BioSyent Inc.

Management's Discussion and Analysis

For the three and six months ended June 30, 2018 and 2017

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Corporate Office
Suite 520
170 Attwell Drive
Toronto, Ontario, M9W 5Z5
Canada

Telephone 905.206.0013
Facsimile 905.206.1413
Email: info@biosyent.com
Web: www.biosyent.com

Table of Contents

BioSyent

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, 2018 and June 30, 2017 ("**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, 2018 and June 30, 2017 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

Effective as of January 1, 2018, the Company has adopted the requirements of IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from contracts with customers*. Please refer to Note 3 of the Consolidated Financial Statements for a summary of changes to the Company's accounting policies as well as recent accounting pronouncements impacting the Company.

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, inventory, and estimation of variable consideration in revenue recognition. For a more detailed discussion of changes to the Company's critical accounting estimates, please refer to Note 4 of 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

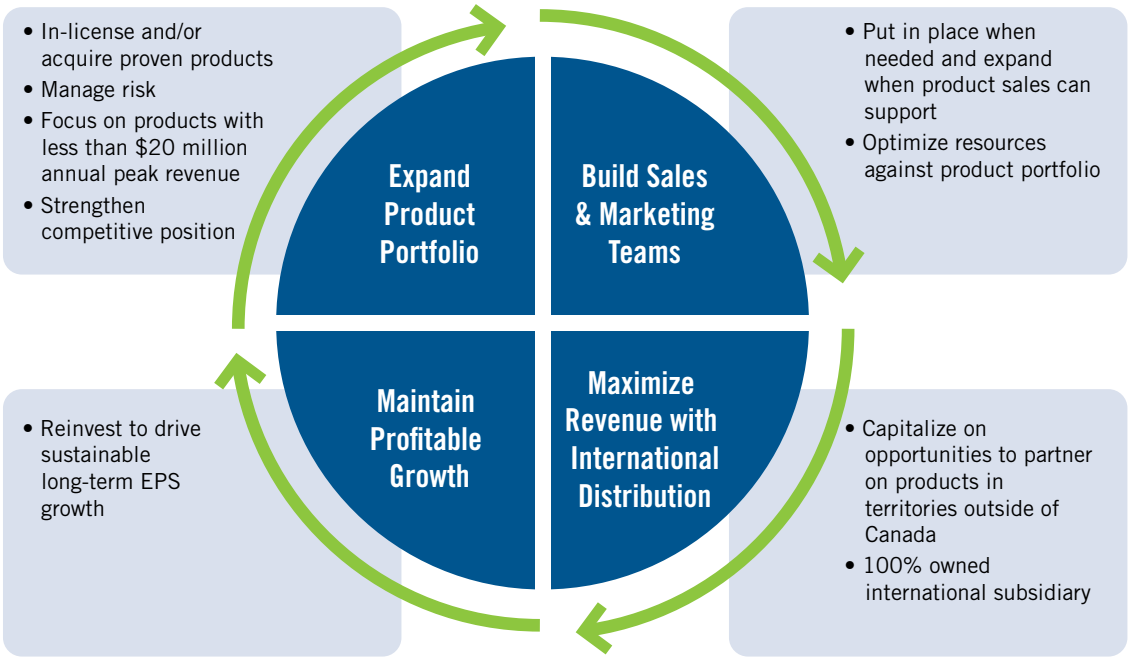
BioSyent's vision is to be the leading independent Canadian healthcare company focused on commercializing innovative products that improve patient lives and support healthcare providers.

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®

In July 2011, BioSyent Pharma received marketing approval from Health Canada for Cathejell®. Cathejell® was in-licensed by BioSyent Pharma from Pharmazeutische Fabrik Montavit. Shipments of Cathejell® 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® product until March 31, 2024.

Cathejell® 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® 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® can also be used for the symptomatic treatment of pain in connection with cystitis and urethritis. Cathejell® 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 product offered in the Aguettant System® 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.

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 a 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. The Company has made a submission to Health Canada seeking marketing approval of the products which is currently under initial screening. If approved by Health Canada, these will be the Company's first products launched in the growing cardiovascular market. The total cardiovascular market in Canada is valued at approximately $1.6 billion (source: IMS Health data).

