses on medications that occupy a niche in the market and are unique due to manufacturing complexities or novel technological and therapeutic advantages, or are backed by strong partners holding defendable intellectual property rights. This strategy allows the Company to market these medications as brands it owns or licenses. By virtue of its strong growth record, the Company is able to attract partners for new products that have niche positioning.

Legacy Business Sales Trend

Protect-It® sales for the three and six months ended June 30, 2017 were $560,887 and $729,315, respectively, representing increases of 54% and 23%, respectively, over the corresponding prior year periods. The Company has observed a shift in seasonal purchasing patterns with customers purchasing inventory of the product earlier in the year resulting in comparatively higher sales in the first half of the year than in the second half of the year. As such, the Company does not expect the level of domestic demand for the product observed in H1 2017 to be sustained for the remainder of the year. The Company recently expanded its distribution of Protect-It® to a new international market, with international customer orders of Protect-It® in hand for H2 2017.

Pharmaceutical Sales Trend



Q2 2017 pharmaceutical sales of $5,075,518 increased by 27% versus Q2 2016 pharmaceutical sales of $4,008,467. This compares to a sales growth rate of 20% in Q2 2016 pharmaceutical sales versus Q2 2015 sales. Overall, Canadian and International pharmaceutical sales increased by 16% and 188%, respectively, in Q2 2017 compared to Q2 2016. With the sales in Q2 2017, International pharmaceutical sales have occurred in ten consecutive quarters.

Canadian Pharmaceutical Sales:

The Company reported Canadian pharmaceutical sales of $7,690,695 in the first half of 2017, representing an increase of 9% over Canadian pharmaceutical sales of $7,044,203 in the first half of 2016. This compares to a sales growth rate of 11% in H1 2016 Canadian pharmaceutical sales over H1 2015 pharmaceutical sales of $6,333,882.

In the first quarter of 2017, the Company experienced a decline in the Canadian pharmaceutical sales growth rate due in part to certain purchasing patterns in the wholesale trade with respect to the FeraMAX® 150 product, with inventory levels among certain wholesalers declining significantly in Q1 2017 as compared to Q1 2016. Although Q2 2017 Canadian sales volumes (units) of FeraMAX® 150 increased by 8% over Q2 2016, wholesale inventory levels for this product in Q2 2017 remained lower than inventory levels in the comparative prior year period with approximately 3 weeks of FeraMAX® 150 inventory in the

wholesale trade at June 30, 2017 as compared to 4 weeks at June 30, 2016.

The Community Business saw growth in sales of its other pharmaceutical products in H1 2017, including FeraMAX® Powder and RepaGyn®, for which the Canadian sales volumes (units) grew by 15% and 32%, respectively, over H1 2016 sales volumes.

The Company's Hospital Business also saw growth in H1 2017 with sales volumes of Cathejell® Jelly 2% (units) increasing by 24% in H1 2017 over H1 2016. Aguettant System® PFS products also contributed to the sales growth rate in the Hospital Business in H1 2017 with Canadian sales volumes (units) of these products increasing 84% over the prior year period. However, sales volumes of these products in the comparative 2016 period were relatively low as the Atropine Sulphate product was re-launched in Q1 2016 and the Phenylephrine Hydrochloride product was launched in Q4 2016.

Sales of Cysview® to Canadian hospitals continue to fall short of management's expectations. Cysview® is experiencing a longer than anticipated selling cycle. Several Canadian hospitals are evaluating their spending budgets to fund blue light cystoscopy using Cysview® and are in the process of scheduling demonstrations of the product in an operating room setting.

International Pharmaceutical Sales:

International sales of FeraMAX® products for the three and six months ended June 30, 2017 were $739,520 and $1,037,657, respectively, which included several repeat customer sales as well as sales to one new market in Q2 2017. These sales levels represent growth rates of 188% and 103% for Q2 2017 and H1 2017, respectively, over the corresponding prior year periods. This compares to sales growth rates of 122% and 121% for Q2 2016 and H1 2016, respectively, over the corresponding prior year periods.

The Company has recorded international pharmaceutical sales in ten consecutive quarters as distribution of FeraMAX® has been established in six markets outside of Canada. Although international FeraMAX® sales have become more regular as the Company manages the additional distribution complexities of the international business, there is still significant variability in the level of international sales from one quarter to the next. International pharmaceutical sales accounted for 12% of the Company's total pharmaceutical sales in H1 2017 as compared to 7% in H1 2016. This is consistent with management's strategy of continuing to grow the international pharmaceutical business as a proportion of the total pharmaceutical business.

Expenses

For the three months ended June 30, 2017 and 2016, total expenses, including the cost of goods sold ("**COGS**"), increased by 22% and 23%, respectively, over the corresponding prior year periods. This compares to increases in net revenues of 29% and 22%, respectively, for the three months ended June 30, 2017 and 2016 over the corresponding prior year periods. The ratio of total operating expenses to net revenues was 64% for the three months ended June 30, 2017, lower than a ratio of 68% for the three months ended June 30, 2016.

