BioSyent Inc.

Management's Discussion and Analysis

For the Years ended December 31, 2017 and 2016

March 20, 2018

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BioSyent

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Introduction

The following discussion of BioSyent Inc.'s ("**BioSyent**" or the "**Company**") operations, performance and financial condition is based on the Company's audited consolidated financial statements for the years ended December 31, 2017 and December 31, 2016 ("**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 years ended December 31, 2017 and December 31, 2016 and in BioSyent's annual and interim financial statements and the notes thereto. These documents are available at www.sedar.com.

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

Accounting Estimates and Accounting Policies

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

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

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

Non-IFRS Financial Measures

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

Accordingly, these measures should not be considered in isolation nor as a substitute for analyses of the Company's financial information reported under IFRS. Management uses non-IFRS measures such as Earnings Before Interest, Taxes, Depreciation and Amortization ("**EBITDA**"), Compound Annual Growth Rate ("**CAGR**") and Trailing Twelve Months Earnings per Share ("**TTM EPS**") to provide investors with supplemental measures of the Company's operating performance and thus highlight trends in the Company's core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets, and to assess the Company's ability to meet future debt service, capital expenditure, and working capital requirements. The definition and a reconciliation of EBITDA, as used and presented by the Company, to the most directly comparable IFRS measures follows later in this MD&A.

Overview, Vision, Strategy and Products

Overview

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

BioSyent's Vision

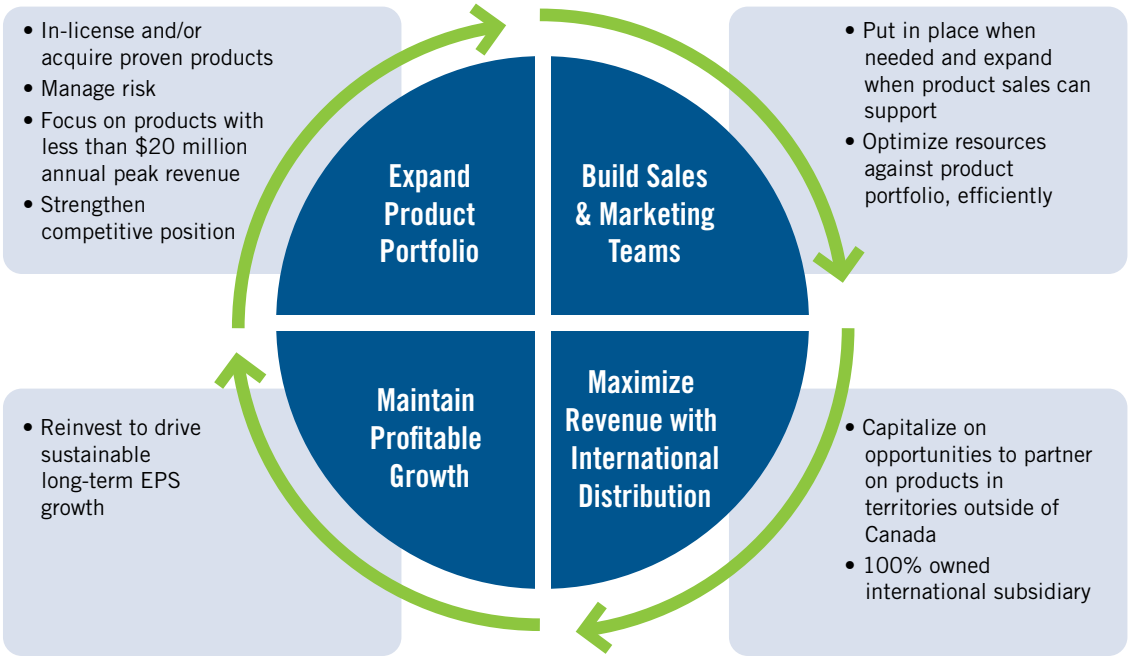
BioSyent's vision is to be the leading independent Canadian healthcare company focused on commercializing innovative products that improve patient lives and support healthcare providers.

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

BioSyent's Strategy

BioSyent has four key elements to achieving its strategic objectives:

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



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

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

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

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

Evolution of Strategy

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

Pharmaceutical Business

FeraMAX® 150

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

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

FeraMAX® Powder

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

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

Cathejell® Jelly 2%

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

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

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

RepaGyn®

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

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

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

Proktis-M®

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

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

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

Aguettant System®

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

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

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

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

Aguettant System® – Atropine Sulphate

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

Aguettant System® – Phenylephrine Hydrochloride

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

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

Cysview®

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

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

This technology can lead to 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).

