BioSyent Inc.

Management's Discussion and Analysis
For the Years ended December 31, 2016 and 2015
March 14, 2017

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

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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 audited consolidated financial statements for the years ended December 31, 2016 and December 31, 2015 ("**Consolidated Financial Statements**"), which were prepared in accordance with and are compliant with International Financial Reporting Standards ("**IFRS**"). 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 months and years ended December 31, 2016 and 2015 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

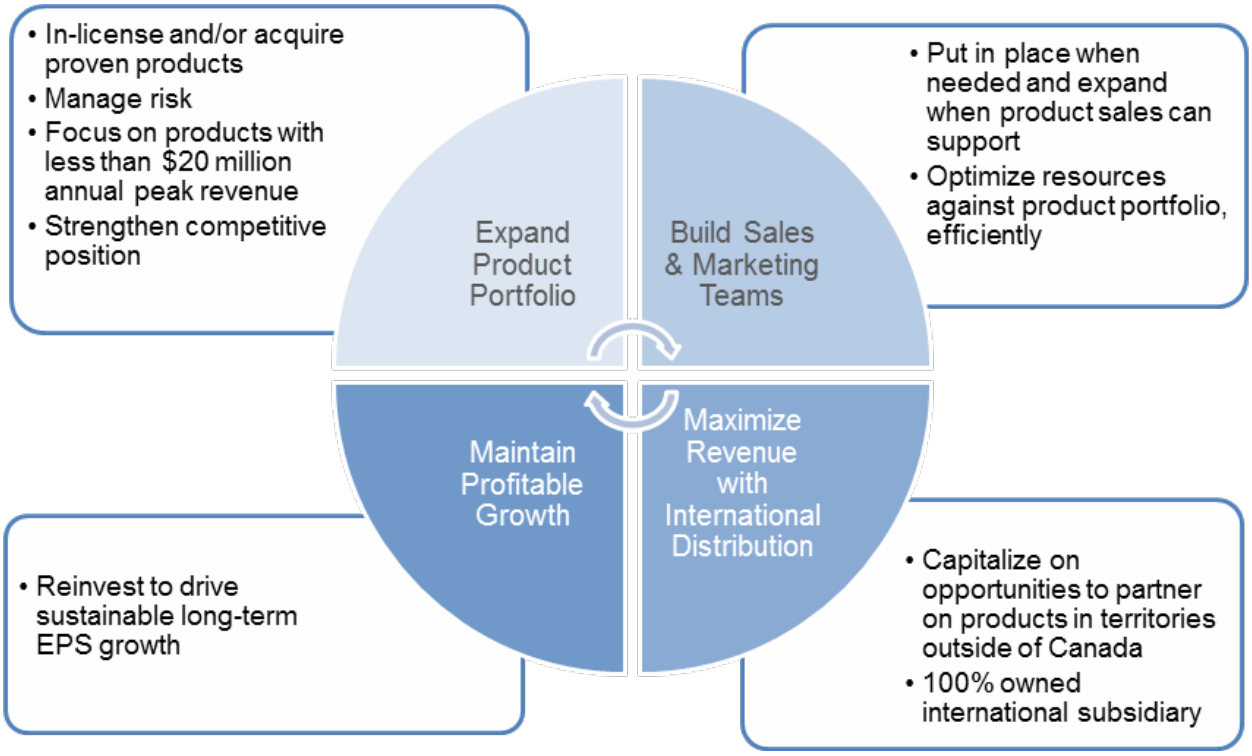
BioSyent's vision is to be the leading independent Canadian healthcare company focused on commercializing innovative products that improve patient lives and support healthcare providers.

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 capacity
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 five international markets through distribution agreements.

Cathejell® Jelly 2%

In July 2011, BioSyent Pharma received marketing approval from Health Canada for Cathejell® Jelly 2%. Cathejell® Jelly 2% was in-licensed by BioSyent Pharma from Pharmazeutische Fabrik Montavit. Shipments of Cathejell® Jelly 2% commenced in May 2012.

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. In June 2015, sales of Aguettant System® atropine sulphate PFS were temporarily halted as the Company voluntarily recalled this product from the market due to a labelling error. The Company has since rectified this labelling issue and re-launched the product in the first quarter of 2016.

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.

Aguettant System® Product #3

The Company continues to work with its partner to bring additional PFS products to the hospital market in Canada. Aguettant System® urgent care product #3 was submitted to Health Canada for approval in 2013. The Company has since received a Notice of Non-Compliance on its submission; however, the Company and its partner are evaluating options to resubmit Aguettant System® urgent care product #3 with Health Canada for approval at a later date.

Cysview®

In August 2015, BioSyent Pharma signed a Distribution and Supply Agreement with Photocure ASA (the "**Cysview Agreement**") 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 (the "**Cardio 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 will be launched in Canada upon approval being granted by Health Canada.

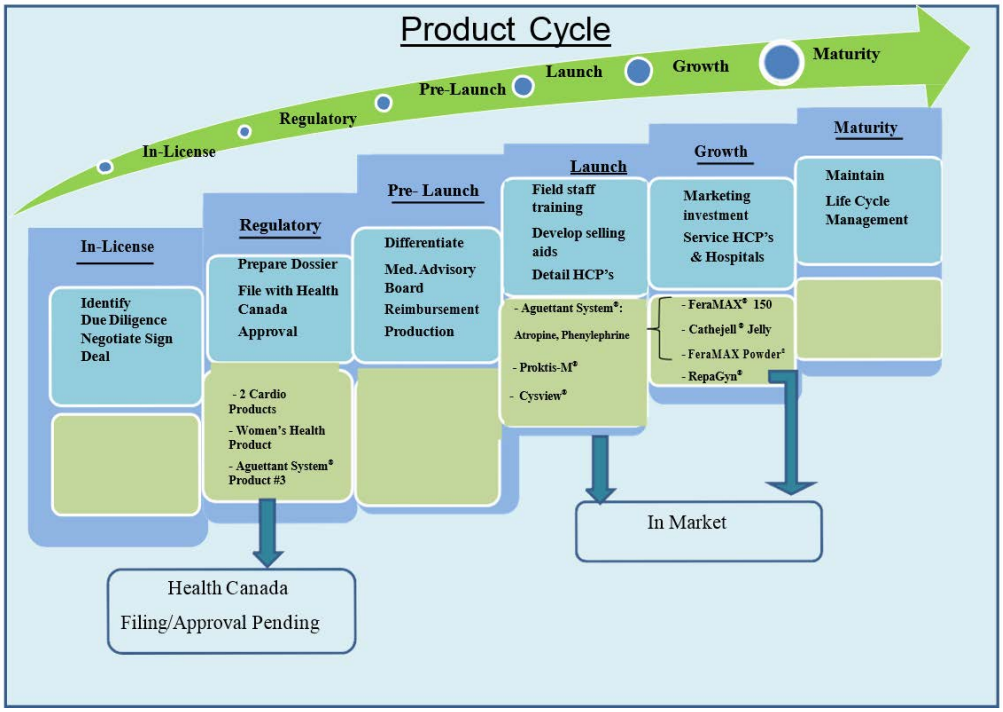
Women's Health Product

In November 2016, the Company signed an exclusive License and Supply Agreement with a European partner for a new 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 four products in the regulatory stage subject to Health Canada approval (the two Cardiovascular Products, the Women's Health Product, and Aguettant System® Product #3).