	Three months ended June 30,		
	Expenses		% Change vs. Prior Period
	2017	2016	
Cost of Goods Sold	$1,398,018	$877,400	59%
Selling and Marketing	$1,416,740	$1,323,162	7%
General and Administration	$819,781	$785,221	4%
New Business & Development Costs	$22,362	$26,341	-15%
Finance Income	$ (23,723)	$ (29,797)	-20%
Total Operating Expenses	$ 3,633,178	$ 2,982,327	22%

For the six months ended June 30, 2017 and 2016, total expenses, including COGS, increased by 15% and 24%, respectively, over the corresponding prior year periods. This compares to increases in net revenues of 16% and 11%, respectively, for the six months ended June 30, 2017 and 2016 over the corresponding prior year periods. The ratio of total operating expenses to net revenues was 66% for the six months ended June 30, 2017, slightly lower than a ratio of 67% for the six months ended June 30, 2016.

	Six months ended June 30,		
	Expenses		% Change vs. Prior Period
	2017	2016	
Cost of Goods Sold	$2,187,048	$1,594,502	37%
Selling and Marketing	$2,578,716	$2,359,876	9%
General and Administration	$1,538,422	$1,534,685	0%
New Business & Development Costs	$25,977	$50,476	-49%
Finance Income	$ (58,150)	$ (88,659)	-34%
Total Operating Expenses	$ 6,272,013	$ 5,450,880	15%

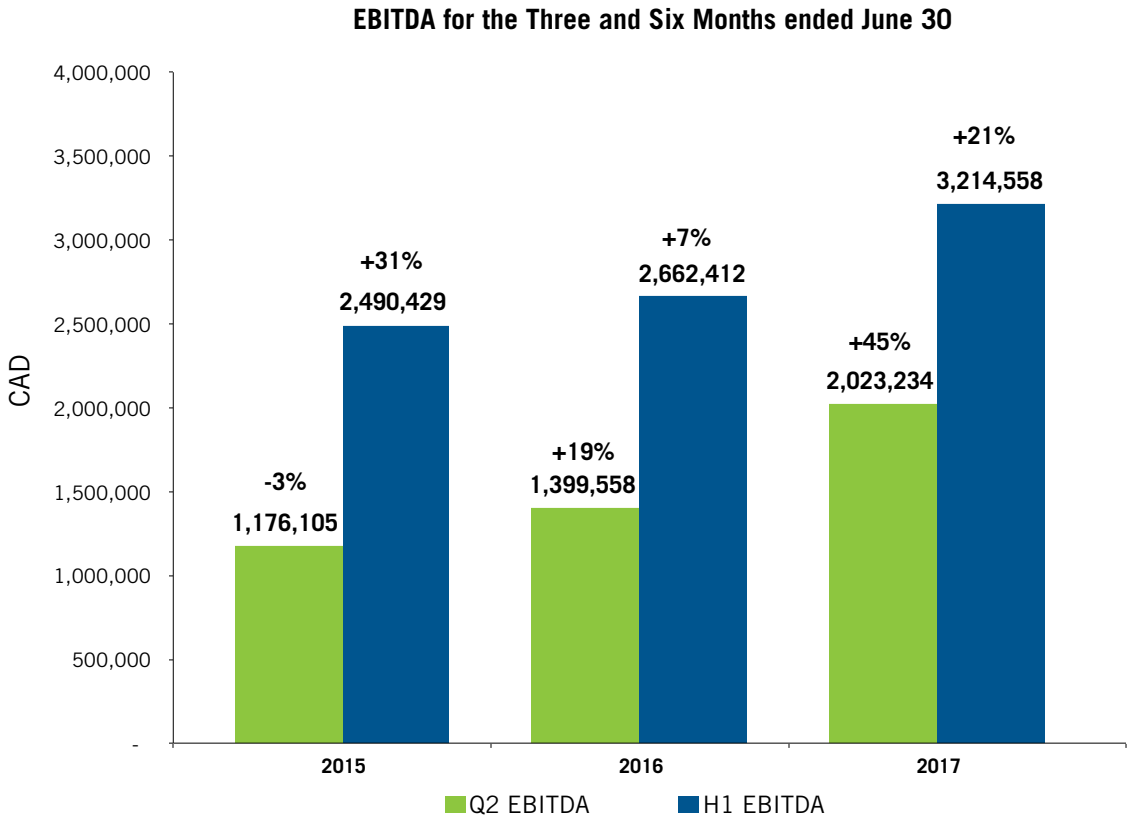
Selling and Marketing expenses have declined in proportion to sales from 29% of total sales in H1 2016 to 27% in H1 2017. While employee costs have remained consistent at 12% of sales in both H1 2017 and H1 2016, advertising, promotion and selling costs have declined slightly from 15% of sales in H1 2016 to 14% in H1 2017. This is due to comparatively higher selling and promotion expenses incurred in H1 2016 on newly launched products relative to H1 2016 sales of these products (including Aguettant System® PFS and Cysview®).

General and Administration expenses have also declined in proportion to sales from 19% of sales in H1 2016 to 16% of sales in H1 2017. While General and Administration expenses of $1,538,422 for H1 2017 are consistent with H1 2016 expenses of $1,534,685, removing the effect of H1 2017 foreign exchange gains of $200,369, General and Administration expenses would have increased 13% over H1 2016. Foreign exchange gains of $200,369 include unrealized gains related to foreign currency forward contracts on which the Company has recognized a derivative asset of $108,280 at June 30, 2017 on its statement of financial position.