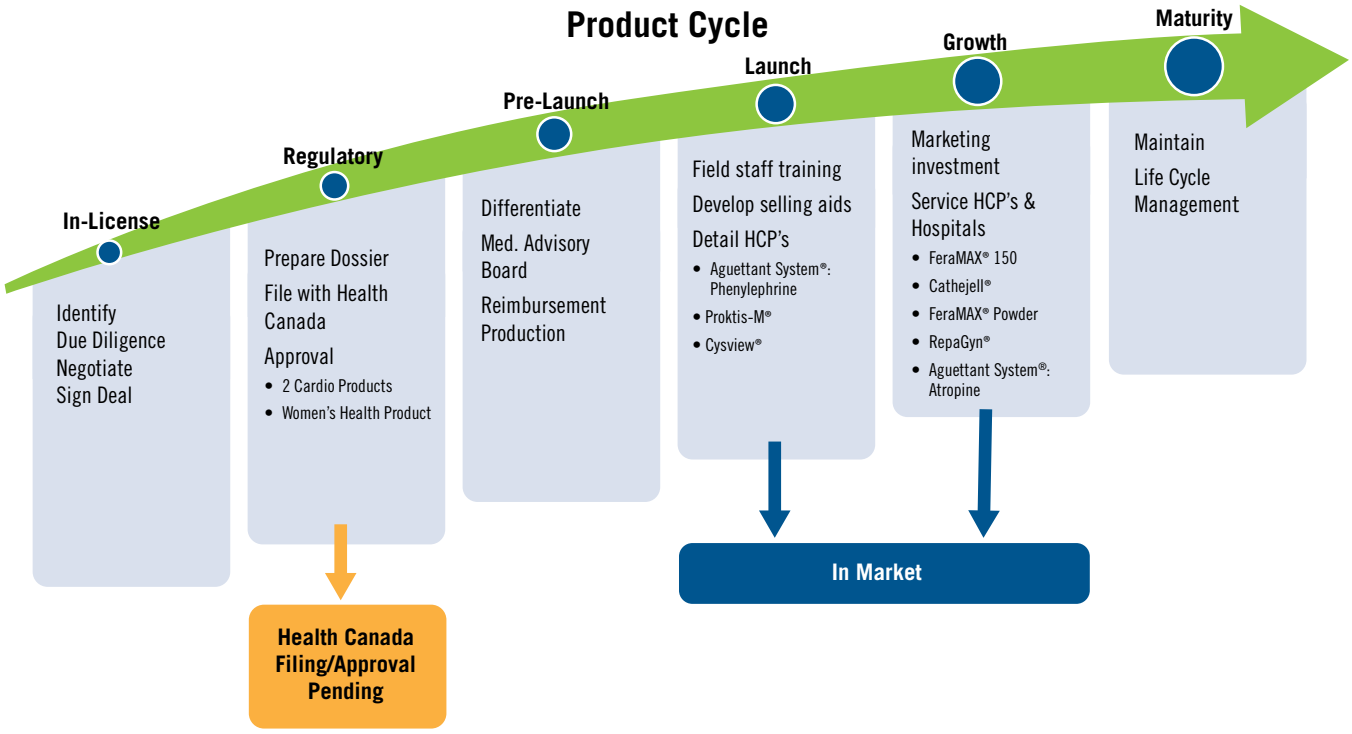
Women's Health Product

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 made a submission to Health Canada seeking marketing approval of the product 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 five products in the growth stage (FeraMAX®150, Cathejell® FeraMAX® Powder, RepaGyn® and Aguettant System® Atropine), three products in the launch stage (Cysview®, Proktis-M® and Aguettant System® Phenylephrine), and three products in the regulatory stage subject to Health Canada approval (two Cardiovascular Products and the Women's Health Product).



The women's health and cardiovascular products currently in the regulatory stage pending Health Canada approval, are integral to the further diversification of the Company's products and markets. Management believes there is opportunity for growth of new products in both the cardiovascular and women's health markets in Canada.

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 or acquired.

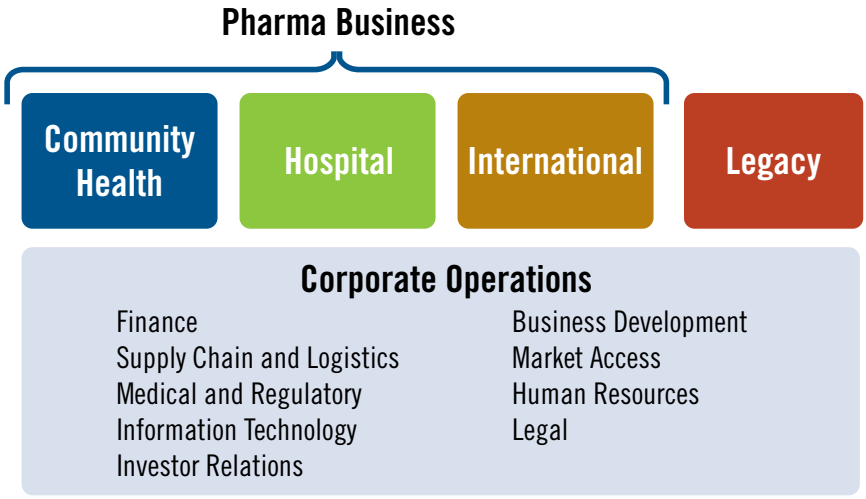
Future Product Pipeline

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 January 2018, Mr. Larry Andrews and Ms. Sara Elford were elected to the Company's Board of Directors upon the retirement of two long-serving Directors, Messrs. Douglas Larson and Milton Wakefield. On May 29, 2018, Mr. Joseph Arcuri was elected to the Company's Board of Directors at the Company's Annual General Meeting, replacing Mr. Paul Montador who retired from the Board on the same date. Mr. Andrews, Ms. Elford, and Mr. Arcuri each bring extensive experience and strong business acumen to the Board.

During April through July 2018, five additional Canadian hospital sites adopted Cysview® for blue-light cystoscopy with the Company shipping initial orders for the product to these new customers. A total of seven hospital sites in Canada are now operational with Cysview®.

In May 2018, the Company's FeraMAX® brand was named the #1 Doctor and Pharmacist recommended over-the-counter oral iron supplement brand in Canada for the third consecutive year (EnsembleIQ Healthcare Group: Pharmacy Practice + Business, The Medical Post, Profession Santé, CanadianHealthcareNetwork.ca, and ProfessionSanté.ca 2018 Survey on OTC Counselling and Recommendations).

Key Performance Measures

Key performance measures for the three months ("Q2") and six months ("H1") ended June 30, 2016, 2017, and 2018 are summarized in the tables below:

	Q2 2016	Q2 2017	Q2 2018	CAGR*
Sales	$ 4,373,353	$ 5,636,405	$ 5,909,423	16%
Sales Growth %	22%	29%	5%	-
Net Income Before Tax	$ 1,391,026	$2,003,227	$ 2,118,540	23%
Net Income Before Tax Growth %	18%	44%	6%	-
Net Income Before Tax Margin	32%	36%	36%	-
Income Tax (Current and Deferred)	$ 375,577	$450,309	$ 498,307	-
Net Income After Tax	$ 1,015,449	$1,552,918	$ 1,620,233	26%
Net Income After Tax Growth %	19%	53%	4%	-
Net Income After Tax Margin	23%	28%	27%	-
Net Increase in Cash and Short-term Investments	$ 1,193,431	$ 658,030	$ 1,374,553	-
Basic EPS	$ 0.07	$ 0.11	$ 0.11	-
Diluted EPS	$ 0.07	$ 0.11	$ 0.11	-

	H1 2016	H1 2017	H1 2018	CAGR*
Sales	$8,145,816	$9,457,667	$10,356,570	13%
Sales Growth %	18%	16%	10%	-
Net Income Before Tax	$ 2,694,936	$ 3,185,654	$ 3,612,239	16%
Net Income Before Tax Growth %	8%	18%	13%	-
Net Income Before Tax Margin	33%	34%	35%	-
Income Tax (Current and Deferred)	$ 727,633	$ 731,180	$ 848,876	-
Net Income After Tax	$ 1,967,303	$ 2,454,474	$ 2,763,363	19%
Net Income After Tax Growth %	8%	25%	13%	-
Net Income After Tax Margin	24%	26%	27%	-
Net Increase (Decrease) in Cash and Short-term Investments	$ 740,079	$ 963,341	$ 1,675,724	-
Basic EPS	$ 0.14	$ 0.17	$ 0.19	-
Diluted EPS	$ 0.14	$ 0.17	$ 0.19	-

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

The Company's sales CAGR between H1 2016 and H1 2018 was 13%. The Company's H1 2018 profit margin of 27% was slightly higher than profit margins of 26% for H1 2017 and 24% for H1 2016.

Results of Operations for the three and six months ended June 30, 2018 and 2017

Sales

Sales Overview

The Company reported record quarterly total sales of $5,909,423 in Q2 2018, representing an increase of 5% over the comparative prior year period, in which sales growth of 29% over Q2 2016 was particularly strong. 2018 sales growth was driven primarily by record quarterly sales of $5,031,138 in the Company's Canadian pharmaceutical business, which grew by 16% over Q2 2017, with double-digit growth across all products. International pharmaceutical sales declined by 31% in Q2 2018 versus Q2 2017 due primarily to a lack of availability of required import permits in a particular international market. Legacy Business sales for Q2 2018 decreased by 35% compared to Q2 2017.