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.

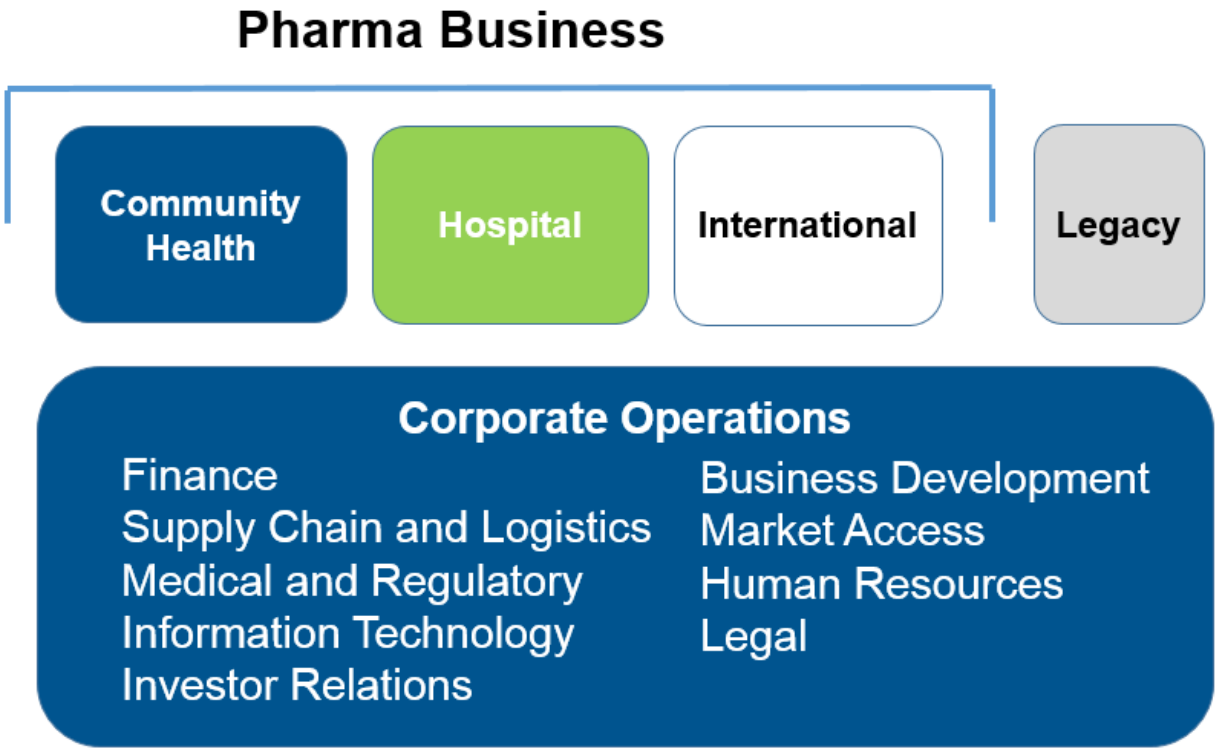
Future Product Pipeline

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; 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

The Company made progress in its commercialization of the Cysview® product in Canada during 2016, reporting its first sales to Canadian hospitals of Cysview®, which was launched in November 2015.

The Company also successfully completed its re-launch of the Aguettant System® Atropine Sulphate PFS product in Canada during 2016, following its voluntary recall of two lots of the product in June 2015 due to a labelling issue. With the labelling issue rectified, the Company recommenced distribution of the product to Canadian hospitals in March 2016.

Distribution of the Aguettant System® Atropine Sulphate PFS continued to expand in urgent care settings in Canada in 2016, with two Canadian provinces making the decision to supply all hospital crash carts in those two provinces with the Aguettant System® Atropine Sulphate PFS, with the transition process commencing in 2016.

In May 2016, the Company received approval from Health Canada for a second Aguettant System® PFS product, phenylephrine hydrochloride injection, for use in hospitals and acute care settings. The Company has recorded sales to several Canadian hospitals since the launch of Aguettant System® PFS Phenylephrine Hydrochloride in November 2016.

In May 2016, the Company made a commitment to the large and growing Canadian cardiovascular market upon signing the Cardio Agreement for the exclusive Canadian distribution rights to two new cardiovascular products. These specialty products are in a new therapeutic area for the Company and management expects that they will significantly enhance the Company's product portfolio revenue potential.

In November 2016, the Company announced that it had entered into an Exclusive License and Supply Agreement with a European partner for a new women's health product in Canada. The addition of this new product to the Community and Women's Health Business extends the Company's product offerings in the gynecology market.

The Company also expanded its international distribution of FeraMAX® products in 2016. The Company now has sales to a total of five international markets.

On April 18, 2016, the Company established a new wholly-owned subsidiary, BioSyent Pharma International Inc., under the Companies Act of Barbados. This subsidiary was formed in order to facilitate the expansion and operations of the Company's growing international business.

In May 2016, the Company's FeraMAX® product was honoured with the distinction of being named the #1 Doctor and Pharmacist recommended over-the-counter oral iron supplement brand in Canada for 2016 (Rogers Healthcare Group, The Medical Post, Pharmacy Practice+, Profession Santé and The Medical Post 2016 Survey on OTC Counselling and Recommendations). The Company also achieved national distribution of its Vegan Certified formulation of FeraMAX® 150 capsules ("**Vegan Certified FeraMAX® 150**") in Canadian pharmacies. Vegan Certified FeraMAX® 150 iron therapy is certified by Kashruth Council of Canada (COR).

On September 15, 2016, the Company was named to the PROFIT 500 annual ranking of Canada's fastest-growing companies for the fourth consecutive year based on a five-year revenue growth rate of 815% (2010 – 2015). This was the second consecutive year that the Company was ranked in the top 100 fastest-growing companies in Canada.

The Company continued to make significant investments in information technology during 2016, including investment in commercial analysis software and advanced data visualization software in order to support its selling and marketing decision-making. The Company also made significant upgrades to its network hardware to enhance system speed and reliability.