Also included in General and Administration expenses are one-time impairment losses of $58,532 on the write-down of an intangible asset. During the period, the Company decided to suspend further regulatory work on a third urgent care product for use in the Aguettant System® due to the significant level of further investment which would be required to obtain regulatory approval for this product, which has not been launched in the market.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

EBITDA is a non-IFRS financial measure. The term EBITDA does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. The Company defines EBITDA as earnings before interest income or expense, income taxes, depreciation and amortization. A summary of the Company's EBITDA for the three and six months ended June 30, 2015, 2016, and 2017 is provided in the graph below:



EBITDA of $2,023,234 and $3,214,558 for the three and six months ended June 30, 2017, respectively, increased by 45% and 21%, respectively, over the corresponding prior year periods. The Company's EBITDA margin increased from 33% for H1 2016 to 34% for H1 2017.

Reconciliations of EBITDA to Net Income After Tax (NIAT) for the three months and six months ended June 30, 2015, 2016, and 2017, respectively, are provided in the tables below:

Reconciliation of EBITDA to NIAT
For The Three Months Ended June 30

		2015	2016	2017
Q2 EBITDA		1,176,105	1,399,558	2,023,234
Add:	Interest Income	20,105	29,797	23,723
Less:	Depreciation of Equipment	(16,030)	(16,896)	(20,537)
	Amortization of Intangible Assets	(5,758)	(21,433)	(23,193)
	Income Tax Expense	(323,383)	(375,577)	(450,309)
NIAT		851,039	1,015,449	1,552,918

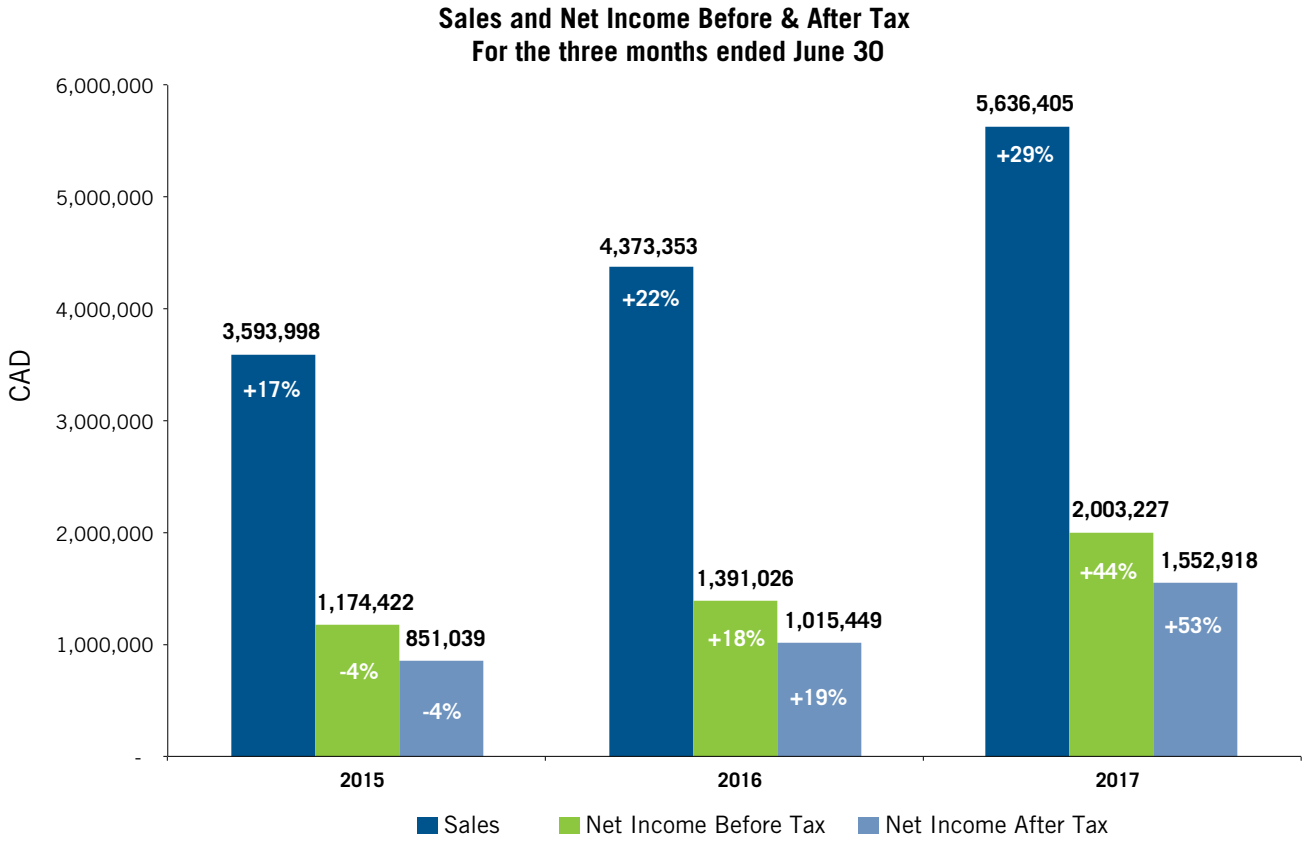
Reconciliation of EBITDA to NIAT
For The Six Months Ended June 30

		2015	2016	2017
H1 EBITDA		2,490,429	2,662,412	3,214,558
Add:	Interest Income	36,822	88,659	58,150
Less:	Depreciation of Equipment	(25,913)	(33,211)	(41,075)
	Amortization of Intangible Assets	(6,983)	(22,924)	(45,979)
	Income Tax Expense	(680,604)	(727,633)	(731,180)
NIAT		1,813,751	1,967,303	2,454,474

