Management Discussion and Analysis
(Expressed in Canadian Dollars)

KANE BIOTECH INC.

Nine months ended September 30, 2017 and 2016

KANE BIOTECH INC.

Management Discussion and Analysis

The following management discussion and analysis ("MD&A") covers information up to November 14, 2017 and should be read in conjunction with the interim financial statements for the period ended September 30, 2017. Except as otherwise noted, the financial information contained in this MD&A and in the financial statements has been prepared in accordance with IFRS. All amounts are expressed in Canadian Dollars unless otherwise noted. Additional information regarding the Company is available on SEDAR at www.sedar.com and on the Company's website at www.kanebiotech.com.

OVERVIEW

Kane Biotech Inc. ("Kane Biotech" or the "Company") is a biotechnology company engaged in the research, development and commercialization of technologies and products that prevent and remove microbial biofilms. Biofilms develop when bacteria and other microorganisms form a protective matrix that acts as a shield against attack. When in a biofilm, bacteria become highly resistant to antibiotics, antimicrobials, biocides and host immune responses. This resiliency contributes to numerous human and animal health related problems such as wound care infections, recurrent urinary tract infections, tooth decay, medical device associated and hospital-acquired infections, and foodborne bacteria infections. According to the United States National Institutes of Health biofilms are estimated to be responsible for 80% of all human bacterial infections and cost industry, governments and health care institutions billions of dollars each year. As such, there is significant interest in safe and effective products that can combat the biofilm problem.

Kane Biotech has a portfolio of biotechnologies, intellectual property (patents, patents pending and trademarks) and products developed by the Company's own biofilm research expertise and acquired from leading research institutions.

StrixNB™, Strix NB®, DispersinB®, Aledex®, bluestem™, bluestem®, AloSera™, coactiv+™ and coactiv+® are trademarks of Kane Biotech Inc.

The Company is listed on the TSX Venture Exchange under the symbol "KNE".

Corporate Update

The Company is currently focusing the majority of its resources on the companion animal market with the StrixNB brand for the veterinary segment and the bluestem brand for the pet over the counter (OTC) retail market. The strategy also includes licensing the Company's technology with strategic partners. Kane Biotech's first commercial licensing and distribution agreement for two of its technologies in the North American companion pet veterinary market was announced March 6, 2017 and is described in more detail below.

On September 5, 2017, the Company announced the appointment of Ray Dupuis as Chief Financial Officer. Mr. Dupuis has more than 25 years of financial leadership experience across a broad range of industries. In his CFO role, Mr. Dupuis will be working closely with the senior management team and the Board of Directors in providing all aspects of financial and administration leadership in support of driving revenue, profit and shareholder value.

On August 18, 2017, the Company announced that it has completed the second closing of its previously announced private placement offering of units at a price of $0.12 per unit effective August 17, 2017. At the second closing, the Company issued 1,100,000 Units for aggregate gross proceeds of $132,000. Accordingly, the total number of units sold by the Company at the first and second closings of the offering was 34,504,997 for aggregate gross proceeds of $4,140,600. In addition, the Company announced that Sarah Prichard resigned as a director of the Company.

On July 24, 2017, the Company announced it has paid out all its outstanding debt. This included its $500,000 convertible note and $400,000 bridge loan. The Company also announced it has granted an aggregate of 913,000 stock options at an exercise price of $0.30 per common share to directors, management, and employees of the Company. The options pursuant to the Corporation's stock option plan and are subject to TSX Venture Exchange acceptance. In accordance with securities regulatory requirements, any shares issued pursuant to the exercise of such options will be subject to resale restriction for a period of four months from the date of the grant.

On July 17, 2017, the Company announced that it has closed its previously announced private placement offering of up to 33,333,333 units at a price of $0.12 per unit for aggregate gross proceeds of $4,000,000. At the closing, the Company issued 33,404,997 Units for aggregate gross proceeds of $4,008,599.64. Due to greater than expected demand for the offering, management of the Company

held a second closing of the offering and to increase the total number of units offered pursuant to the offering from 33,333,333 ($4,000,000) to 37,500,000 ($4,500,000).