Key Performance Measures

Key performance measures for the three months and years ended December 31, 2014, 2015 and 2016 are summarized in the two tables below:

For the three months ended December 31,	2014	2015	2016	CAGR*
Sales	$3,058,503	$3,841,862	$5,009,668	28%
Sales Growth %	43%	26%	30%	-
Net Income Before Tax	1,068,563	1,049,729	1,561,090	21%
Net Income Before Tax Growth %	73%	-2%	49%	-
Net Income Before Tax Margin	35%	27%	31%	-
Income Tax (Current and Deferred)	315,364	287,127	466,268	-
Net Income After Tax	753,199	762,602	1,094,822	21%
Net Income After Tax Growth %	36%	1%	44%	-
Net Income After Tax Margin	25%	20%	22%	-
Net Increase (Decrease) in Cash and Short-term Investments	1,535,011	1,331,758	2,336,003	-
Basic EPS	0.06	0.05	0.07	-
Diluted EPS	0.05	0.05	0.08	-

For the years ended December 31,	2014	2015	2016	CAGR*
Sales	$12,211,127	$15,388,196	$17,922,270	21%
Sales Growth %	57%	26%	16%	-
Net Income Before Tax	4,326,735	5,166,004	5,869,855	16%
Net Income Before Tax Growth %	76%	19%	14%	-
Net Income Before Tax Margin	35%	34%	33%	-
Income Tax (Current and Deferred)	1,172,656	1,401,115	1,560,350	-
Net Income After Tax	3,154,079	3,764,889	4,309,505	17%
Net Income After Tax Growth %	64%	19%	14%	-
Net Income After Tax Margin	26%	24%	24%	-
Net Increase (Decrease) in Cash and Short-term Investments	3,608,003	1,726,336	4,023,810	-
Basic EPS	0.23	0.27	0.30	-
Diluted EPS	0.22	0.26	0.30	-

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

The Company's sales CAGR between the year ended December 31, 2014 and the year ended December 31, 2016 was 21%. The Company maintained a consistent net profit margin with Net Income After Tax of 26%, 24% and 24% for the years ended December 31, 2014, 2015 and 2016, respectively.

Results of Operations for the three months and year ended December 31, 2016

Sales

Sales Overview

Total sales of $5,009,668 for three months ended December 31, 2016 set a new quarterly record for the Company, achieving growth of 30% over Q4 2015 sales. This compares to growth of 26% in Q4 2015 sales over Q4 2014 sales.

Total sales of $17,922,270 for the year ended December 31, 2016 were 16% higher than sales of $15,388,196 in the prior year. This compares to a sales growth rate of 26% in 2015 over the prior year.

Quarterly Sales Trends

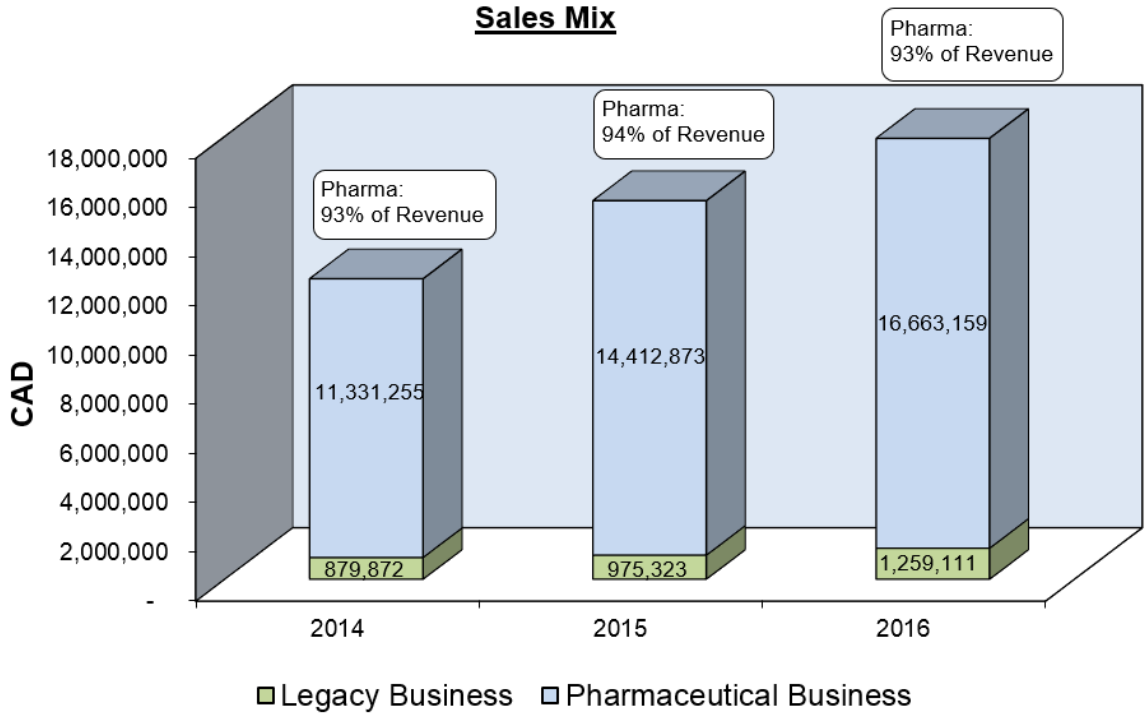
Below is a summary of the Company's sales by business for the eight most recently completed quarters:

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Sales								
Pharmaceutical Business	3,229,276	3,336,024	4,068,225	3,779,349	3,546,608	4,008,467	4,185,311	4,922,773
Growth% vs. prior year period	38%	15%	32%	26%	10%	20%	3%	30%
Legacy Business	76,824	257,974	578,011	62,513	225,855	364,886	581,475	86,895
Growth% vs. prior year period	-27%	44%	7%	17%	194%	41%	1%	39%
Total Sales	**3,306,100**	**3,593,998**	**4,646,236**	**3,841,862**	**3,772,463**	**4,373,353**	**4,766,786**	**5,009,668**
Growth% vs. prior year period	35%	17%	28%	26%	14%	22%	3%	30%

Q4 2016 pharmaceutical business sales of $4,922,773, a record quarter for the pharmaceutical business, grew by 30% over Q4 2015 pharmaceutical sales of $3,779,349. This compares to 26% sales growth in Q4 2015 over Q4 2014. Q4 2016 international pharmaceutical sales of $496,617 were 202% higher than Q4 2015 pharmaceutical sales of $164,490; this is despite the fact that additional production and logistical complexities in the international pharmaceutical business resulted in a delay in shipping a large, single international customer order received in 2016. Management previously anticipated that the order would be shipped in the fourth quarter of 2016, as indicated in its MD&A for the three and nine months ended September 30, 2016; however, shipment did not occur until Q1 2017.