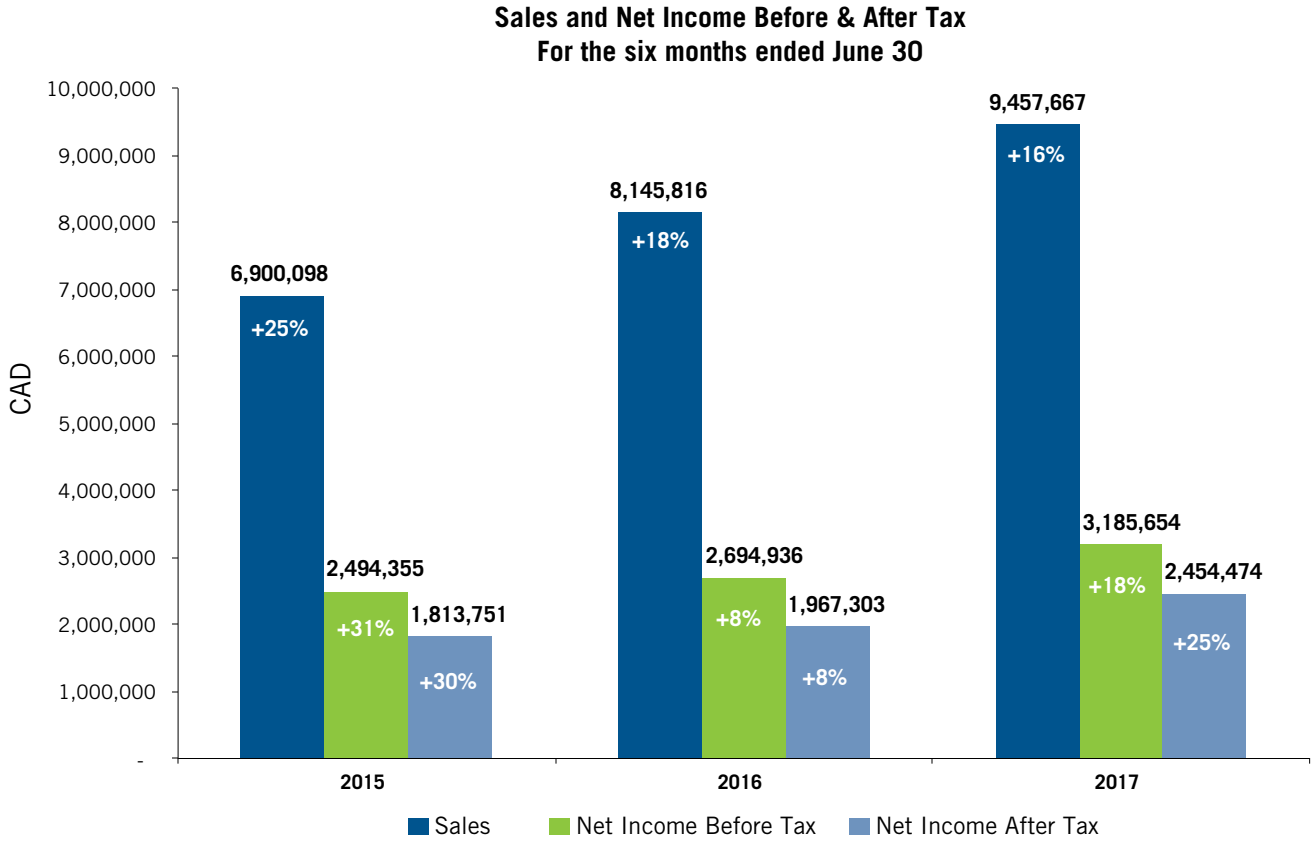
Net Income After Tax (NIAT)

NIAT of $1,552,918 and $2,454,474 for the three and six months ended June 30, 2017, respectively, increased by 53% and 25%, respectively, over the corresponding prior year periods.

The Company achieved NIAT margins of 28% and 26%, respectively, for the three and six months ended June 30, 2017, as compared to NIAT margins of 23% and 24%, respectively, for the three and six months ended June 30, 2016. Please refer to the graphs below for NIAT trends for the three and six months ended June 30, 2015, 2016, and 2017:



Total comprehensive income for the three months ended June 30, 2017 was $1,567,861, which increased by 55% compared to total comprehensive income of $1,013,440 for the three months ended June 30, 2016.



Total comprehensive income for the six months ended June 30, 2017 was $2,445,895, which increased by 26% compared to total comprehensive income of $1,948,881 for the six months ended June 30, 2016.

Earnings per Share (EPS)

Below is a summary of the Company's quarterly earnings per share for the eight most recently completed quarters:

	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2
Sales	4,646,236	3,841,862	3,772,463	4,373,353	4,766,786	5,009,668	3,821,262	5,636,405
Net Income After Tax	1,188,536	762,602	951,854	1,015,449	1,251,539	1,094,822	901,556	1,552,918
Earnings Per Share - Basic	0.09	0.05	0.07	0.07	0.09	0.07	0.06	0.11
Earnings Per Share - Diluted	0.08	0.05	0.07	0.07	0.08	0.08	0.06	0.11

Q2 2017 diluted EPS of $0.11 increased by 57% as compared to Q2 2016 diluted EPS of $0.07. For the twelve months ended June 30, 2017, diluted TTM EPS (a non-IFRS financial measure) was $0.33, a 22% increase versus diluted TTM EPS of $0.27 for the twelve months ended June 30, 2016.