The Company's total sales for H1 2018 were $10,356,570, representing an increase of 10% over H1 2017 total sales. Canadian pharmaceutical sales of $8,796,776 for H1 2018 increased by 14% over H1 2017, while H1 2018 International pharmaceutical sales grew by 4% over H1 2017 and Legacy Business sales declined by 34% versus H1 2017. In addition, H1 2018 revenue growth declined by 1% as compared to H1 2017 as a result of the Company's adoption in 2018 of IFRS 15, *Revenue from contracts with customers,* and the accounting for certain variable consideration under this standard as compared to previous accounting under IAS 18, Revenue.

Quarterly Sales Trends

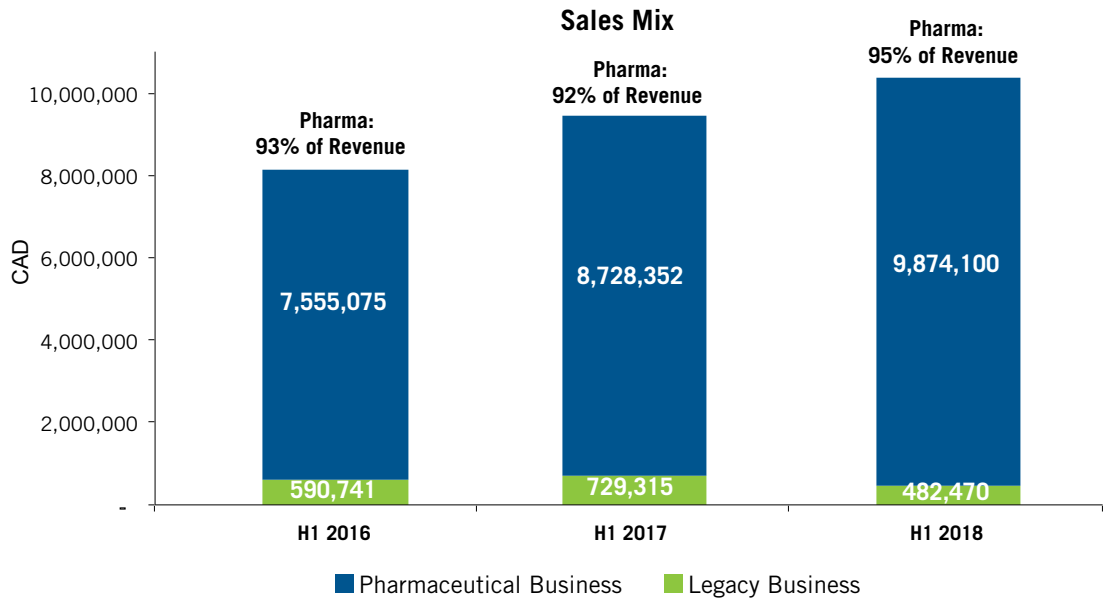
Below is a summary of the Company's sales by business for the eight most recently completed quarters:

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Sales								
Pharmaceutical Business	4,185,311	4,922,773	3,652,834	5,075,518	4,799,039	5,806,214	4,331,479	5,542,621
Growth% vs. prior year period	3%	30%	3%	27%	15%	18%	19%	9%
Legacy Business	581,475	86,895	168,428	560,887	604,561	95,274	115,668	366,802
Growth% vs. prior year period	1%	39%	-25%	54%	4%	10%	-31%	-35%
Total Sales	**4,766,786**	**5,009,668**	**3,821,262**	**5,636,405**	**5,403,600**	**5,901,488**	**4,447,147**	**5,909,423**
Growth% vs. prior year period	3%	30%	1%	29%	13%	18%	16%	5%

Q2 2018 Pharmaceutical Business sales of $5,542,621 increased by 9% versus Q2 2017. This growth rate compares to an increase of 27% in Q2 2017 pharmaceutical sales over Q2 2016 sales.

Sales Mix

The graph below illustrates the Company's sales mix for the six months ended June 30, 2016, 2017 and 2018. The Pharmaceutical Business accounted for 95% of total sales in H1 2018, slightly higher than 92% and 93%, respectively, of total sales for H1 2017 and H1 2016. 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.