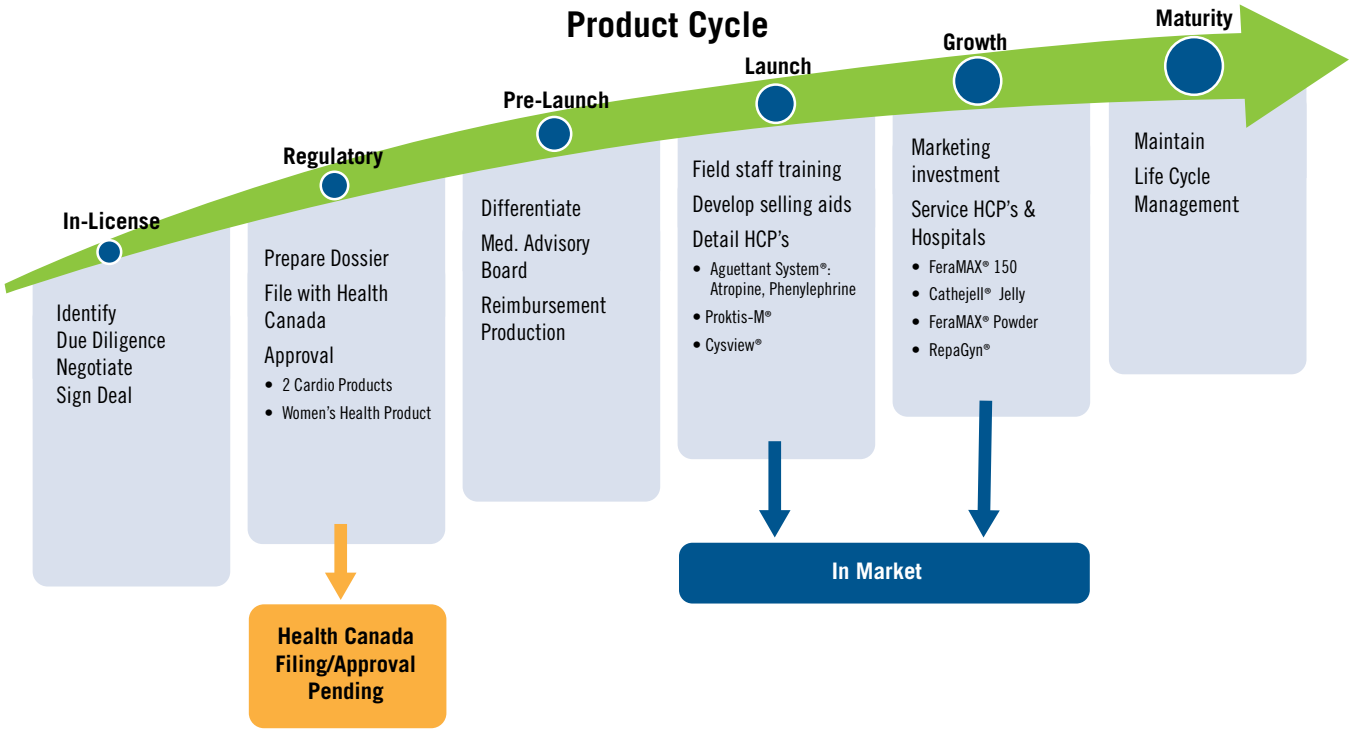
Women's Health Product

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 has made a submission to Health Canada seeking marketing approval of the product which is currently under review. If approved by Health Canada, this product will extend the Company's product offerings in the growing Canadian women's health market. This product will be in a sub-segment of the women's health market valued at approximately $200 million (source: IMS Health data).

Brand Lifecycle and Product Pipeline

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

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



The 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.

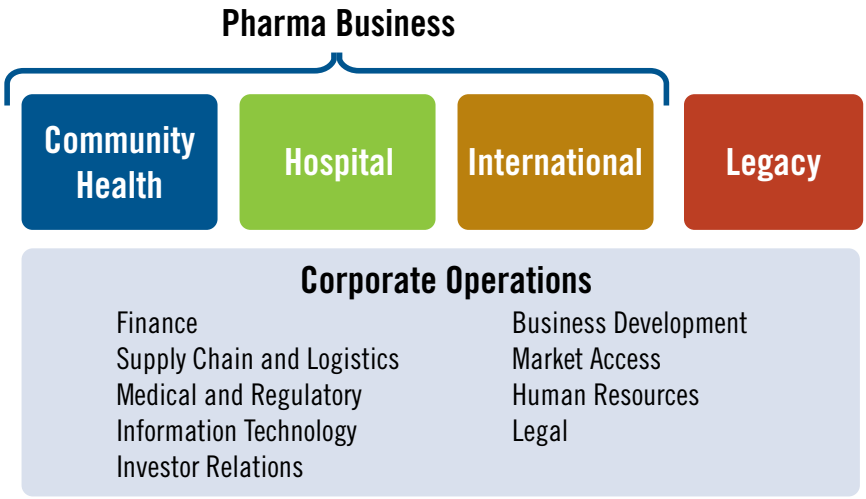
Future Product Pipeline

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

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

In September 2017, the Company was named to the PROFIT 500 annual ranking of Canada's fastest growing companies for the fifth consecutive year based on a five-year revenue growth rate of 538% (2011 – 2016).

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. Mr. Andrews and Ms. Elford each bring extensive experience and strong business acumen to the Board.

Key Performance Measures

Key performance measures for the three months ("Q4") and full year ("FY") ended December 31, 2015, 2016, and 2017 are summarized in the tables below:

	Q4 2015	Q4 2016	Q4 2017	CAGR*
Sales	$3,841,862	$5,009,668	$5,901,488	24%
Sales Growth %	26%	30%	18%	-
Net Income Before Tax	1,049,729	1,561,090	1,949,447	36%
Net Income Before Tax Growth %	-2%	49%	25%	-
Net Income Before Tax Margin	27%	31%	33%	-
Income Tax (Current and Deferred)	287,127	466,268	492,219	-
Net Income After Tax	762,602	1,094,822	1,457,228	38%
Net Income After Tax Growth %	1%	44%	33%	-
Net Income After Tax Margin	20%	22%	25%	-
Net Increase in Cash and Short-term Investments	1,331,758	2,336,003	2,829,154	-
Basic EPS	0.05	0.07	0.10	-
Diluted EPS	0.05	0.08	0.10	-

	FY 2015	FY 2016	FY 2017	CAGR*
Sales	$15,388,196	$17,922,270	$20,762,755	16%
Sales Growth %	26%	16%	16%	-
Net Income Before Tax	5,166,004	5,869,855	6,850,164	15%
Net Income Before Tax Growth %	19%	14%	17%	-
Net Income Before Tax Margin	34%	33%	33%	-
Income Tax (Current and Deferred)	1,401,115	1,560,350	1,643,887	-
Net Income After Tax	3,764,889	4,309,505	5,206,277	18%
Net Income After Tax Growth %	19%	14%	21%	-
Net Income After Tax Margin	24%	24%	25%	-
Net Increase in Cash and Short-term Investments	1,726,336	4,023,810	5,599,149	-
Basic EPS	0.27	0.30	0.36	-
Diluted EPS	0.26	0.30	0.36	-

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

The Company's sales CAGR between FY 2015 and FY 2017 was 16%. The Company's FY 2017 net profit margin was 25% which is slightly higher than net profit margins of 24% for both FY 2015 and FY 2016.

Results of Operations for the three and twelve months ended December 31, 2017 and 2016

Sales

Sales Overview

The Company recorded its highest quarterly sales ever in Q4 2017. As a result of record quarters for both its Canadian and international pharmaceutical businesses, the Company's total Q4 2017 sales were $5,901,488, representing an 18% increase over sales of $5,009,668 for the fourth quarter of 2016. Full year 2017 sales were $20,762,755, representing growth of 16% over 2016 sales of $17,922,270.