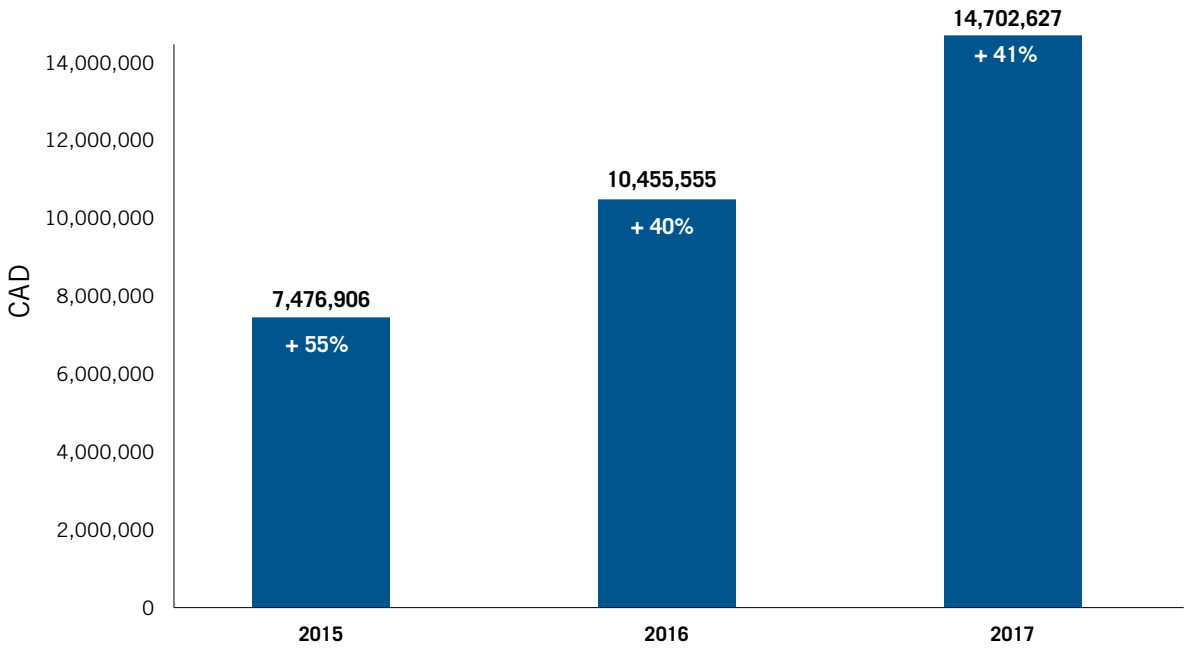
Financial Resources and Liquidity

Working capital, which is the difference between current assets and current liabilities, increased by 14% from $15,184,016 as at December 31, 2016 to $17,234,496 at June 30, 2017. Cash and short term investments of $14,702,627 accounted for 85% of working capital as at June 30, 2017 as compared to cash and short term investments of $13,739,286 accounting for 90% of working capital as at December 31, 2016. The Company generates sufficient cash and cash equivalents from its operations to supply the working capital it requires to meet its current growth and development activities.

For the three and six months ended June 30, 2017, there were net increases in cash and short-term investments of $658,030 and $963,341, respectively, as compared to net increases of $1,193,431 and $740,079, respectively, in the corresponding prior year periods. During the six months ended June 30, 2017, the Company generated cash of $1,692,750 from operations and $61,040 from financing activities upon the exercise of Company stock options, and invested $335,378 in additions to its product dossiers, new product development, and trademarks and $54,992 in computer equipment and software. The Company also advanced loan proceeds of $391,500 under the newly-implemented Management Share Loan Plan ("**MSLP**") for the purchase of the Company's outstanding common shares by certain management personnel. By comparison, during the six months ended June 30, 2016, the Company generated $934,320 in cash from operations and $12,368 from option exercises while investing $142,865 in intangible assets and $45,325 in computer equipment and software.

The graph below illustrates the company's cash, cash equivalents and short-term investments as of June 30, 2015, 2016, and 2017 as well as the growth over the comparative prior period:

Cash, Cash Equivalents and Short-term Investments Balance at June 30th



As disclosed in the Company's Interim Unaudited Consolidated Statements of Financial Position, total Shareholders' Equity increased by 16% from $16,726,716 at December 31, 2016 to $19,359,333 at June 30, 2017. This increase is due to total comprehensive income of $2,445,895 generated by the Company during the six months ended June 30, 2017. This compares with an increase of 17% in Shareholders' Equity in the six months ended June 30, 2016 from $12,151,482 at December 31, 2015 to $14,237,496 at June 30, 2016.

The Company's total assets at June 30, 2017 were $21,722,265, representing a 13% increase over total assets of $19,248,183 as at December 31, 2016. This compares with an increase of 12% in total assets for the six months ended June 30, 2016 from $14,608,001 at December 31, 2015 to $16,367,336 at June 30, 2016.

The Company has no debt; however, the Company has credit facilities available with Royal Bank of Canada totalling $2,559,000, including a revolving demand credit facility of $1,500,000 which had not been utilized as of June 30, 2017. This credit facility bears interest at a variable rate of Royal Bank of Canada prime plus 0.75% and has been secured with a General Security Agreement constituting a first ranking security interest of the Bank in the Company's property. The Company is subject to maintaining certain financial covenants if the demand credit facility is drawn upon.