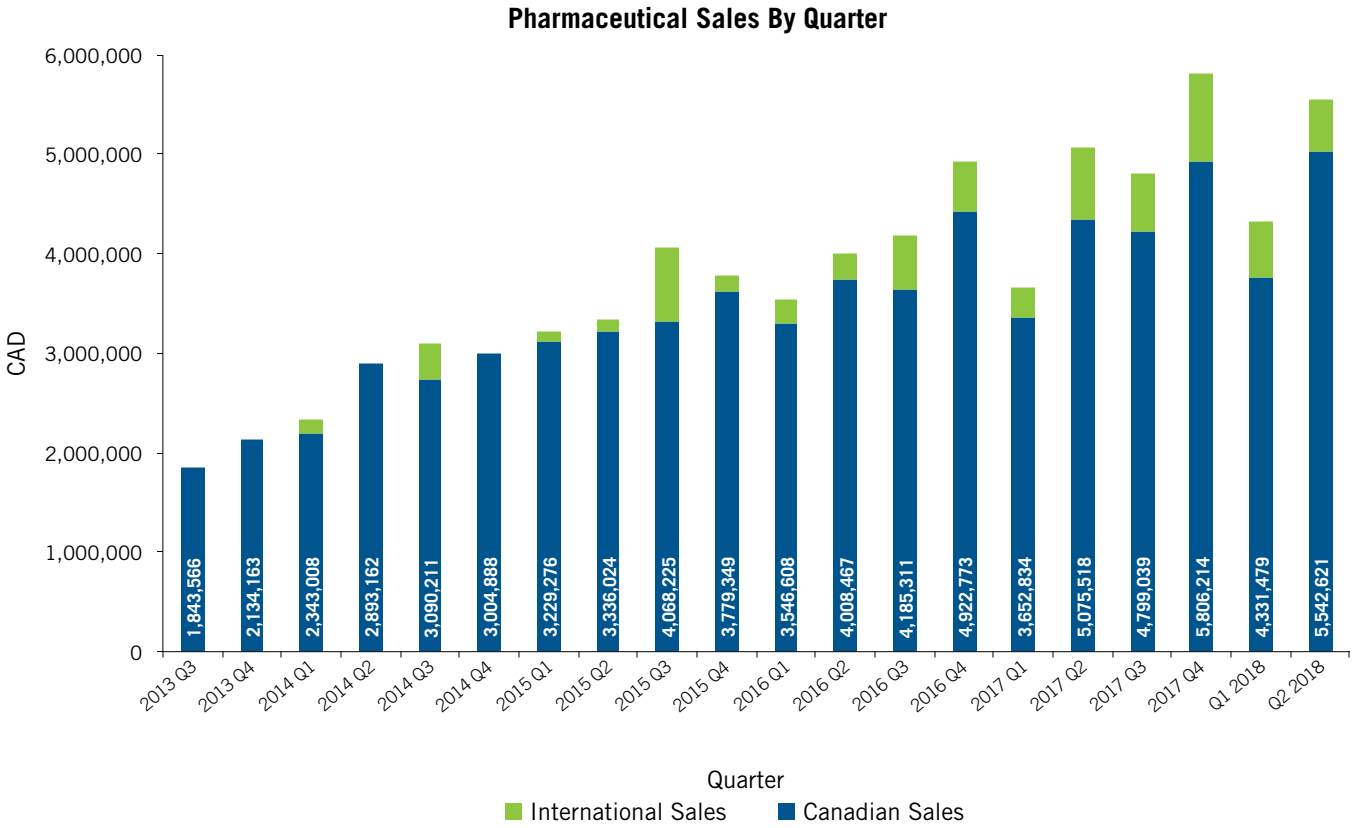


Within the Pharmaceutical Business, the Company focuses on medications that occupy a niche in the market and are unique due to manufacturing complexities or novel technological and therapeutic advantages, or are backed by strong partners holding defendable intellectual property rights. This strategy 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 months ended June 30, 2018 decreased by 35% compared to the second quarter of 2017. Total H1 2018 Protect-It® sales of $482,470 declined by 34% versus H1 2017 sales of $729,315 due to a delayed crop season as compared to 2017.

Pharmaceutical Sales Trend



Q2 2018 total pharmaceutical sales of $5,542,621 increased by 9% compared to Q2 2017. Q2 2018 pharmaceutical sales consisted of Canadian pharmaceutical sales of $5,031,138 and international pharmaceutical sales of $511,483. Total pharmaceutical sales increased by 28% in Q2 2018 versus Q1 2018. The Company also observed increases in total pharmaceutical sales in Q2 2017 in which such sales increased by 39% over Q1 2017 sales. These increases are typical of the seasonal sales patterns in the Company's Canadian pharmaceutical business.

Canadian Pharmaceutical Sales:

H1 2018 Canadian pharmaceutical sales of $8,796,776 increased by 14% over H1 2017 sales of $7,690,695. This compares to a sales growth rate of 9% in H1 2017 Canadian pharmaceutical sales over H1 2016 sales of $7,044,203. H1 2018 sales growth was driven primarily by growth in sales of the Company's FeraMAX® products. H1 2018 Canadian sales volumes (units) of FeraMAX® 150 and FeraMAX® Powder each increased by 10% over H1 2017. The Company's Community Business also saw growth in sales of its RepaGyn® product, for which the Canadian sales volumes (units) grew by 22% over H1 2017 sales volumes.

The Company's Hospital Business also contributed to growth in the Canadian pharmaceutical business in H1 2018 with record sales of the Aguettant System® PFS product line in Q2 2018 as a result of a stock-out situation with competing products. H1 2018 sales volumes (units) of Aguettant System® PFS products increased by 93% over H1 2017 sales volumes. Growth of the Hospital Business's Cathejell® product also continued during the second quarter, with H1 2018 sales volumes (units) of this product increasing by 22% over H1 2017 sales of this product.

Management was encouraged by the adoption of Cysview® by five additional Canadian hospitals which placed their first orders for the product in 2018. A total of seven hospital sites in Canada are now operational with Cysview®. While H1 2018 sales of Cysview® (units) to Canadian hospitals increased by 80% compared to H1 2017, sales levels and the adoption rate of this product to this point have lagged management's expectations. While Cysview® continues to experience a long selling cycle, several Canadian hospitals are in the process of completing or evaluating demonstrations of the product in an operating room setting with additional sites expected to adopt the product in the second half of 2018. The Company remains committed to the success of this innovative product as part of its portfolio of hospital products.

International Pharmaceutical Sales:

International sales of FeraMAX® products for Q2 2018 were $511,483, representing a decrease of 31% compared to Q2 2017 international FeraMAX® sales of $739,520 due to a lack of availability of required import permits in a particular international market. A partial permit was granted subsequent to quarter-end for a shipment scheduled in Q3 2018. For the six month period ended June 30, 2018, international FeraMAX® sales were $1,077,324, increasing 4% compared to sales during the six month period

ended June 30, 2017 of $1,037,657. This compares to a growth rate of 103% in H1 2017 international FeraMAX® sales over H1 2016 sales of $510,872.

The Company has recorded international pharmaceutical sales in each of the last fourteen quarters as distribution of FeraMAX® has been established in six markets outside of Canada. Although international FeraMAX® sales have become more regular with growing demand for the product, the Company must manage additional distribution and regulatory complexities and risks inherent to this business. As such, there is still variability in the level of sales from one quarter to the next and uncertainty as to future sales growth rates. Nonetheless, management is committed to continue to grow the international business as a proportion of the total pharmaceutical business. International pharmaceutical sales accounted for 11% of the Company's total pharmaceutical sales in H1 2018 as compared to 12% in H1 2017.

Expenses

	Three months ended June 30th,		% Change vs. Prior Period
	2018	2017	
Cost of Goods Sold	$1,356,906	$1,398,018	-3%
Selling and Marketing	$1,440,220	$1,416,740	2%
General and Administration	$1,048,164	$833,981	26%
New Business & Development Costs	$25,190	$22,362	13%
Finance Income	$ (79,597)	$ (37,923)	110%
Total	$3,790,883	$3,633,178	4%

	Six months ended June 30th,		% Change vs. Prior Period
	2018	2017	
Cost of Goods Sold	$2,387,800	$2,187,048	9%
Selling and Marketing	$2,648,982	$2,578,716	3%
General and Administration	$2,006,247	$1,631,292	23%
New Business & Development Costs	$42,855	$25,977	65%
Finance Income	$ (341,553)	$ (151,020)	126%
Total	$6,744,331	$6,272,013	8%

For the three months ended June 30, 2018, total expenses, including the cost of goods sold ("COGS") and excluding finance income, increased by 5% over the corresponding prior year period. The ratio of total operating expenses (excluding finance income) to net revenues was 65% for the three months ended June 30, 2018, consistent with a ratio of 65% for the corresponding prior year period.