Sales Mix

The graph on the following page illustrates the Company's sales mix for the years ended December 31, 2014, 2015 and 2016. The pharmaceutical segment of the business accounted for 93% of total sales in 2016, which is consistent with its 94% and 93% proportion of total sales for 2015 and 2014, respectively. This 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 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.



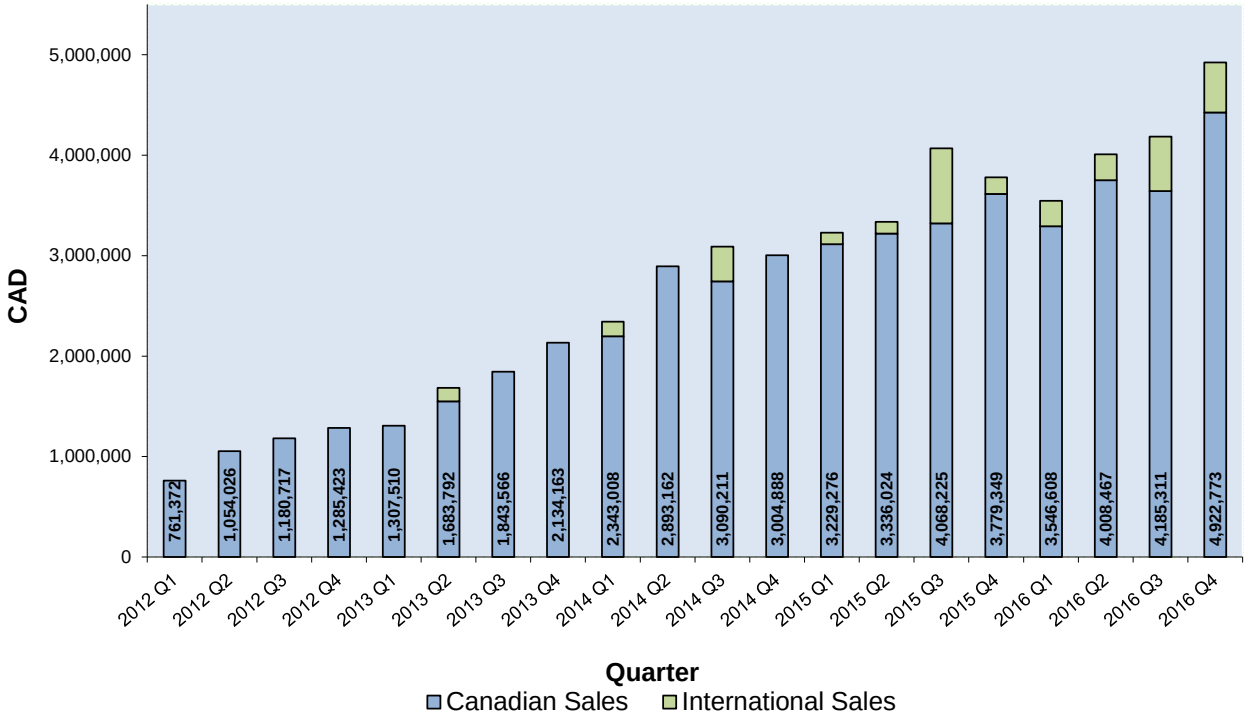
Within the pharmaceutical business, the Company focuses on medications that occupy a niche in the market and are unique due to manufacturing complexities or novel technological and therapeutic advantages, or are backed by strong partners holding defendable intellectual property rights. This strategy 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 year ended December 31, 2016 were $1,259,111, representing a 29% increase over 2015 sales of $975,323. Sales volumes (units) of Protect-It® in Canada for 2016 increased 37% over 2015 with increased demand from grain producers in Western Canada and Ontario. The overall increase in sales of Protect-It® came primarily in the first half of 2016, with an increase of 76% over the first half of 2015. Protect-It® sales in the second half of 2016 increased just 4% over the second half of 2015.

Pharmaceutical Sales Trends

Pharmaceutical Sales By Quarter



The above quarterly sales graph shows both Canadian and international sales of the Company's pharmaceutical products over the last twenty quarters. Since the first quarter of 2012, the Company has achieved an average compound quarterly growth rate in sales of 10%.

Total pharmaceutical sales of $4,922,773 in the fourth quarter of 2016 hit a new record, increasing 18% over the previous quarter and 30% over the fourth quarter of 2015.

Canadian Pharmaceutical Sales:

The Company reported record Canadian pharmaceutical sales of $4,426,156 in the fourth quarter of 2016, representing an increase of 22% over Canadian pharmaceutical sales of $3,614,859 in the fourth quarter of 2015. This compares to an increase of 20% in fourth quarter 2015 Canadian pharmaceutical sales over fourth quarter 2014 pharmaceutical sales of $3,004,888.

Canadian pharmaceutical sales of $15,113,621 for the full year 2016 represent a 14% increase over Canadian pharmaceutical sales of $13,270,838 for 2015. This compares to an increase of 22% in 2015 Canadian pharmaceutical sales over 2014 pharmaceutical sales of $10,839,250. This growth in Canadian pharmaceutical sales was attributable to growth in both the Company's Community Business and Hospital Business. Domestic sales volumes of FeraMAX® 150 units grew by approximately 10% in 2016 over 2015. The Community Business also saw growth in sales of its other pharmaceutical products in 2016, including FeraMax® Powder and RepaGyn®, for which the domestic sales volumes (units) grew by 27% and 65%, respectively, over 2015 sales volumes.

The Company's Hospital Business achieved significant growth in percentage terms in 2016 over 2015 with the successful re-launch of Aguettant System® Atropine Sulphate PFS during the year. Sales volumes of Cathejell® Jelly 2% (units) also served as a significant growth driver, with sales volumes increasing by 17% in 2016 over 2015 sales volumes. Newly launched products, Cysview® and Aguettant System® PFS Phenylephrine Hydrochloride, also contributed to the growth of the Hospital Business in 2016. Sales of both of these products occurred late in the year.

The Canadian launch of Cysview® has been met with enthusiasm from the Canadian urological community, with an endorsement from leading members of the Canadian Urological Association (CUA) for the use of Cysview® in non-muscle invasive bladder cancer. The 2016 sales of Cysview® fell short of management's expectations; however, progress has been made with key opinion leaders in the urological community and key decision-makers in hospitals in gaining recognition of Cysview® as an emerging standard of treatment for non-muscle invasive bladder cancer.