Risk Management

The Company's risk management policies and financial results are presided over by the Company's Audit Committee, which reports to the board of directors of the Company (the "**Board**"). The pharmaceutical industry in which the Company operates is exposed to several risks due to a strict regulatory environment, enhanced level of quality consciousness, severe competition from generic drug companies and heightened intellectual property litigation. The Company cannot predict or identify all risk factors nor can it accurately predict the impact, if any, of the risk factors on its business operations or the extent to which a factor, event or any such combination may materially change future results of the Company's financial position from those reported or projected in any forward looking statements. Accordingly, the Company cautions the reader not to rely on reported financial information and forward-looking statements to predict actual future results.

This report and the accompanying financial information should be read in conjunction with this statement concerning risks and uncertainties. Some of the risks, uncertainties and events that may affect the Company, its business, operations and results are given in this section. However, the factors and uncertainties are not limited to those stated.

The Company has policies and practices mandated by the Board to manage the Company's risks. Such risks include the following:

1. Sourcing and Revenue Concentration

Some raw materials used in production are sourced from a single supplier and the Company is exposed to the same business risks that the supplier may experience. In line with other pharmaceutical companies, the Company sells its products primarily through a limited number of wholesalers and retail pharmacy chains.

2. Foreign Exchange Risk

The Company currently earns revenue in Canadian dollars ("**CAD**"), U.S. dollars ("**USD**"), and Euros ("**EUR**") and incurs costs in Canadian dollars, U.S. dollars and Euros. Management monitors the U.S. dollar and Euro net liability position on an ongoing basis during the period and adjusts the total net monetary liability balance accordingly.

The following tables present foreign exchange sensitivity analyses for the assets and liabilities of the Company denominated in foreign currencies:

Foreign Exchange Sensitivity Analysis - USD

	June 30, 2017	December 31, 2016
Description of Asset/(Liability)	USD	USD
Cash and cash equivalents	3,204,876	1,592,413
Trade receivables	49,725	-
Less: Accounts payable	(812,196)	(625,927)
Net Total	2,442,405	966,486
Foreign Exchange Rate CAD per USD at the end of the period	1.2977	1.3427

At June 30, 2017, if the U.S. dollar had been stronger or weaker by 1% against the Canadian dollar with all other variables held constant, comprehensive income would have been $23,296 higher or lower on an after tax basis, respectively (December 31, 2016 - $9,538 higher or lower, respectively).

Foreign Exchange Sensitivity Analysis - EUR

	June 30, 2017	December 31, 2016
Description of Asset/(Liability)	EUR	EUR
Cash and cash equivalents	431,570	254,198
Trade receivables	114,282	63,600
Less: Accounts payable	(106,493)	(64,727)
Net Total	439,359	253,071
Foreign Exchange Rate CAD per EUR at the end of the period	1.4813	1.4169

At June 30, 2017, if the Euro had been stronger or weaker by 1% against the Canadian dollar with all other variables held constant, comprehensive income would have been $4,784 higher or lower on an after tax basis, respectively (December 31, 2016 - $2,636 higher or lower, respectively).

This foreign currency risk sensitivity analysis is unrepresentative of the risk inherent in receivables and payables in foreign exchange because the period-end exposure does not reflect the exposure during the period.

Forward Contracts:

The Company periodically enters into foreign exchange forward contracts to manage its foreign exchange risk on contracts denominated in U.S. dollars with financial institutions with investment grade credit ratings. Such contracts are classified as derivative financial instruments and measured at fair value through profit and loss. As at June 30, 2017, the Company entered into forward contracts to purchase up to a total of USD 1,875,000 (December 31, 2016 – USD 2,250,000) at exchange rates expressed in CAD per USD ranging from 1.2500 to 1.2870 which will be settled on various dates from the date hereof to May 2018. The Company's right to buy USD on the respective settlement dates is subject to the spot exchange rates on the settlement dates being below rates ranging from 1.3520 to 1.4000 CAD per USD.

Additionally, at June 30, 3017, the Company had entered into forward contracts to sell a total of USD 2,500,000 at exchange rates ranging from 1.3498 to 1.3724 CAD per USD which will be settled on various dates from the date hereof to November 2017.

The fair value of forward exchange contracts is estimated based on quoted values from financial institutions. The Company's forward contracts resulted in a derivative asset of $108,280 as at June 30, 2017 (December 31, 2016 – $32,025).

3. Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in interest rates. Some of the Company's cash and cash equivalents as at the date of the Company's Interim Unaudited Condensed Consolidated Statement of Financial Position are invested in redeemable guaranteed investment certificates (each, a "**GIC**"), which earn interest at fixed rates during their tenure.

The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest when these GICs are renewed may have an impact on the Company's Finance Income for the period.

4. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, short term investments, derivative assets, trade and other receivables, and loans receivable. The carrying amount of financial assets represents maximum credit exposure. As the Company invests some of its cash in redeemable GICs, its credit risk on this account is negligible.

a. Aging of Receivables

The majority of the Company's current customers are large corporations. These customers have been dealing with the Company for several years and have never defaulted in settling their liabilities to the Company.

Trade Receivables

Description	June 30, 2017	December 31, 2016
Current	$2,464,646	$1,541,247
Past due 1-30 days	202,189	289,271
Past due 31-60 days	4,731	90,150
Over 60 days	6,509	4,281
Less allowance for doubtful accounts	-	-
Closing Balance	$2,678,075	$1,924,949
Maximum Credit Risk	2,678,075	1,924,949

b. Concentration of Receivables

One customer represents 28% of trade receivables (December 31, 2016: 31%) while another customer represents 17% of trade receivables (December 31, 2016: 36%). There have been no past defaults by either of these customers.

c. Loans Receivable

On December 8, 2016, the Board of Directors approved a Management Share Loan Plan ("MSLP") under which the Company would offer one-time, secured loans to certain management personnel employed by the Company (each a "Borrower") up to a maximum of fifty percent of each Borrower's

base annual salary for the sole purpose of their purchase of the Company's issued and outstanding common shares at prevailing market prices through the facilities of the TSX Venture Exchange.