Quarterly Sales Trends

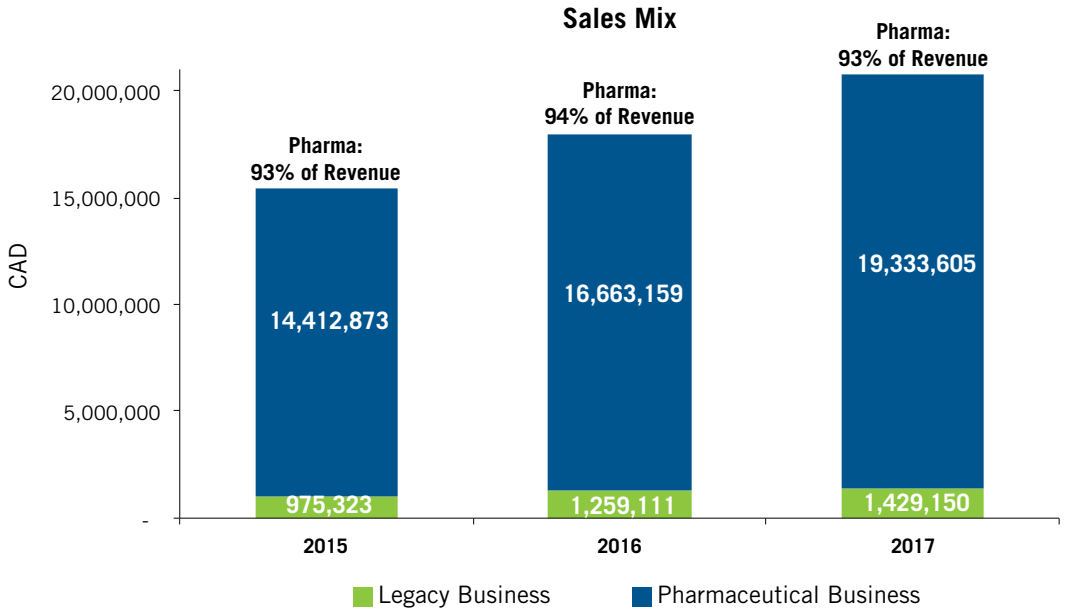
Below is a summary of the Company's sales by business for the eight most recently completed quarters:

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Sales								
Pharmaceutical Business	3,546,608	4,008,467	4,185,311	4,922,773	3,652,834	5,075,518	4,799,039	5,806,214
Growth% vs. prior year period	10%	20%	3%	30%	3%	27%	15%	18%
Legacy Business	225,855	364,886	581,475	86,895	168,428	560,887	604,561	95,274
Growth% vs. prior year period	194%	41%	1%	39%	-25%	54%	4%	10%
Total Sales	**3,772,463**	**4,373,353**	**4,766,786**	**5,009,668**	**3,821,262**	**5,636,405**	**5,403,600**	**5,901,488**
Growth% vs. prior year period	14%	22%	3%	30%	1%	29%	13%	18%

Q4 2017 Pharmaceutical Business sales of $5,806,214 increased by 18% versus Q4 2016. This growth rate compares to an increase of 30% in Q4 2016 pharmaceutical sales over Q4 2015 sales.

Sales Mix

The graph below illustrates the Company's sales mix for the years ended December 31, 2015, 2016 and 2017. The Pharmaceutical Business accounted for 93% of total sales in 2017, consistent with 93% and 94%, respectively, of total sales for 2016 and 2015. This sales mix is in line with management's strategy of growing the Pharmaceutical Business while maintaining the Legacy Business. The Company supports the Legacy Business in a limited way, as Legacy Business customers are generally less responsive to marketing and promotion with demand for grain insecticides influenced more by the weather, prices of agricultural inputs, the quality and quantity of the food grain harvest, and the level of infestation of stored grain.

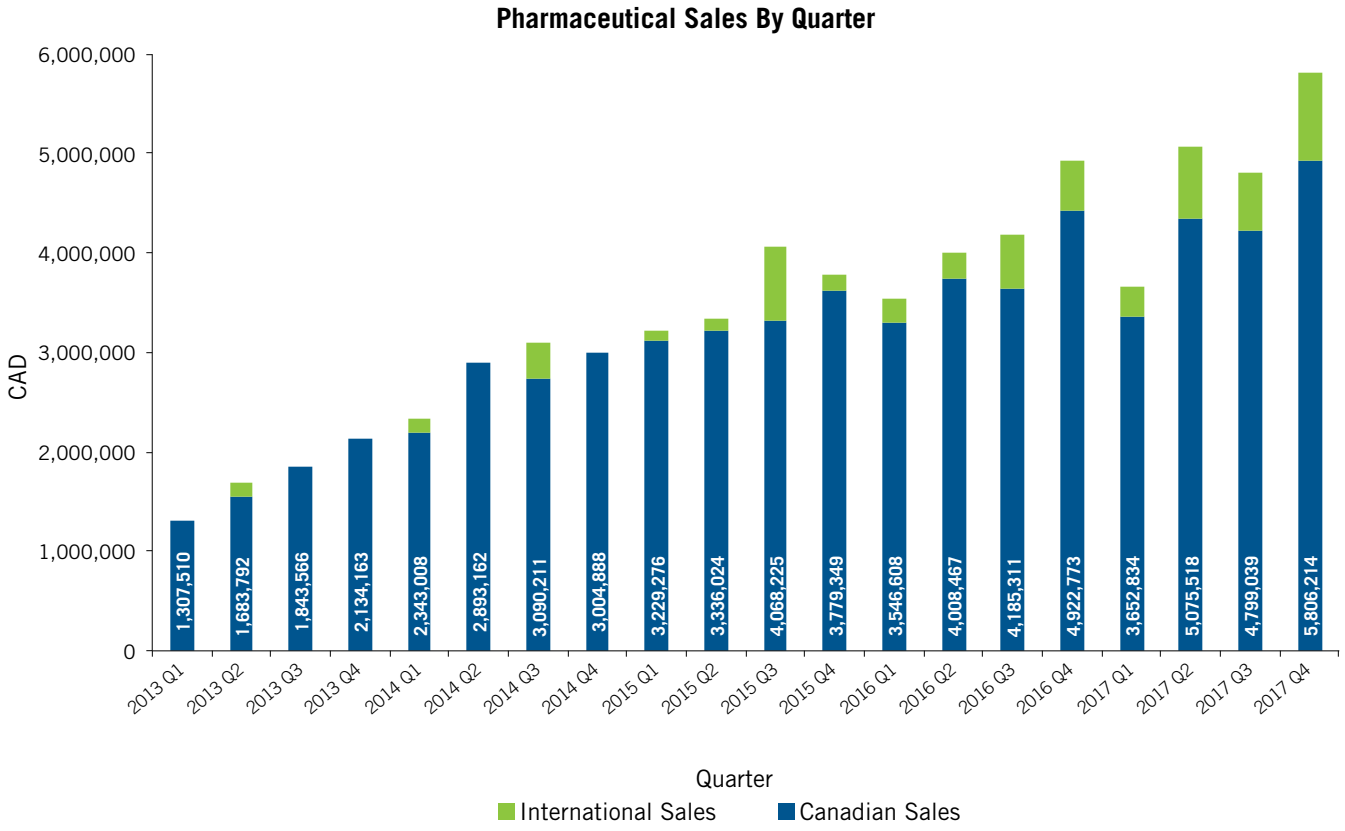


Within the Pharmaceutical Business, the Company focuses on medications that occupy a niche in the market and are unique due to manufacturing complexities or novel technological and therapeutic advantages, or are backed by strong partners holding defendable intellectual property rights. This strategy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