Cysview®, which was launched in November 2015, is experiencing a longer than anticipated selling cycle with urology centres across Canada due to the need to synchronize the capital spending budget of hospitals for the purchase of new blue-light cystoscopy-enabled urology equipment with the selling activities of the manufacturer of this blue-light enabled equipment. In order to facilitate the budgetary discussions with hospitals and agencies, the Company has invested in a health economic study to demonstrate the cost effectiveness of adopting Cysview® for the detection and treatment of non-muscle invasive bladder cancer. This together with the strong clinical experience at the key opinion leader level with Cysview® as well as the endorsement of the use of Cysview® by Canadian key opinion leaders lets management believe that the foundation for future sales has been set. Therefore, the Company was encouraged by a significant order of Cysview® from a Canadian hospital in the fourth quarter of 2016.

International Pharmaceutical Sales:

The Company has now recorded sales to a total of five countries outside Canada, including orders shipped to two new countries in 2016. On a quarter-over-quarter basis, Q4 international FeraMAX® sales of $496,617 were 202% higher compared to Q4 2015 sales of $164,490.

Although sales of FeraMAX® to international customers have now been recorded in eight consecutive quarters, international sales are typically high in terms of size and dollar value, but low in terms of frequency. As such, there is significant variability in the level of international sales from one quarter to the next and one period to the next. The Company continued to see growth in international sales of its FeraMAX® products during 2016, with sales of $1,549,538 increasing by 36% over 2015 sales of $1,142,035. This growth is despite the fact that additional production and logistical complexities in the international pharmaceutical business resulted in a delay in shipping a large, single international customer order received in 2016. Management previously anticipated that the order would be shipped in the fourth quarter of 2016, as indicated in its MD&A for the three and nine months ended September 30, 2016; however, shipment did not occur until Q1 2017.

Expenses

For the three and twelve months ended December 31, 2016, total expenses, including the cost of goods sold ("**COGS**"), increased by 24% and 18%, respectively, over the three and twelve months ended December 31, 2015. This compares to an increase in net revenues of 30% and 16%, respectively, for the three and twelve months ended December 31, 2016 over the corresponding prior year periods.

Description of Key Expenses	Expenses Q4 2016	Expenses Q4 2015	% Increase/ (Decrease)
Cost of Goods Sold	1,142,398	745,719	53%
Selling and Marketing	1,219,596	952,693	28%
General and Administration	1,101,935	1,131,697	(3%)
New Business & Development Costs	4,417	8,957	(51%)
Finance Income	(19,768)	(46,933)	(58%)
Total Expenses	3,448,578	2,792,133	24%

Description of Key Expenses	Expenses 2016	Expenses 2015	% Increase/ (Decrease)
Cost of Goods Sold	3,795,833	3,278,442	16%
Selling and Marketing	4,820,537	4,029,626	20%
General and Administration	3,488,621	2,996,361	16%
New Business & Development Costs	63,841	26,378	142%
Finance Income	(116,417)	(108,615)	7%
Total Expenses	12,052,415	10,222,192	18%

The overall increase in expenses of 18% for the twelve months ended December 31, 2016 over 2015 was driven by an increase in selling and marketing expenses of 20% and in general and administration expenses of 16% in 2016 over 2015.

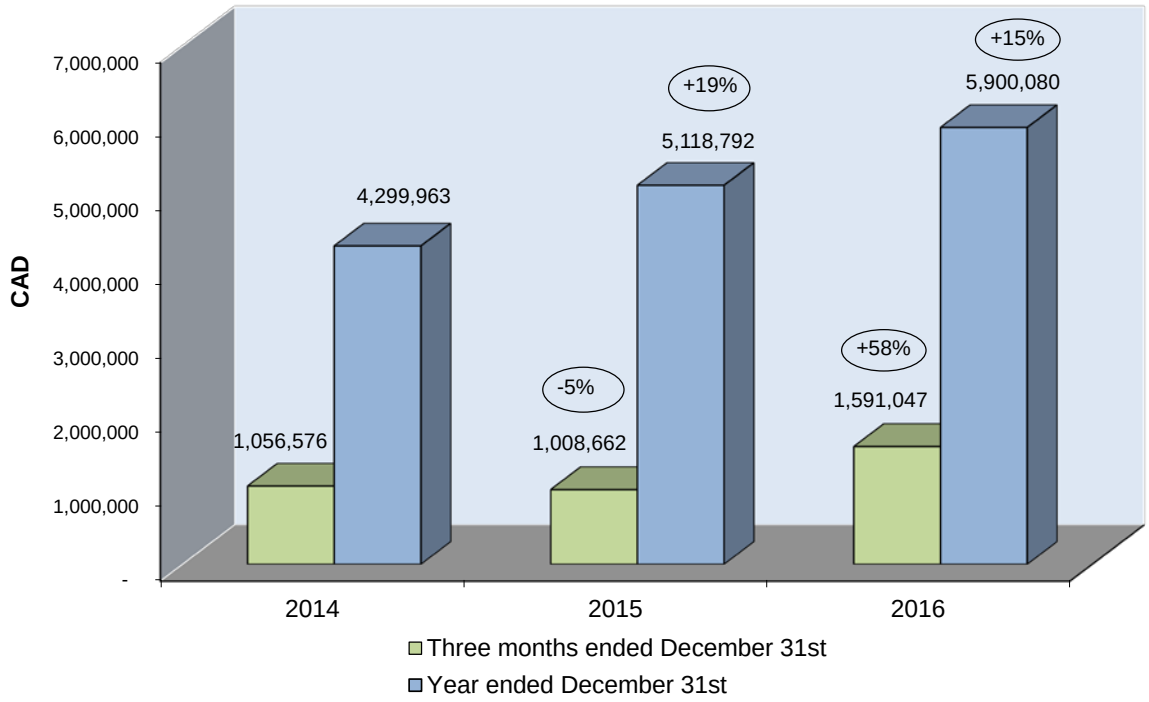
Total expenses were 67% of sales in 2016 as compared to 66% in 2015 and 65% in 2014. The overall increase in expenses in relation to sales was driven by higher personnel costs from the addition of several new sales representatives and marketing personnel in 2015 and early 2016 as the Company expanded its human capital to support ongoing and future growth. These additions to personnel have added substantial capacity to the Company with the benefits of such investments to be realized over time. This is evidenced in the Company's larger salesforce, aggressive business development pipeline, enhanced regulatory capabilities, improved sales intelligence systems, commercial analytics, and a strengthened Hospital Business product offering and business team.

While the increase in general and administration expenses of 16% was proportional to the increase in sales in 2016 versus 2015, the 20% increase in selling and marketing expenses for 2016 reflects the Company's efforts in actively promoting its new brands, including Cysview® and the Aguettant System®, and in growing its existing brands, including the "FeraMAX #1" marketing initiative which was launched by the Company in Q2 2016. All of the Company's new hires in 2016 were sales and marketing personnel.