For the six months ended June 30, 2018, total expenses, including COGS and excluding finance income, increased by 10% over the corresponding prior year period, consistent with a 10% increase in sales over this period.

Selling and marketing expenses declined slightly in proportion to sales to 24% in Q2 2018 from 25% in Q2 2017 and to 26% of total sales in H1 2018 from 27% in H1 2017 as a result of a decline in promotional expenses incurred on launch products during 2018.

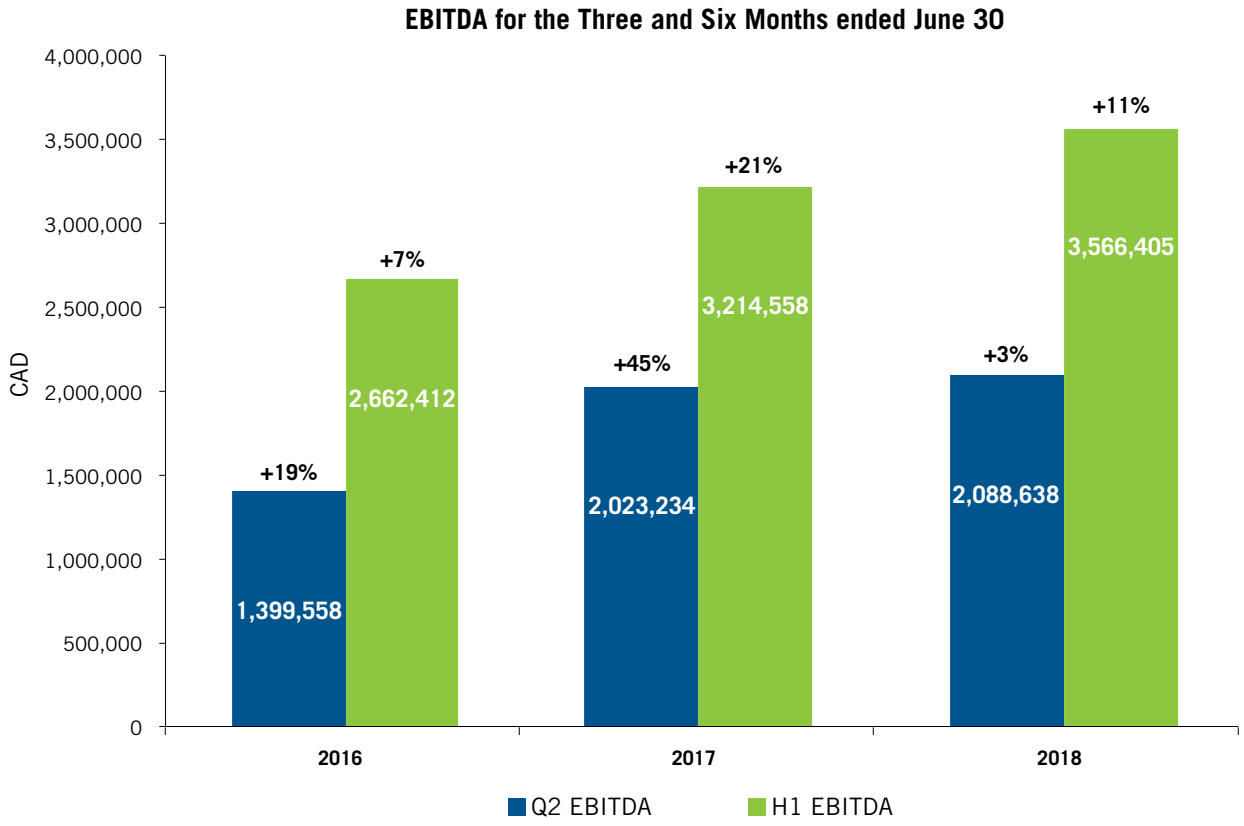
General and administration expenses increased to 18% of sales in Q2 2018 as compared to 15% in Q2 2017 and to 19% of sales in H1 2018 as compared to 17% in H1 2017 due primarily to increases in employee costs from the addition of new personnel as well as a comparison to temporarily vacant positions in the first half of 2017. Share-based payments also increased over these periods as a result of options granted in January and May of 2018 to new and existing directors, management and officers of the Company.

For the comparative three and six month periods ended June 30, 2017, certain foreign exchange gains of $14,200 and $92,870, respectively, were reclassified from general and administration expenses to finance income to conform to the current period presentation of such amounts.

Q2 2018 finance income of $79,597 increased by 110% over Q2 2017 finance income of $37,923. H1 2018 finance income of $341,553 increased by 126% over H1 2017 finance income of $151,020 as the Company invested additional cash generated in the prior year in short-term GICs and increased investments in foreign currencies and foreign currency derivatives.

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, 2016, 2017, and 2018 is provided in the graph below:



EBITDA of $2,088,638 for the three months ended June 30, 2018 increased by 3% over the corresponding prior year period. EBITDA of $3,566,405 for the six months ended June 30, 2018 increased by 11% over the corresponding prior year period.

A reconciliation of EBITDA to Net Income After Tax (NIAT) for the three and six months ended June 30, 2016, 2017, and 2018 are provided in the tables below:

RECONCILIATION OF EBITDA TO NIAT
FOR THE THREE MONTHS ENDED JUNE 30

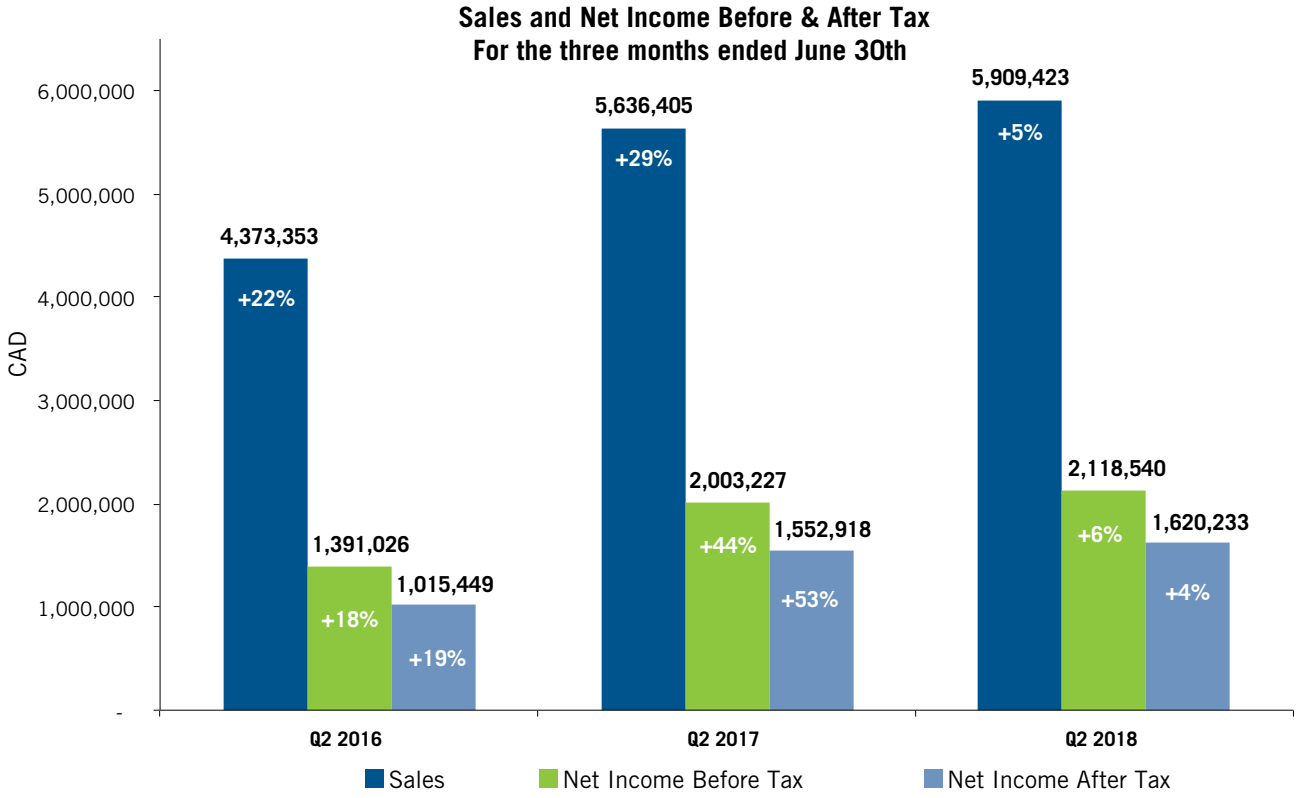
		2016	2017	2018
Q2 EBITDA		**1,399,558**	**2,023,234**	**2,088,638**
Add:	Interest Income	29,797	23,723	74,589
Less:	Depreciation of Equipment	(16,896)	(20,537)	(20,303)
	Amortization of Intangible Assets	(21,433)	(23,193)	(24,384)
	Income Tax Expense	(375,577)	(450,309)	(498,307)
NIAT		**1,015,449**	**1,552,918**	**1,620,233**

RECONCILIATION OF EBITDA TO NIAT
FOR THE SIX MONTHS ENDED JUNE 30

		2016	2017	2018
H1 EBITDA		**2,662,412**	**3,214,558**	**3,566,405**
Add:	Interest Income	88,659	58,150	135,053
Less:	Depreciation of Equipment	(33,211)	(41,075)	(40,223)
	Amortization of Intangible Assets	(22,924)	(45,979)	(48,996)
	Income Tax Expense	(727,633)	(731,180)	(848,876)
NIAT		**1,967,303**	**2,454,474**	**2,763,363**

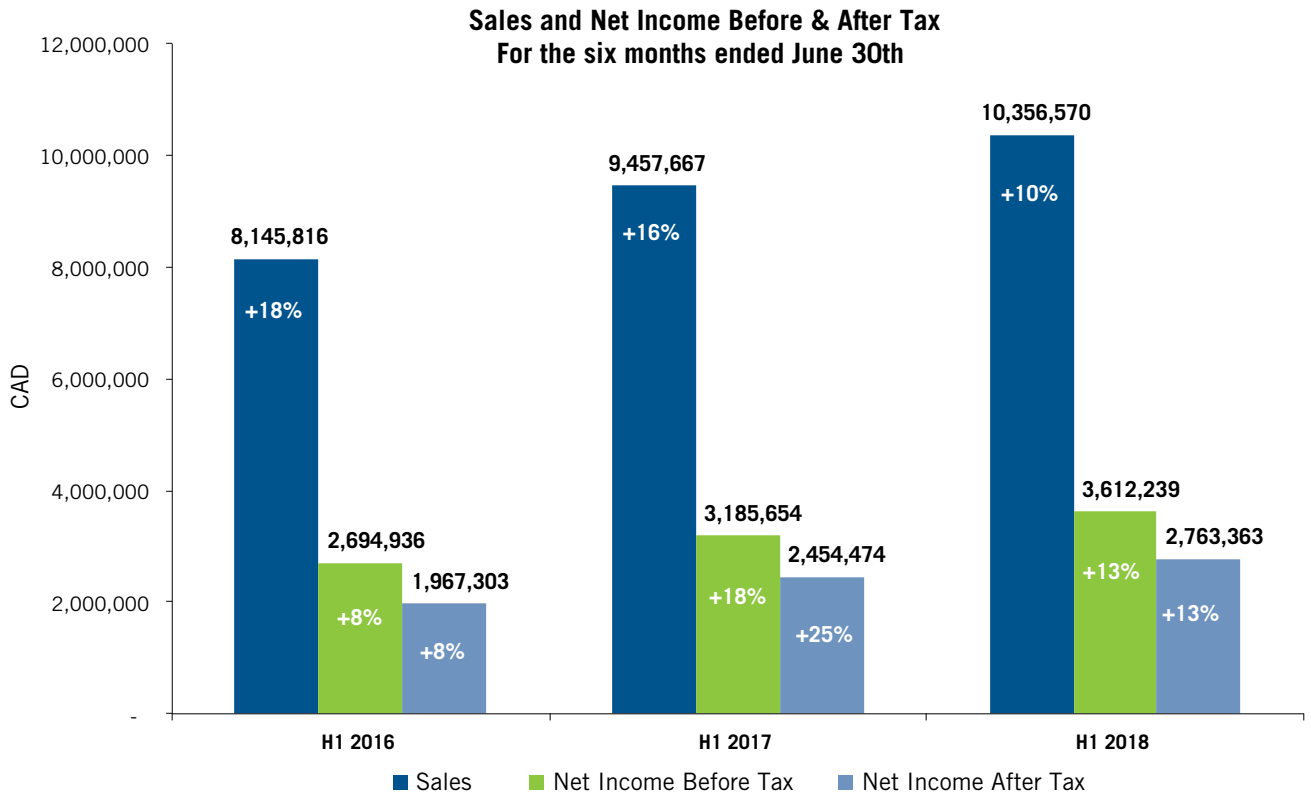
Net Income After Tax (NIAT)

Q2 2018 NIAT of $1,620,233 increased by 4% over the corresponding prior year period. The Company retained a NIAT margin of 27% for Q2 2018, as compared to NIAT margins of 28% and 23%, respectively, for Q2 2017 and Q2 2016, respectively. Please refer to the graph below for NIAT trends for the three months ended June 30, 2016, 2017, and 2018:



Total comprehensive income for the three months ended June 30, 2018 was $1,599,104 which increased by 2% compared to total comprehensive income of $1,567,861 for the three months ended June 30, 2017.