Legacy Business Sales Trend

Protect-It® sales for the three and twelve months ended December 31, 2017 were $95,724 and $1,429,150 respectively, representing increases of 10% and 14%, respectively, over the corresponding prior year periods. The growth in 2017 Protect-It® sales over the 2016 period is due primarily to 2017 sales of the product to a distributor serving a new international market. While sales in existing markets were slightly lower on a year-over-year basis, sales to this new international distributor resulted in incremental growth over the prior year.

Pharmaceutical Sales Trend



The Company had record quarterly sales in both its Canadian and international pharmaceutical businesses in the fourth quarter of 2017. Q4 2017 Canadian pharmaceutical sales of $4,937,297 increased by 12% over Q4 2016 sales of $4,426,156 while Q4 2017 international pharmaceutical sales of $868,917 increased by 75% over Q4 2016 sales of $496,617.

Canadian Pharmaceutical Sales:

The Company reported Canadian pharmaceutical sales of $16,856,703 in 2017, representing an increase of 12% over Canadian pharmaceutical sales of $15,113,621 in 2016. This compares to a sales growth rate of 14% in 2016 Canadian pharmaceutical sales over 2015 sales of $13,270,838.

In the Company's Community Business, 2017 annual Canadian sales volumes (units) of FeraMAX® 150 increased by 6% over the prior year, despite wholesale inventory levels for this product declining to approximately 5 weeks in the wholesale trade at December 31, 2017 as compared to 6 weeks at December 31, 2016. The Community Business saw growth in sales of its other pharmaceutical products in 2017, including FeraMAX® Powder and RepaGyn®, for which the Canadian sales volumes (units) grew by 17% and 22%, respectively, over 2016 sales volumes.

The Company's Hospital Business also saw growth in 2017 with sales volumes of Cathejell® Jelly 2% (units) increasing by 19% in 2017 over 2016. Aguettant System® PFS products also contributed to the sales growth rate in the Hospital Business in 2017 with Canadian sales volumes (units) of these products increasing 66% over the prior year. However, sales volumes of these products in the comparative 2016 period were relatively low as the Atropine Sulphate product was re-launched in Q1 2016 and the Phenylephrine Hydrochloride product was newly launched in Q4 2016.

Although two Canadian hospitals have adopted Cysview®, sales of this product since its introduction in 2015 continue to fall short of management's expectations. Cysview® is experiencing a longer than anticipated selling cycle. While the product has been met with much interest in the Canadian urological community, several Canadian hospitals are still evaluating their budgets to fund blue light cystoscopy equipment as well as Cysview®. Several Canadian hospitals are in the process of completing or evaluating demonstrations of the product in an operating room setting. Management remains committed to the success of this innovative product in Canadian hospitals.

International Pharmaceutical Sales:

International sales of FeraMAX® products for the three and twelve months ended December 31, 2017 were $868,917 and $2,476,902, respectively, which included repeat customer sales as well as sales to one new market. These sales levels represent growth rates of 75% and 60% for Q4 2017 and the full year 2017, respectively, over the corresponding prior year periods. This compares to sales growth rates of 202% and 36% for Q4 2016 and the full year 2016, respectively, over the corresponding prior year periods.

The Company has recorded international pharmaceutical sales in each of the twelve preceding quarters as distribution of FeraMAX® has been established in six markets outside of Canada. Although international FeraMAX® sales have become more regular as the Company manages the additional distribution complexities of the international business, there is still significant variability in the level of sales from one quarter to the next. International pharmaceutical sales accounted for 13% of the Company's total pharmaceutical sales in 2017 as compared to 9% in 2016. This is consistent with management's strategy of continuing to grow the international pharmaceutical business as a proportion of the total pharmaceutical business. Given the differing nature and risk profile of the international pharmaceutical business vis-à-vis the Canadian pharmaceutical business, management continues to view the international pharmaceutical business as a diversification opportunity.

Expenses

	Three months ended Dec. 31,		% Change vs. Prior Period
	2017	2016	
Cost of Goods Sold	$ 1,390,975	$ 1,142,398	22%
Selling and Marketing	$ 1,390,004	$ 1,219,596	14%
General and Administration	$ 1,136,957	$ 1,101,935	3%
New Business & Development Costs	$ 46,810	$ 4,417	960%
Finance Income	$ (12,705)	$ (19,768)	-36%
Total	$ 3,952,041	$ 3,448,578	15%

For the three months ended December 31, 2017, total expenses, including the cost of goods sold ("**COGS**") and excluding finance income, increased by 14% over the corresponding prior year period. This compares to an increase in net revenues of 18% in the fourth quarter of 2017 over the corresponding prior year period. The ratio of total operating expenses (excluding finance income) to net revenues was 67% for the three months ended December 31, 2017, lower than a ratio of 69% for the three months ended December 31, 2016. In Q4 2017, foreign exchange gains from investing activities were reclassified from General and Administration expenses to Finance Income.

	Full Year ended Dec. 31,		% Change vs. Prior Period
	2017	2016	
Cost of Goods Sold	$ 4,788,085	$ 3,795,833	26%
Selling and Marketing	$ 5,309,333	$ 4,820,537	10%
General and Administration	$ 4,205,835	$ 3,488,621	21%
New Business & Development Costs	$ 79,877	$ 63,841	25%
Finance Income	$ (470,539)	$ (116,417)	304%
Total	$13,912,591	$12,052,415	15%

For the full year ended December 31, 2017, total expenses, including COGS and excluding finance income, increased by 18% over 2016. This compares to an increase in net revenues of 16% for 2017 over 2016. The ratio of total operating expenses (including COGS and excluding finance income) to net revenues was 69% in 2017 as compared to 68% in 2016.