On May 26, 2017, the Company advanced loans totalling $391,500 in accordance with the terms of the MSLP for the purchase of the Company's common shares by the Borrowers.

Each MSLP participant's loan (collectively, the "MSLP Participant Loans") bears interest at a rate of 1% per annum and is secured by a pledge of the common shares purchased under the MSLP by the Borrowers.

The MSLP Participant Loans are repayable by the Borrowers upon any sale of pledged shares by the Borrower in proportion to the then outstanding loan principal balance plus accrued interest.

Each MSLP Participant Loan principal plus accrued interest must be fully repaid by the respective Borrower no later than May 26, 2022 (the "Maturity Date").

If a Borrower ceases to be employed by the Company prior to the end of the five-year Maturity Date, all outstanding loan obligations shall become due and payable on the 30th day following the date of termination. In addition, in the event of a default by the Borrower of the terms of the loan, the loan obligations will become due and payable immediately.

d. Cash and Cash Equivalents and Short Term Investments

Cash and cash equivalents and short term investments are maintained with Canadian financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal credit risk.

5. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is actively involved in the review and approval of planned expenditures. All contractual maturities of accounts payable and accrued liabilities are due within one year. The Company has no other liabilities.

The Company generates sufficient cash from operating activities to fund its operations and fulfill its obligations as they become due. The Company is free from debt, though it has an available revolving demand credit facility with Royal Bank of Canada in the amount of $1,500,000 which it has not drawn down as at the date of this MD&A. The Company's funds have not been committed in any way, except as set out in Note 16 of the Consolidated Financial Statements.

6. Information Technology

The integrity, reliability and security of information in all forms are critical to the Company's operations and inaccurate, incomplete or unavailable information could lead to incorrect financial reporting, poor decisions, privacy breaches, and/ or inappropriate disclosure of sensitive information.

7. Competition

The Pharmaceutical Business is characterized by intense competition and the Company is faced with the risk of competitive activity which may impact operational results.

8. Climatic Conditions

The Legacy Business is dependent on agricultural production which, in turn, is impacted by climatic variations which may affect demand for its products.

9. General Economic Conditions

The Company has no control over changes in inflation and interest rates, foreign currency exchange rates and controls or other economic factors affecting its businesses or the possibility of political unrest, legal or regulatory changes in jurisdictions in which the Company operates. These factors could negatively affect the Company's future results of operations in those national markets, but is not expected to be material for the Company overall.

10. Innovation

The competitiveness of the Company's products is subject to continuous innovation within the pharmaceutical industry. The Company tries to maintain the relevance of its products to the market, but is exposed to new improved innovations that can undermine the competitiveness of its products.

11. Width of Product Portfolio

While the Company continuously strives to increase the portfolio of products in its commercialization pipeline, the high cost of acquiring new products and the long lead-time for bringing these products to market creates a dependency on a limited range of products at this time.

12. Agreements Relating to the Development and Distribution of Products

The Company currently has several collaboration or distribution agreements relating to the marketing and distribution of FeraMAX® 150, FeraMAX® 100, and FeraMAX® Powder in international markets. The Company relies on these agreements because it does not wish to market its products directly in these markets. The Company intends to secure additional agreements relating to the marketing and distribution of FeraMAX® and any other product for which it may receive commercial rights outside of Canada.

The Company may be unable to enter into in-licensing agreements for the development of new products and out-licensing agreements for the distribution of its existing products. The Company also faces, and will continue to face, significant competition in seeking appropriate collaborators and marketing and distribution partners. Moreover, collaboration and distribution arrangements are complex and time consuming to negotiate, document and implement.

Reliance on these agreements exposes the Company to a number of risks, including the following:

- Collaborators and marketing and distribution partners may not devote sufficient resources to the Company's products or product candidates;
- Disputes may arise with respect to payments that the Company believes are due under such distribution and collaboration agreements;
- Unwillingness on the part of collaborators and marketing and distribution partners to provide updates regarding the progress of its development, commercialization or marketing activities, or to permit public disclosure of these activities;
- Collaborators and marketing and distribution partners may terminate the relationship; disputes may arise in the future with respect to the ownership of rights to technology developed with collaborators;
- Disagreements with collaborators and marketing and distribution partners could result in litigation or arbitration;
- Collaborators may elect to pursue the development of any additional product candidates and pursue technologies or products either on their own or in collaboration with other parties, including competitors;
- Collaborators and marketing and distribution partners may pursue higher priority programs or change the focus of their programs, which could affect the collaborators' and marketing and distribution partners' commitment to their respective territories; and
- Collaborators and marketing and distribution partners may develop or distribute products that compete with the Company's products.

The occurrence of any of these or other events may impair commercialization of the Company's products.

13. Regulatory Risks

With respect to BioSyent's Legacy Business, regulatory and legislative requirements affect the development, manufacture and distribution of BioSyent's products, including the testing and planting of seeds containing its biotechnology traits and the import of crops grown from those seeds. Non-compliance can harm sales and profitability. The failure to receive necessary permits or approvals could have near and long-term effects on BioSyent's ability to produce and sell some current and future products.