H1 2018 NIAT of $2,763,363 increased by 13% over H1 2017. The Company retained a NIAT margin of 27% for H1 2018, as compared to NIAT margins of 26% and 24%, respectively, for H1 2017 and H1 2016, respectively. Please refer to the graph below for NIAT trends for the six months ended June 30, 2016, 2017, and 2018:



Total comprehensive income for the six months ended June 30, 2018 was $2,737,719 which increased by 12% compared to total comprehensive income of $2,445,895 for the six months ended June 30, 2017.

Earnings per Share (EPS)

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

	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2
Sales	4,766,786	5,009,668	3,821,262	5,636,405	5,403,600	5,901,488	4,447,147	5,909,423
Net Income After Tax	1,247,380	1,094,822	901,556	1,552,918	1,294,575	1,457,228	1,143,130	1,620,233
Earnings Per Share - Basic	0.09	0.07	0.06	0.11	0.09	0.10	0.08	0.11
Earnings Per Share - Diluted	0.08	0.08	0.06	0.11	0.09	0.10	0.08	0.11

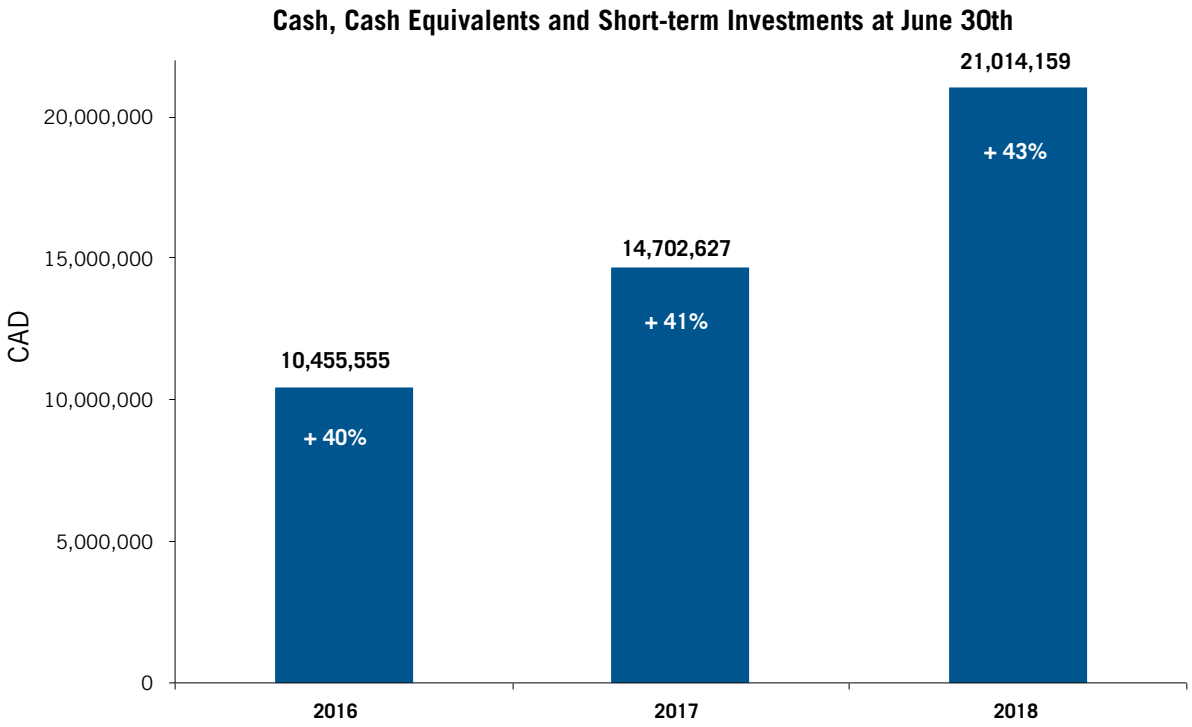
Q2 2018 diluted EPS of $0.11 as consistent with Q2 2017 diluted EPS of $0.11. For the trailing twelve months ("TTM") ended June 30, 2018, diluted EPS was $0.38, an increase of $0.05 versus TTM diluted EPS of $0.33 for the period ended June 30, 2017.

Financial Resources and Liquidity

Working capital, which is the difference between current assets and current liabilities, increased by 14% from $20,087,611 at December 31, 2017 to $22,900,657 at June 30, 2018. Cash and short term investments of $21,014,159 accounted for 92% of working capital as at June 30, 2018 as compared to cash and short term investments of $19,338,435 accounting for 96% of working capital as at December 31, 2017. 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, 2018, there were net increases in cash and short-term investments of $1,374,553 and $1,675,724, respectively, as compared to net increases of $658,030 and $963,341 in the corresponding prior year periods, respectively. During H1 2018, the Company generated cash of $1,979,280 from operations and $51,618 upon the exercise of Company options and invested $22,494 in capital equipment and $307,036 in intangible assets. By comparison, in H1 2017, the Company generated cash of $1,692,750 from operations and $61,040 upon the exercise of Company stock options, while investing $54,992 in capital equipment and $335,378 in intangible assets.

The graph below illustrates the company's cash, cash equivalents and short-term investments as of June 30, 2016, 2017, and 2018 as well as the growth over the comparative prior period:



Total Shareholders' Equity increased by 13% from $22,212,927 at December 31, 2017 to $25,183,197 at June 30, 2018. This increase is due primarily to total comprehensive income of $2,737,719 generated by the Company in H1 2018. This was slightly lower than an increase of 16% in Shareholders' Equity in H1 2017 from $16,726,716 at December 31, 2016 to $19,359,333 at June 30, 2017.

The Company's total assets at June 30, 2018 were $28,313,610, representing a 13% increase over total assets of $25,104,848 as at December 31, 2017. This is consistent with an increase of 13% in total assets for H1 2017 from $19,248,183 at December 31, 2016 to $21,722,265 at June 30, 2017.

The Company has no short-term or long-term debt; however, the Company has credit facilities available with Royal Bank of Canada totalling $2,560,000, including a revolving demand credit facility of $1,500,000 which had not been utilized as of June 30, 2018. This credit facility bears interest at a variable rate of Royal Bank 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, an enhanced level of quality consciousness, 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. When it is appropriate to de-risk future foreign exchange transactions, the Company will reduce its exposure by booking foreign exchange forward cover transactions.