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 twelve months ended December 31, 2014, 2015, and 2016 is provided in the graph below.

EBITDA



While the Company's EBITDA year-over-year growth rate has declined from +19% in the year ended December 31, 2015 to +15% in the year ended December 31, 2016, the Company has maintained a consistent EBITDA margin at 33% of sales for both years ended December 31, 2016 and 2015.

Q4 2016 EBITDA of $1,591,047 increased by 58% over Q4 2015 EBITDA of $1,008,662. The Company's Q4 2016 EBITDA margin of 32% of sales was consistent with its Q4 2015 EBITDA margin of 26% of sales.

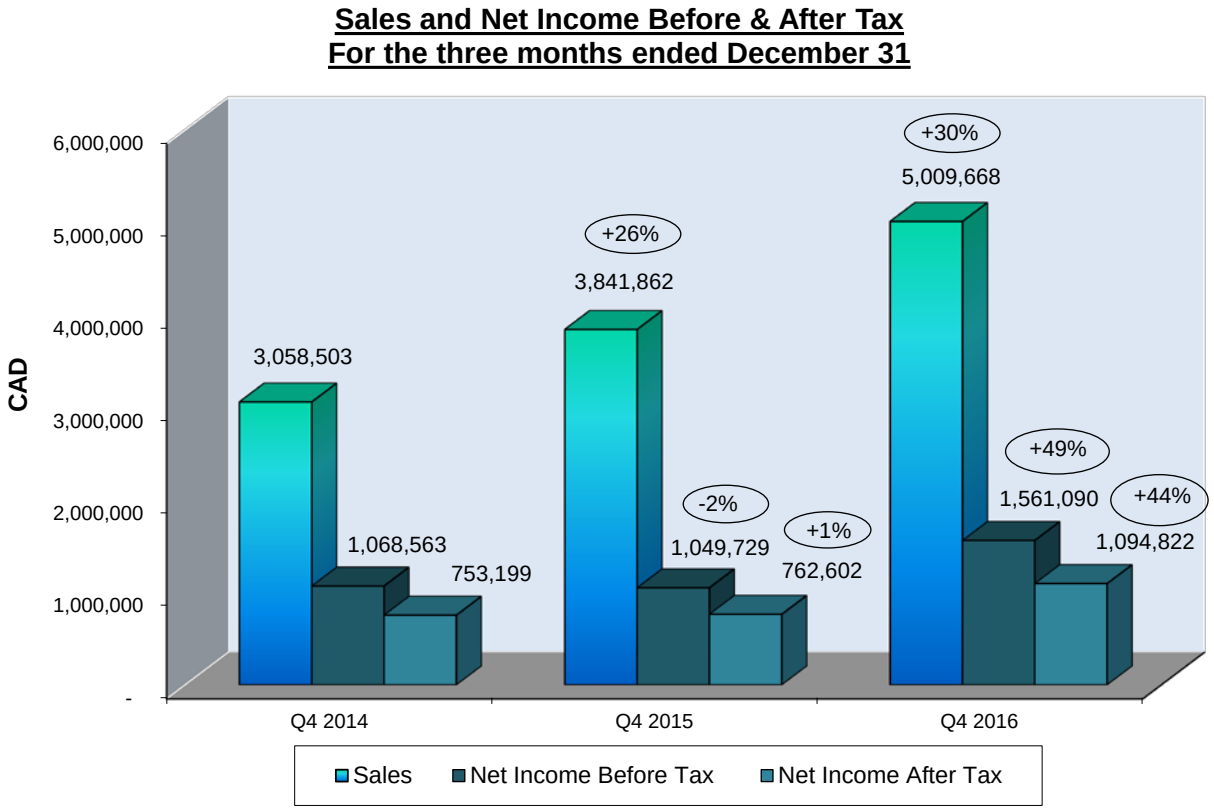
Reconciliations of EBITDA to Net Income After Tax (NIAT) for the three months and years ended December 31, 2014, 2015, and 2016 are provided below:

RECONCILIATION OF EBITDA TO NIAT FOR THE YEAR ENDED DECEMBER 31,			
	2014	**2015**	**2016**
EBITDA	**4,299,963**	**5,118,792**	**5,900,080**
Add: Interest Income	72,353	108,615	116,417
Less: Depreciation of Equipment	(45,581)	(55,437)	(80,925)
Amortization of Intangible Assets	-	(5,966)	(65,717)
Income Tax Expense	(1,172,656)	(1,401,115)	(1,560,350)
NIAT	**3,154,079**	**3,764,889**	**4,309,505**

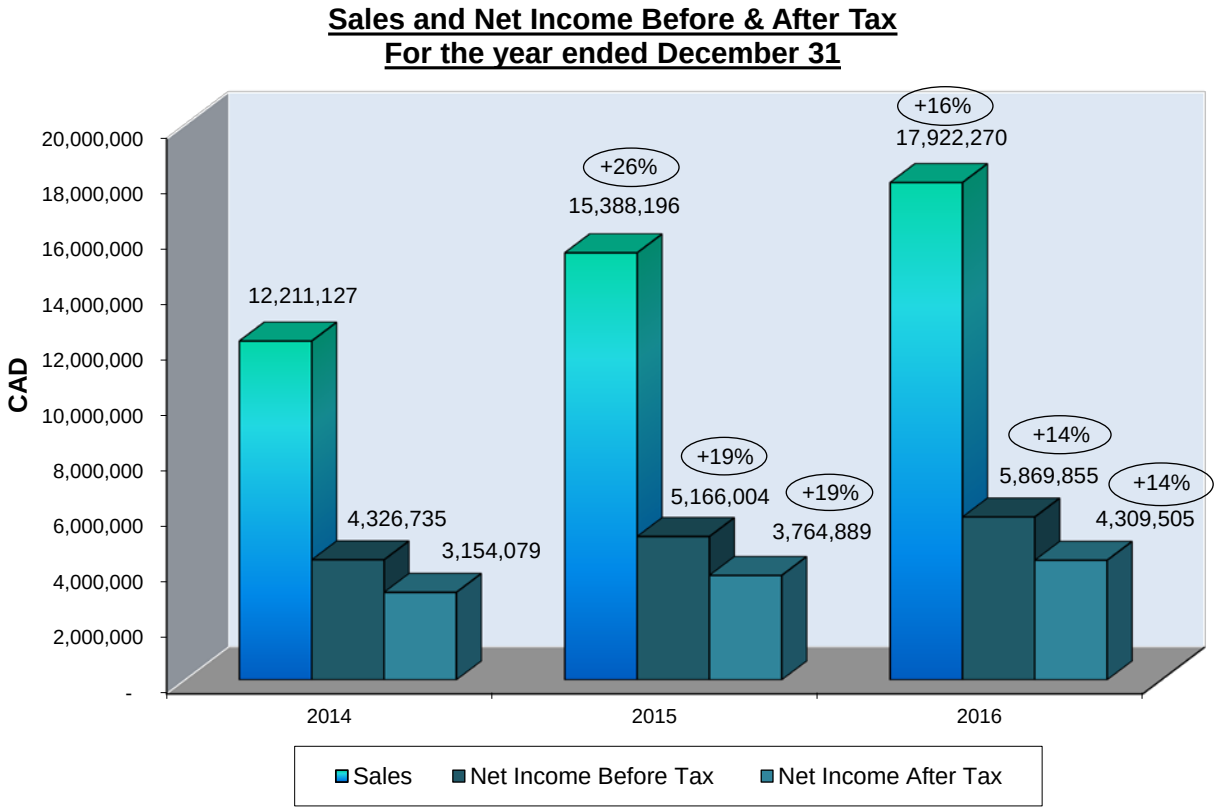
RECONCILIATION OF EBITDA TO NIAT FOR THE THREE MONTHS ENDED DECEMBER 31,			
	2014	**2015**	**2016**
EBITDA	**1,056,576**	**1,008,662**	**1,591,047**
Add: Interest Income	23,382	46,933	19,768
Less: Depreciation of Equipment	(11,395)	(14,342)	(21,220)
Amortization of Intangible Assets	-	8,476	(28,505)
Income Tax Expense	(315,364)	(287,127)	(466,268)
NIAT	**753,199**	**762,602**	**1,094,822**