With respect to BioSyent's Pharmaceutical Business, the sale of pharmaceutical products is highly regulated, which significantly increases the difficulty and costs involved in obtaining and maintaining regulatory approval for marketing new and existing products.

Various business interruption risks inherent to the pharmaceutical industry, like product recalls, adverse drug reactions, quality issues and issues relating to good manufacturing practices may impact the financial results if they transgress regulatory boundaries.

The regulatory approval process can be long and may involve significant delays despite the Company's best efforts. There is also a risk that the Company's products may be withdrawn from the market and the required approvals suspended as a result of non-compliance with regulatory requirements.

Furthermore, there can be no assurance that the regulators will not require modification to any submissions, which may result in delays or failure to obtain regulatory approvals. Any delay or failure to obtain regulatory approvals could adversely affect the ability of the Company to utilize its technology, thereby adversely affecting operations. Further, there can be no assurance that the Company's products will prove to be safe and effective in clinical trials, or receive the requisite regulatory approval.

14. Specific Risks

The Company has insurance policies in place against risks relating to general commercial liability, product liability, product recall, loss of Company assets, and business interruption risks. The Company reviews its insurance coverage on a regular basis as part of its risk management program and adjusts this coverage as appropriate, based its current risk profile and operations. However, the Company is exposed to the risk that claims made on the Company or losses incurred may be in excess of the level of insurance coverage undertaken by the Company.

Disclosure of Outstanding Share Data

The authorized share capital of the Company consists of 100,000,000 Common Shares without par value and 25,000,000 preferred shares without par value. The holders of the preferred shares as a class shall not be entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Company, except when required under securities legislation or corporate law. As at August 15, 2017 the following Common Shares and stock options were outstanding:

	No. of Shares	Exercise Price Range
Issued and outstanding common shares	14,476,353	
Stock options	172,506	$0.91 - $ 10.97
Fully Diluted at August 15, 2017	14,648,859	

Commitments

Office Lease

The Company's minimum future rental payments and operating costs are approximately as follows:

Fiscal 2017	$ 60,478
Fiscal 2018	$ 15,120

Purchase Commitments

In the normal course of business, the Company has minimum purchase commitments with certain of its suppliers.

Disclosure Controls

The Company constantly endeavours to allow for greater segregation of duties and operating level controls within the constraints of its operating infrastructure. While intending to strengthen both these aspects of internal control, the Company believes that strong management supervisory controls minimize the possibility of erroneous financial reporting.

The certifying officers of the Company have opted not to certify the design and evaluation of the Company's disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"). Inherent limitations on the ability of the certifying officers to design and implement (on a cost effective basis) DC&P and ICFR for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Investor Relations Activities

Investor relations functions were accomplished through personnel whose duties include dissemination of news releases, investor communications and general day-to-day operations of the Company. Mr. René Goehrum, President and CEO, and Mr. Douglas Larson, Director, assist in the implementation of the Company's investor relations program.

Related Party Transactions

Key Management Personnel Compensation

The table below summarizes compensation for key management personnel of the Company for the three and six months ended June 30, 2017 and 2016:

	Six months ended June 30,		Three months ended June 30,	
	2017	2016	2017	2016
Number of Key Management Personnel*	4	4	4	4
Salary and Bonus	$383,125	$362,018	$185,921	$181,069
Share-Based Payments	$49,353	$52,659	$23,644	$28,420

* The composition of key management personnel differs between the comparative periods presented above, though the number of key management personnel is unchanged.

During the six months ended June 30, 2017, the Company recorded share-based payment expense of $42,428 (June 30, 2016 - $52,659) related to the vesting of options granted to key management personnel under the Company's stock option plan.

The Company recorded additional share-based payment expense of $6,925 (June 30, 2016 - $nil) relating to the Company's contributions to the Employee Share Purchase Plan for the purchase of common shares on behalf of participating key management personnel.

Transactions with Other Key Management Personnel and Directors

During the six months ended June 30, 2017, the Company paid total fees to its directors in the amount of $44,100 (June 30, 2016 - $23,250) and share-based payments of $18,195 (June 30, 2016 - $25,740).

Additionally, the Company incurred a remuneration expense of $9,000 for professional services rendered by one of its directors for the six months ended June 30, 2017 (June 30, 2016 - $9,000). These related party transactions have occurred in the normal course of operations.

Management Share Loan Plan ("MSLP")

During the six months ended June 30, 2017, a total of $391,500 of MSLP Participant Loans were advanced to management personnel employed by the Company and 48,918 of the Company's common shares were purchased by management personnel under the MSLP in the open market through the facilities of the TSX Venture Exchange.

Each MSLP Participant Loan bears interest at a rate of 1% per annum and is secured by a pledge of the common shares purchased under the MSLP by the Borrowers.

The MSLP Participant Loans are repayable by the Borrowers upon any sale of pledged shares by the Borrower in proportion to the then outstanding loan principal balance plus accrued interest. Each MSLP Participant Loan principal plus accrued interest must be fully repaid by the respective Borrower no later than May 26, 2022 - see *Risk Management* section 4(c).

Legal Proceedings

From time to time the Company may be exposed to claims and legal actions in the normal course of business. As at June 30, 2017, the Company was not aware of any litigation or threatened claims either outstanding or pending.

Corporate Information

Head Office

Suite 520,

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