Selling and Marketing expenses have declined slightly in proportion to sales from 27% of total sales in 2016 to 26% in 2017. Selling and marketing employee costs have declined from 13% of sales in 2016 to 12% of sales in 2017 as the Company increased its organizational bandwidth in 2015 and 2016. Advertising, promotion and selling costs have also declined slightly from 13% of sales in 2016 to 12% of sales in 2017. This is due to comparatively higher selling and promotion expenses incurred in 2016 on newly launched products (Aguettant System® PFS and Cysview®) relative to 2016 sales of these products.

General and Administration expenses have increased slightly to 20% of sales in 2017 as compared to 19% in 2016. Included in General and Administration expenses are one-time impairment losses of $58,352 on the write-down of an intangible asset. During the year, the Company decided to suspend further regulatory work on a third urgent care product for use in the Aguettant System® due to the significant level of further investment which would be required to obtain regulatory approval for this product, which

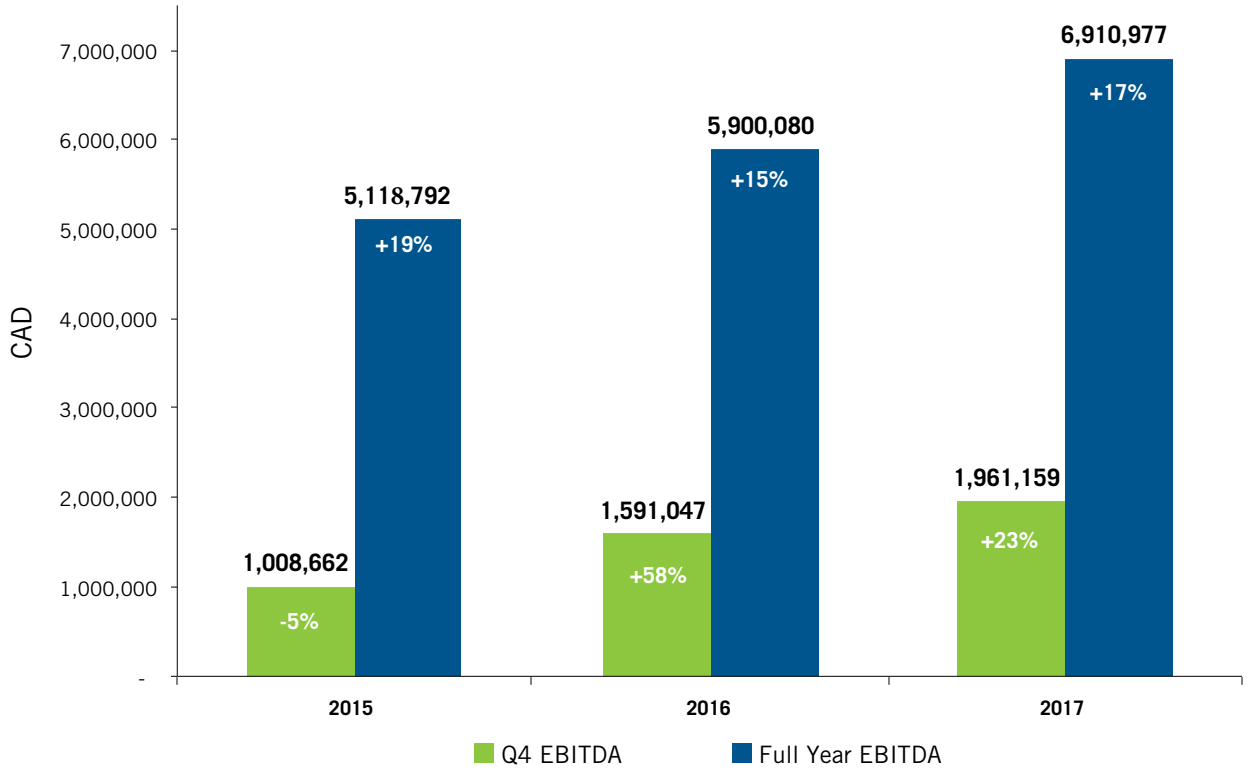
has not yet been launched in the market. Also included in 2017 General and Administration expenses is a one-time write-down of unsaleable inventory of $96,245 – no such write-downs occurred in the comparative period.

During 2017, the Company recorded finance income of $470,539, including interest income of $128,740 on term deposits and net realized foreign exchange gains of $341,799 relating to the sale of US Dollars and forward contracts to buy US Dollars.

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, 2015, 2016, and 2017 is provided in the graph below:

EBITDA for the Quarter and Full Year ended December 31, 2017



EBITDA of $1,961,159 and $6,910,977 for the three and twelve months ended December 31, 2017, respectively, increased by 23% and 17%, respectively, over the corresponding prior year periods. The Company's EBITDA margin was consistent at 33% of sales for both 2017 and 2016.

Reconciliations of EBITDA to Net Income After Tax (NIAT) for the three months and twelve months ended December 31, 2015, 2016, and 2017 are provided in the tables below:

Reconciliation of EBITDA to NIAT
For The Three Months Ended December 31

		2015	2016	2017
EBITDA		1,008,662	1,591,047	1,961,159
Add:	Interest Income	46,933	19,768	44,076
Less:	Depreciation of Equipment	(14,342)	(21,220)	(26,766)
	Amortization of Intangible Assets	8,476	(28,505)	(29,022)
	Income Tax Expense	(287,127)	(466,268)	(492,219)
NIAT		762,602	1,094,822	1,457,228