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, 2018	December 31, 2017
Description of Asset/(Liability)	USD	USD
Cash and cash equivalents	284,861	282,677
Short term investments	3,000,000	-
Trade receivables	167,792	64,160
Less: Accounts payable	(726,004)	(577,680)
Net Total	2,726,649	(230,843)
Foreign Exchange Rate CAD per USD at the end of the period	1.3168	1.2545

At June 30, 2018, 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 $26,390 higher or lower on an after tax basis, respectively (December 31, 2017 - $2,129 lower or higher, respectively).

Foreign Exchange Sensitivity Analysis - EUR

	June 30, 2018	December 31, 2017
Description of Asset/(Liability)	EUR	EUR
Cash and cash equivalents	881,160	656,645
Trade receivables	118,418	203,332
Less: Accounts payable	(78,872)	(41,900)
Net Total	920,706	818,077
Foreign Exchange Rate CAD per EUR at the end of the period	1.5360	1.5052

At June 30, 2018, 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 $10,394 higher or lower on an after tax basis, respectively (December 31, 2017 - $9,051 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, 2018, the Compan y entered into forward contracts to purchase up to a total of USD 3,650,000 to USD 5,225,000 (December 31, 2017 – USD 3,750,000 to USD 5,625,000) at exchange rates expressed in CAD per USD ranging from 1.2267 to 1.2530 which will be settled on various dates from July 2018 to December 2018. The Company's right to buy USD 3,650,000 on the respective settlement dates is subject to the spot exchange rates on the settlement dates being below rates ranging from 1.3500 to 1.3600 CAD per USD. The Company's right to buy USD 5,225,000 on the respective settlement dates is subject to the spot exchange rates on the settlement dates being below rates ranging from 1.2300 to 1.2450 CAD per USD.

The Company entered into additional forward contracts as at June 30, 2018 to sell a total of USD 4,500,000 (December 31, 2017 – Nil) at exchange rates expressed in CAD per USD ranging from 1.2696 to 1.3272 which will be settled on various dates from July 2018 to December 2018.

The Company entered into additional forward contracts at June 30, 2018 to sell up to a total of USD 2,100,000 (December 31, 2017 – Nil) at exchange rates expressed in CAD per USD ranging from 1.2805 to 1.2960 which will be settled on various dates from July 2018 to December 2018. The Company's right to sell USD 2,100,000 on the respective settlement dates is subject to the spot exchange rates on the settlement dates being above rates ranging from 1.2250 to 1.2410 CAD per USD.

The Company also entered into forward contracts as at June 30, 2018 to sell a total of EUR 1,500,000 (December 31, 2017 – Nil) at exchange rates expressed in EUR per CAD ranging from 1.6055 to 1.6165 which will be settled on various dates from July 2018 to September 2018.

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 $146,179 as at June 30, 2018 (derivative liability of $76,462 December 31, 2017).

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 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, 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. The Company's loans receivable are full recourse and secured by a pledge of common shares of the Company purchased by the Borrowers, who are key management

personnel. Based on these factors, the Company considers the credit risk associated with these loans receivable to be low. The Company has not recognized any impairment of its financial assets based on the expected credit loss model as required by IFRS 9, Financial Instruments.

Trade Receivables

Description	June 30, 2018	December 31, 2017
Current	$1,856,004	$1,942,162
Past due 1-30 days	471,525	167,622
Past due 31-60 days	596	3,328
Over 60 days	88,705	71,199
Less allowance for doubtful accounts	-	-
Closing Balance	$2,416,830	$2,184,311
Maximum Credit Risk	2,416,830	2,184,311

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.

b. Concentration of Receivables

One customer represents 14% of trade receivables (December 31, 2017 - 15%) while another customer represents 39% of trade receivables (December 31, 2017 - 45%), and a third customer represents 13% of trade receivables (December 31, 2017 – 13%). There have been no past defaults by any of these customers.

c. Loans Receivable

On December 8, 2016, the Board of Directors approved a Management Share Loan Program ("MSLP") under which the Company offered 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 loan proceeds 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. Interest receivable of $4,313 was accrued on the loans between May 26, 2017 and June 30, 2018 (December 31, 2017 - $2,360). $1,953 of interest income on the MSLP Participant Loans has been included in Finance Income on the Company's Consolidated Statement of Comprehensive Income for the six months ended June 30, 2018 (six months ended June 30, 2017 - $nil).

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. The remaining MSLP Participant Loan principal plus accrued interest must be fully repaid by the Borrowers 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 and the wholly-owned foreign subsidiaries of these 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 18 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® products 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;
- Collaborators and marketing and distribution partners may develop or distribute products that compete with the Company's products; and
- The Company's pharmaceutical products are distributed to international markets where political and economic risks and uncertainties may exist. These risks and uncertainties could adversely affect the distribution of the Company's products to such markets.

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.

As at August 21, 2018, the following Common Shares and stock options were outstanding:

	No. of Shares	Exercise Price Range
Issued and outstanding common shares	14,519,603	
Stock options	153,117	$4.45 - $ 10.97
Fully Diluted at August 21, 2018	14,672,720	

Commitments

Office Lease

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

Fiscal 2018	$ 78,535
Fiscal 2019	$ 15,707

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, assists 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, 2018 and 2017:

	Six months ended June 30,		Three months ended June 30,	
	2018	2017	2018	2017
Number of Key Management Personnel	5	4	5	4
Salary and Bonus	$491,244	$383,125	$245,622	$185,921
Share-Based Payments	$116,927	$49,353	$40,233	$23,644

During the six months ended June, 2018, the Company recorded share-based payment expense of $116,927 (six months ended June 30, 2017 - $49,353) related to the vesting of options granted to key management personnel under the SOP as well as the Company's contributions to the ESPP for the purchase of common shares on behalf of participating key management personnel.

Management Share Loan Plan ("MSLP")

On May 26, 2017, a total of $391,500 of loan proceeds were advanced to management personnel by the Company for the purpose of their purchase of the Company's issued and outstanding common shares in the open market through the facilities of the TSX Venture Exchange.

Each MSLP participant's 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 in proportion to the then outstanding loan principal balance plus accrued interest. The entire MSLP Participant Loan principal plus accrued interest must be fully repaid by the Borrowers no later than May 26, 2022 (the "Maturity Date") *(see Note 12)*.

To June 30, 2018, aggregate interest of $4,313 (December 31, 2017- $2,360) was accrued on the outstanding loan principal balances receivable from MSLP participants.

Transactions with Directors

During the six months ended June 30, 2018, the Company paid total fees to its directors in the amount of $61,950 (six months ended June 30, 2017 - $44,100) and share-based payments of $74,574 (six months ended June 30, 2017 - $18,195).

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, 2018, the Company was not aware of any litigation or threatened claims either outstanding or pending.