Net Income After Tax (NIAT)

NIAT of $1,094,822 for the three months ended December 31, 2016 was 44% higher than that of $762,602 for the three months ended December 31, 2015. The Company maintained a NIAT margin of 22% for the three months ended December 31, 2016 which is slightly higher than a NIAT margin of 20% for the three months ended December 31, 2015. Please refer to the graph below for fourth quarter NIAT trends



NIAT of $4,309,505 for the year ended December 31, 2016 was 14% higher than that of $3,764,889 for the year ended December 31, 2015. The Company maintained a consistent NIAT margin of 24% for both years ended December 31, 2016 and 2015. The Company incurred $1,560,350 in income tax expense (inclusive of deferred tax) for 2016 as compared to $1,401,115 for 2015. Please refer to the graph below for the yearly NIAT trends.



Total comprehensive income for the three and twelve months ended December 31, 2016 was $1,075,773 and $4,276,193, respectively, which was 39% and 12% higher than $772,313 and $3,809,124 for the three and twelve months ended December 31, 2015, respectively.

Earnings per Share (EPS)

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

	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4
Sales	3,306,100	3,593,998	4,646,236	3,841,862	3,772,463	4,373,353	4,766,786	5,009,668
Net Income After Tax	962,712	851,039	1,188,536	762,602	951,854	1,015,449	1,251,539	1,094,822
Earnings Per Share - Basic	0.07	0.06	0.09	0.05	0.07	0.07	0.09	0.07
Earnings Per Share - Diluted	0.07	0.06	0.08	0.05	0.07	0.07	0.08	0.08

Q4 2016 diluted EPS of $0.08 increased by 60% compared to Q4 2015 EPS of $0.05. Annual diluted EPS was $0.30 for the year ended December 31, 2016. This represents an increase of 15% versus annual diluted EPS of $0.26 for the year ended December 31, 2015.

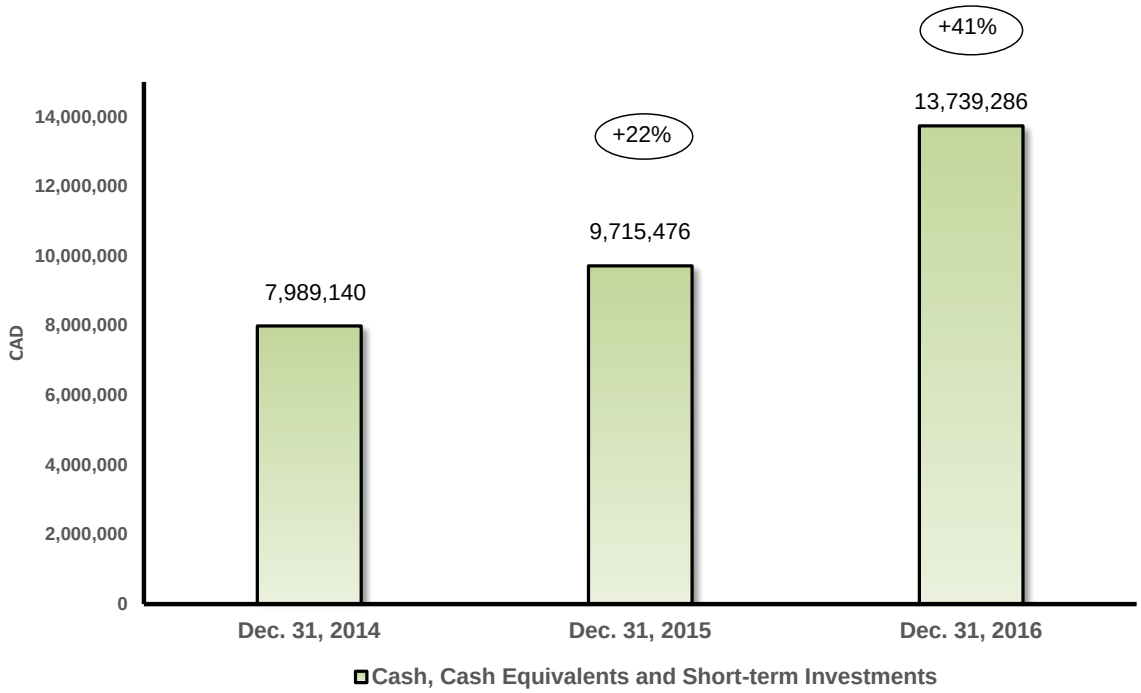
Financial Resources and Liquidity

Working capital, which is the difference between current assets and current liabilities, increased by 40% from $10,821,785 as at December 31, 2015 to $15,184,016 as at December 31, 2016. Cash and short term investments of $13,739,286 accounted for 90% of working capital as at December 31, 2016 as compared to cash and short term investments of $9,715,476 accounting for 90% of working capital as at December 31, 2015. The Company generates sufficient amounts of cash and cash equivalents from its operations to supply the working capital it requires to meet its current growth and development activities.