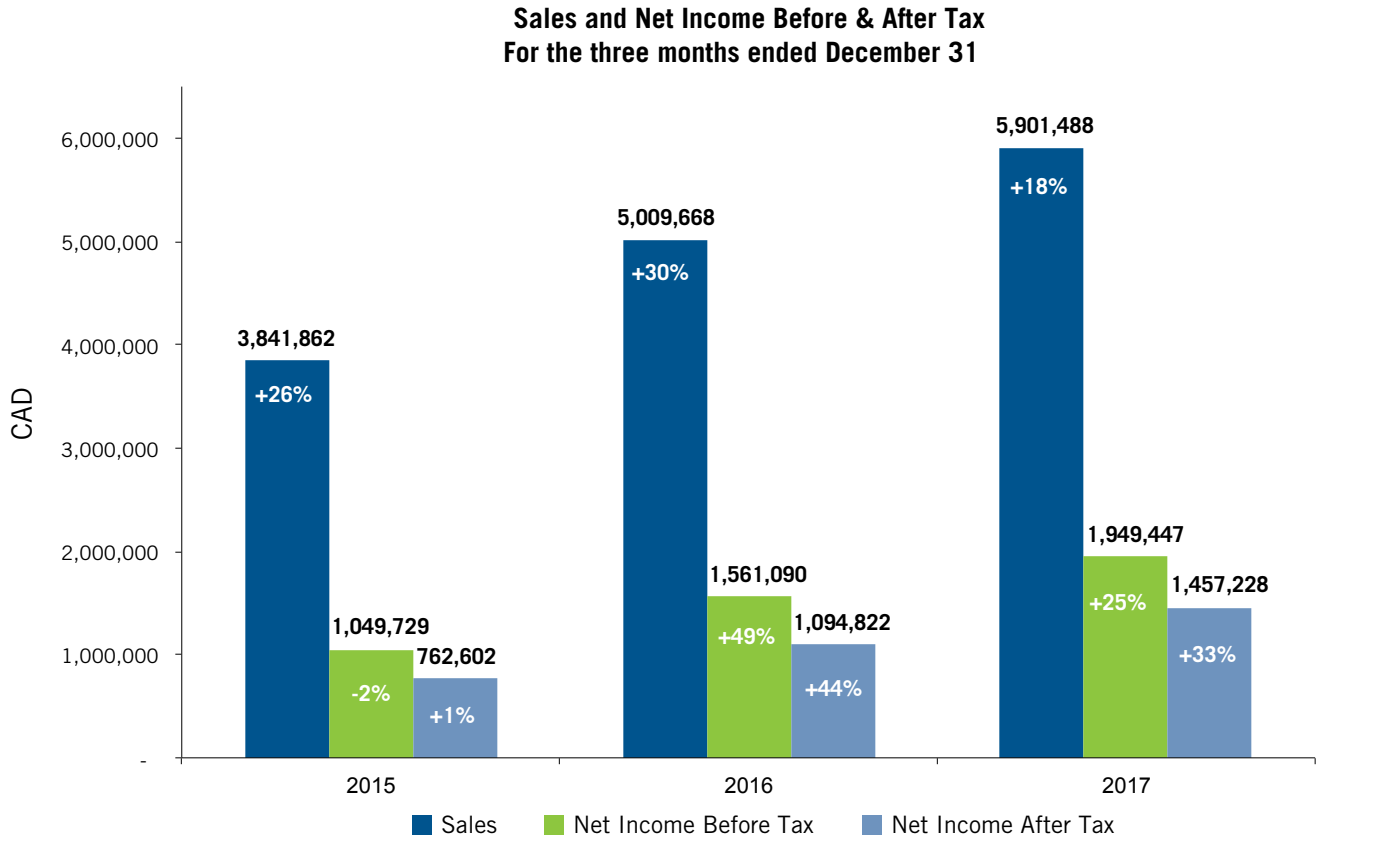
Reconciliation of EBITDA to NIAT
For The Year Ended December 31

		2015	2016	2017
EBITDA		5,118,792	5,900,080	6,910,977
Add:	Interest Income	108,615	116,417	128,740
Less:	Depreciation of Equipment	(55,437)	(80,925)	(91,563)
	Amortization of Intangible Assets	(5,966)	(65,717)	(97,990)
	Income Tax Expense	(1,401,115)	(1,560,350)	(1,643,887)
NIAT		3,764,889	4,309,505	5,206,277

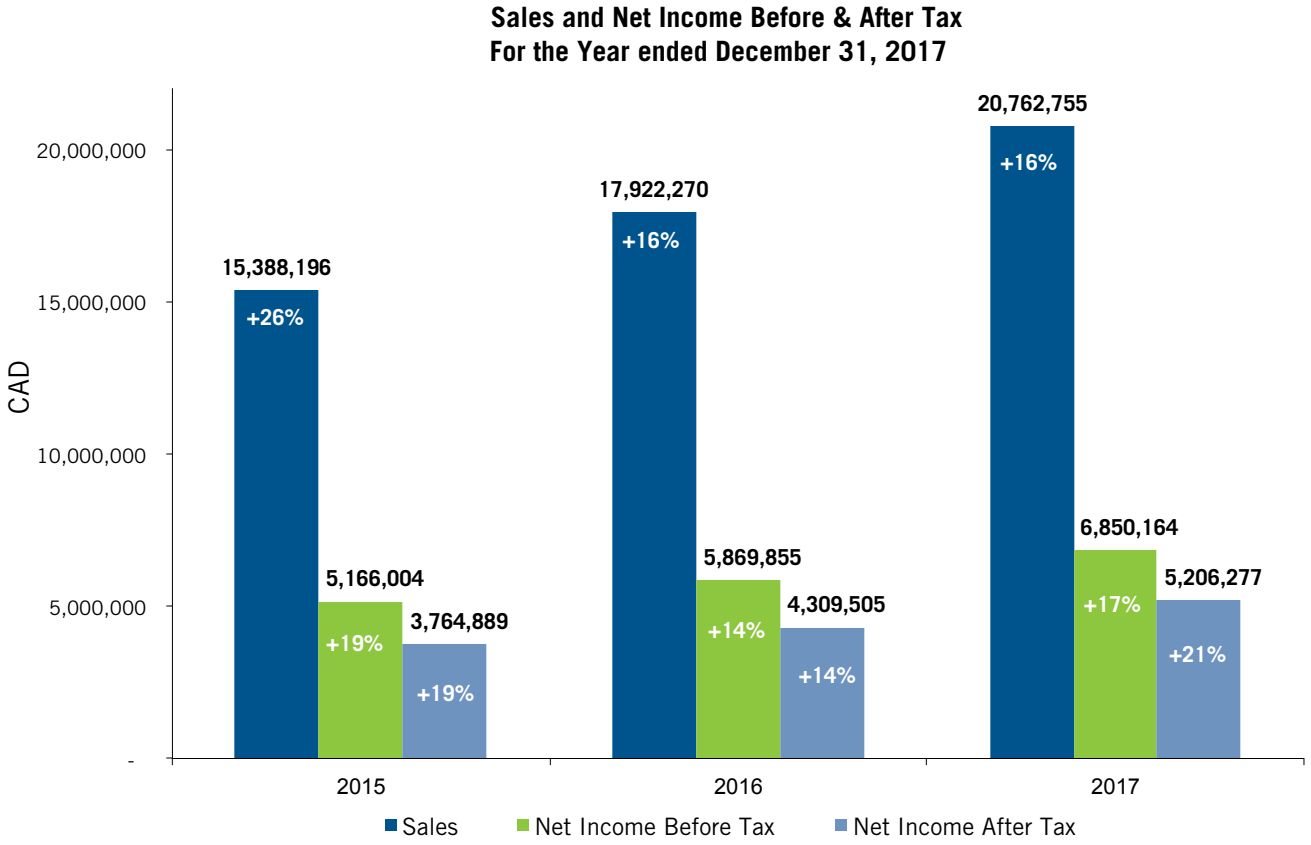
Net Income After Tax (NIAT)

NIAT of $1,457,228 and $5,206,277 for the three and twelve months ended December 31, 2017, respectively, increased by 33% and 21%, respectively, over the corresponding prior year periods.

The Company retained a NIAT margin of 25% for both the three and twelve months ended December 31, 2017, as compared to NIAT margins of 22% and 24%, respectively, for the three and twelve months ended December 31, 2016. Please refer to the graphs below for NIAT trends for the three and twelve months ended December 31, 2015, 2016, and 2017:



Total comprehensive income for the three months ended December 31, 2017 was $1,458,040, which increased by 36% compared to total comprehensive income of $1,075,773 for the three months ended December 31, 2016.



Total comprehensive income for the year ended December 31, 2017 was $5,182,772, which increased by 21% compared to total comprehensive income of $4,276,193 for the year ended December 31, 2016.

Earnings per Share (EPS)

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

	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4
Sales	3,772,463	4,373,353	4,766,786	5,009,668	3,821,262	5,636,405	5,403,600	5,901,488
Net Income After Tax	951,854	1,015,449	1,247,380	1,094,822	901,556	1,552,918	1,294,575	1,457,228
Earnings Per Share - Basic	0.07	0.07	0.09	0.07	0.06	0.11	0.09	0.10
Earnings Per Share - Diluted	0.07	0.07	0.08	0.08	0.06	0.11	0.09	0.10

Q4 2017 diluted EPS of $0.10 increased by 25% as compared to Q4 2016 diluted EPS of $0.08. For the year ended December 31, 2017, diluted EPS was $0.36, a 20% increase versus diluted EPS of $0.30 for the year ended December 31, 2016.

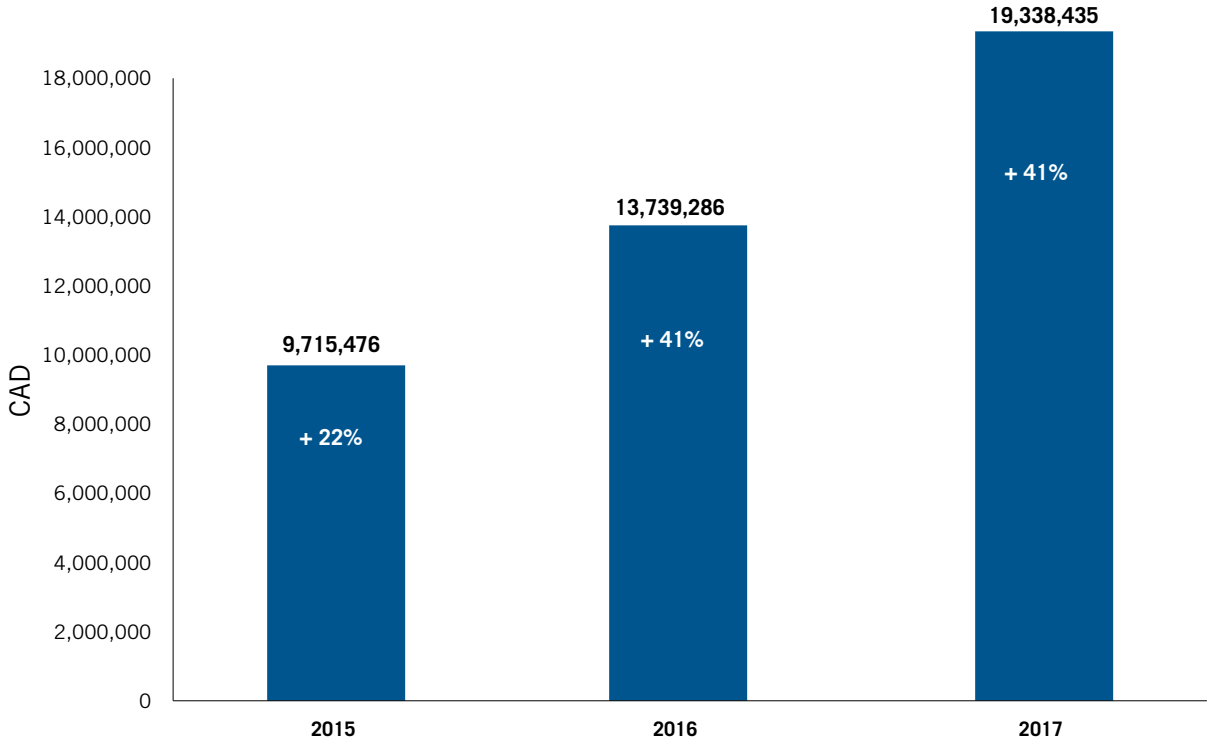
Financial Resources and Liquidity

Working capital, which is the difference between current assets and current liabilities, increased by 32% from $15,184,016 as at December 31, 2016 to $20,087,611 at December 31, 2017. Cash and short term investments of $19,338,435 accounted for 96% of working capital as at December 31, 2017 as compared to cash and short term investments of $13,739,286 accounting for 90% of working capital as at December 31, 2016. The Company generates sufficient cash and cash equivalents from its operations to supply the working capital it requires to meet its current growth and development activities.

For the three and twelve months ended December 31, 2017, there were net increases in cash and short-term investments of $2,829,154 and $5,599,149, respectively, as compared to net increases of $2,336,003 and $4,023,810, respectively, in the corresponding prior year periods. During 2017, the Company generated cash of $6,546,131 from operations and $110,858 from financing activities upon the exercise of Company stock options. The Company also advanced loans of $391,500 under the newly-implemented Management Share Loan Program ("MSLP") for the purchase of the Company's outstanding common shares by certain management personnel. The Company also invested $549,317 in intangible assets and $91,158 in equipment. By comparison, during 2016, the Company generated $4,399,022 in cash from operations and $63,564 from option exercises while investing $263,463 in intangible assets and $142,001 in computer equipment and software.