For the year ended December 31, 2016, there was a net increase in cash and short-term investments of $4,023,810 as compared to a net increase of $1,726,336 in the corresponding prior year period. During the year ended December 31, 2016, the Company generated cash from operations of $4,399,023 and invested $405,464 in additions to its computer equipment and software, product licenses and new product development, resulting in the net cash inflow during the period. By comparison, during the year ended December 31, 2015, the Company generated cash from operations of $2,810,920 and invested $1,147,519 in Cysview®, additions to its computer software, and new product development.

The graph below illustrates the company's cash, cash equivalents and short-term investments as of December 31, 2014, 2015, 2016 as well as the growth over the comparative prior period:

Cash, Cash Equivalents and Short-term Investments



As disclosed in the Company's Audited Consolidated Statements of Financial Position, total Shareholders' Equity increased by 38% from $12,151,482 at December 31, 2015 to $16,726,716 at December 31, 2016. This increase is due to total comprehensive income of $4,276,193 generated by the Company during the year. This compares with an increase of 49% in Shareholders' Equity in 2015 from $8,160,092 at December 31, 2014 to $12,151,482 at December 31, 2015.

The Company's total assets at December 31, 2016 were $19,248,183, representing a 32% increase over total assets of $14,608,001 as at December 31, 2015. This compares with a 37% increase in total assets in 2015 from $10,644,907 at December 31, 2014 to $14,608,001 at December 31, 2015.

The Company has no long-term 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 December 31, 2016. 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, 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 year and adjusts the total net monetary liability balance accordingly.

The following table presents a foreign exchange sensitivity analysis for the assets and liabilities of the Company denominated in foreign currencies:

Foreign Exchange Sensitivity Analysis - USD

	December 31, 2016	December 31, 2015
Description of Asset/(Liability)	**USD**	USD
Cash and cash equivalents	**1,592,413**	44,182
Less		
Accounts payable	**(625,927)**	(510,695)
Net Total	**966,486**	(466,513)
Foreign Exchange Rate CAD per USD at the end of the period	**1.3427**	1.3840

At December 31, 2016, 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 $9,538 higher or lower on an after tax basis (December 31, 2015 - $4,746 lower or higher).

Foreign Exchange Sensitivity Analysis - EUR

	December 31, 2016	December 31, 2015
Description of Asset/(Liability)	**EUR**	EUR
Cash and cash equivalents	**254,198**	235,329
Trade receivables	**63,600**	-
Short term investments		950,000
Less		
Accounts payable	**(64,727)**	(30,790)
Net Total	**253,071**	1,154,539
Foreign Exchange Rate CAD per EUR at the end of the period	**1.4169**	1.5029

At December 31, 2016, 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 $2,636 higher or lower on an after tax basis (December 31, 2015 - $12,753 higher or lower).

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

Forward Contracts:

The Company periodically enters into foreign exchange forward contracts to manage its foreign exchange risk on contracts denominated in U.S. dollars and Euros 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 December 31, 2016, the Company entered into forward contracts to purchase a total of USD 2,250,000 (December 31, 2015 – USD 1,800,000).

The contracts give the Company the right to buy a total of USD 900,000 at an exchange rate expressed in CAD per USD of 1.2500 which will be settled on various dates from the date hereof to July 2017. 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 a rate of 1.3520 CAD per USD and above a rate of 1.2500 CAD per USD. The Company had additional contracts to buy a total of USD 1,350,000 at 1.2500 CAD per USD which will be settled on various dates from the date hereof to July 2017. 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 a rate of 1.2400 CAD per USD.

As at December 31, 2016, the Company also entered into a forward contract to sell USD 1,500,000 at an exchange rate of 1.3390 CAD per USD which was settled in January 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 $32,025 for the year ended December 31, 2016 (2015 – $34,569).

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 Audited 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. 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	**December 31, 2016**	December 31, 2015
Current	**$ 1,541,247**	$ 1,184,688
Past due 1-30 days	**289,271**	155,491
Past due 31-60 days	**90,150**	1,489
Over 60 days	**4,281**	3,100
Less allowance for doubtful accounts	**-**	(3,100)
Closing Balance	**$ 1,924,949**	$ 1,341,668
Maximum Credit Risk	**1,924,949**	1,341,668

(b) Concentration of Receivables

One customer represents 31% of trade receivables (December 31, 2015: 43%) while another customer represents 36% of trade receivables (December 31, 2015: 27%). There have been no past defaults by either of these customers.

(c) 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 14 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 pharmaceuticals 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 and 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.

As at March 14, 2017 the following Common Shares and stock options were outstanding:

No. of Shares		Exercise Price Range
Issued and outstanding common shares	14,403,553	
Stock options	208,672	$0.57 - $ 10.97
Fully Diluted at March 14, 2017	14,612,225	

Commitments

Office Lease

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

Fiscal 2017	$ 136,076
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, Chairman & 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 twelve months ended December 31, 2016 and 2015.

Year ended December 31,	**2016**	**2015**
Number of Key Management Personnel	**5**	4
Salary and Bonus	**$1,044,916**	$734,250
Share-Based Payments	**$119,134**	$66,960

Other Key Management Personnel and Director Transactions

During the year ended December 31, 2016, the Company paid total fees to its directors in the amount of $58,500 (2015 - $37,200) and share-based payments of $36,224 (2015 - $29,664).

Additionally, the Company incurred a remuneration expense of $21,500 for professional services rendered by one of its directors for the year ended December 31, 2016 (2015 - $18,000). These related party transactions have occurred in the normal course of operations.

Share Loan Arrangement

On December 8, 2016, the Board of Directors approved a Share Loan Arrangement under which the Company would offer short-term, one-time loans, up to $600,000 in aggregate, to certain key management personnel for the purpose of their purchase of the Company's common shares at prevailing market prices through the facilities of the TSX Venture Exchange. All common shares purchased through the Share Loan Arrangement would be pledged as security against the loans.

The Company's Compensation and Human Resources Committee oversees this Share Loan Arrangement on behalf of the Board of Directors.

In 2016, nil loans were advanced to key management personnel and nil common shares were purchased by key management personnel under the Share Loan Arrangement.

Employee Share Purchase Plan

On January 1, 2017, the Company introduced an Employee Share Purchase Plan ("ESPP"). Under the ESPP, eligible BioSyent employees, including certain key management personnel, are permitted to contribute up to a maximum of 10 per cent of their gross base salary to purchase the Company's common shares in the open market through the facilities of the TSX Venture Exchange. The contributions are matched by the Company up to a maximum of 2.5 per cent of the applicable employee's gross salary.

Legal Proceedings

From time to time the Company may be exposed to claims and legal actions in the normal course of business. As at December 31, 2016, the Company was not aware of any litigation or threatened claims either outstanding or pending.