The graph below illustrates the company's cash, cash equivalents and short-term investments as of December 31, 2015, 2016, and 2017 as well as the growth over the comparative prior period:

Cash, Cash Equivalents and Short-term Investments at December 31



As disclosed in the Company's Consolidated Statements of Financial Position, total Shareholders' Equity increased by 33% from $16,726,716 at December 31, 2016 to $22,212,927 at December 31, 2017. This increase is due primarily to total comprehensive income of $5,182,772 generated by the Company during 2017. This compares with an increase of 38% in Shareholders' Equity in 2016 from $12,151,482 at December 31, 2015 to $16,726,716 at December 31, 2016.

The Company's total assets at December 31, 2017 were $25,104,848, representing a 30% increase over total assets of $19,248,183 as at December 31, 2016. This compares with an increase of 32% in total assets for 2016 from $14,608,001 at December 31, 2015 to $19,248,183 at December 31, 2016.

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 December 31, 2017. 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 period and adjusts the total net monetary liability balance accordingly.

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

Foreign Exchange Sensitivity Analysis – USD

	December 31, 2017	December 31, 2016
Description of Asset/(Liability)	USD	USD
Cash and cash equivalents	282,677	1,592,413
Trade receivables	64,160	-
Less: Accounts payable	(577,680)	(625,927)
Net Total	(230,843)	966,486
Foreign Exchange Rate CAD per USD at the end of the year	1.2545	1.3427

At December 31, 2017, if the U.S. dollar had been stronger or weaker by 1% against the Canadian dollar with all other variables held constant, comprehensive income would have been $2,129 lower or higher on an after tax basis, respectively (December 31, 2016 - $9,538 higher or lower, respectively).

Foreign Exchange Sensitivity Analysis – EUR

	December 31, 2017	December 31, 2016
Description of Asset/(Liability)	EUR	EUR
Cash and cash equivalents	656,645	254,198
Short term investments	-	63,600
Trade receivables	203,332	-
Less: Accounts payable	(41,900)	(64,727)
Net Total	818,077	253,071
Foreign Exchange Rate CAD per EUR at the end of the year	1.5052	1.4169

At December 31, 2017, if the Euro had been stronger or weaker by 1% against the Canadian dollar with all other variables held constant, comprehensive income would have been $9,051 higher or lower on an after tax basis, respectively (December 31, 2016 - $2,636 higher or lower, respectively).

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

Forward Contracts:

The Company periodically enters into foreign exchange forward contracts to manage its foreign exchange risk on contracts denominated in U.S. dollars with financial institutions with investment grade credit ratings. Such contracts are classified as derivative financial instruments and measured at fair value through profit and loss. As at December 31, 2017, the Company entered into forward contracts to purchase up to a total of USD 3,750,000 to USD 5,625,000 (December 31, 2016 – USD 900,000 to USD 1,350,000) at exchange rates expressed in CAD per USD ranging from 1.2400 to 1.2530 which will be settled on various dates from April 2018 to December 2018. The Company's right to buy USD 3,750,000 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 5,625,000 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 fair value of forward exchange contracts is estimated based on quoted values from financial institutions. The Company's forward contracts resulted in a derivative liability of $76,462 as at December 31, 2017 (December 31, 2016 – derivative asset of $32,025).

3. Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in interest rates. Some of the Company's cash and cash equivalents as at the date of the Company's 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.

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, 2017	December 31, 2016
Current	$ 1,942,162	$ 1,541,247
Past due 1-30 days	167,622	289,271
Past due 31-60 days	3,328	90,150
Over 60 days	71,199	4,281
Less allowance for doubtful accounts	-	-
Closing Balance	$ 2,184,311	$ 1,924,949
Maximum Credit Risk	2,184,311	1,924,949

b. Concentration of Receivables

One customer represents 15% of trade receivables (December 31, 2016 - 31%) while another customer represents 45% of trade receivables (December 31, 2016 - 36%), and a third customer represents 13% of trade receivables (December 31, 2016 – 16%). There have been no past defaults by either of these customers.

c. Loans Receivable

On December 8, 2016, the Board of Directors approved a Management Share Loan Program ("MSLP") under which the Company would offer one-time, secured loans to certain management personnel employed by the Company (each a "Borrower") up to a maximum of fifty percent of each Borrower's base annual salary for the sole purpose of their purchase of the Company's issued and outstanding common shares at prevailing market prices through the facilities of the TSX Venture Exchange.

On May 26, 2017, the Company advanced 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. Subject to the pledge on the common shares in favour of the Company, each Borrower is the sole owner of all common shares purchased on his or her behalf pursuant to the MSLP. Interest receivable of $2,360 was accrued on the loans between May 26, 2017 and December 31, 2017.

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 entire 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. 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 17 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; 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 20, 2018 the following Common Shares and stock options were outstanding:

	No. of Shares	Exercise Price Range
Issued and outstanding common shares	14,509,095	
Stock options	163,978	$4.45 - $ 10.97
Fully Diluted at March 20, 2018	14,673,073	

Commitments

Office Lease

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

Fiscal 2018	$ 141,363
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 years ended December 31, 2017 and 2016:

	Year ended December 31	
	2017	2016
Number of Key Management Personnel	6	5
Salary and Bonus	$1,233,892	$1,044,916
Share-Based Payments	$159,885	$119,134

During the year ended December 31, 2017, the Company recorded share-based payment expense of $138,460 (2016 - $119,134) related to the vesting of options granted to key management personnel under the SOP. The Company recorded additional share-based payment expense of $21,425 (2016 - $nil) relating to the Company's contributions to the ESPP for the purchase of common shares on behalf of participating key management personnel.

Transactions with Directors

During the year ended December 31, 2017, the Company paid total fees to its directors in the amount of $88,200 (2016 - $58,500) and share-based payments of $27,379 (2016 - $36,224).

Additionally, the Company incurred a remuneration expense of $18,000 for professional services rendered by one of its directors for the year ended December 31, 2017 (2016 - $21,500). These related party transactions have occurred in the normal course of operations.

Management Share Loan Plan ("MSLP")

During the year ended December 31, 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").

During the year, aggregate interest of $2,360 was accrued on the outstanding loan principal balances receivable from MSLP participants.

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, 2017, the Company was not aware of any litigation or threatened claims either outstanding or pending.