On June 27, 2017, the Company received a loan in the amount of $400,000 from Individual Investment Corporation, an arm's length third-party lender. The Loan bears interest at 12% per annum and was repaid on July 20, 2017 after the completion of the private placement offering.

On June 7, 2017, at the Company's Annual and Special Meeting of shareholders, the following individuals have been elected to the board of directors; Philip Renaud (Chairman), Dr. Arvind Joshi, Mark Nawacki, Dr. Sarah Prichard, Mark Ahrens-Townsend and Marc Edwards. Each Director is to serve for a term of one year or until their successors are elected or appointed.

On June 1, 2017, the Company announced the intention to undertake a non-brokered private placement offering at a price of $0.12 per unit. Each unit is comprised of one common share of the Company and one share purchase warrant, and shall entitle the holder to purchase one share at a price of $0.18 per share for a period of 18 months from the date of issuance of the warrant. The net proceeds of the offering will be used for development and marketing of the Company's technologies and products and for general working capital.

On March 27, 2017, the Company issued 80,251 common shares in payment of $12,439 in interest owing on the $500,000 2-year 10% convertible redeemable unsecured note as at March 18, 2017.

The Company announced that on March 10, 2017, and further to the approval by the shareholders obtained on December 16, 2016, it had completed the consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for every five pre-consolidation common shares resulting in a total of 45,528,288 common shares issued and outstanding following the consolidation.

The Company announced that on March 6, 2017, it had entered into an exclusive license and distribution agreement (the "License Agreement") with Dechra Veterinary Products LLC ("Dechra"), a wholly-owned subsidiary of Dechra Pharmaceuticals PLC (LSE:DPH). Dechra is an international specialty veterinary pharmaceuticals products company with expertise in the development, manufacture and sales and marketing of high quality products for veterinarians worldwide. Pursuant to the License Agreement, the Company has agreed to exclusively license its StrixNB™ and DispersinB® oral care and dermatology products to Dechra for commercialization in the North American veterinary market. Under the terms of this 10-year Agreement, Kane Biotech received an upfront payment upon signing along with a series of potential payments linked to various commercial milestones to a combined maximum of USD $2.0 million. In addition, Kane Biotech will receive an ongoing royalty on net sales of its Products by Dechra in North America, subject to certain minimum annual royalty payments by Dechra to Kane Biotech.

Intellectual Property

Patent #	Title	Jurisdiction
2,452,032	Synergistic Antimicrobial Compositions and Methods of Inhibiting Biofilm Formation	Canada
7,314,857	Synergistic Antimicrobial Compositions and Methods of Inhibiting Biofilm Formation	United States
7,144,992	Synergistic Antimicrobial Compositions and Methods for Reducing Biofilm Formation	United States
8,906,364	Antimicrobial Compositions for Inhibiting Growth and Proliferation of Microbial Biofilms	United States
2,006,265,707	Antimicrobial Compositions for Inhibiting Growth and Proliferation of Microbial Biofilms	Australia
ZL 200680024157.1	Antimicrobial Compositions for Inhibiting Growth and Proliferation of Microbial Biofilm	China
286291	Antimicrobial Compositions for Inhibiting Growth and Proliferation of Microbial Biofilms	India
EP1906736	Antimicrobial Compositions for Inhibiting Growth and Proliferation of Microbial Biofilms	Europe
4999842	Antimicrobial Compositions for Inhibiting Growth and Proliferation of Microbial Biofilms	Japan
564904	Antimicrobial Compositions for Inhibiting Growth and Proliferation of Microbial Biofilms	New Zealand
EP1906736	Antimicrobial Compositions for Inhibiting Growth and Proliferation of Microbial Biofilms	Germany
EP1906736	Antimicrobial Compositions for Inhibiting Growth and Proliferation of Microbial Biofilms	France
EP1906736	Antimicrobial Compositions for Inhibiting Growth and Proliferation of Microbial Biofilms	United Kingdom
6,923,962	Signal Peptides, Nucleic Acid Molecules and Methods for Treatment of Caries	United States
2,332,733	Signal Peptides, Nucleic Acid Molecules and Methods for Treatment of Caries	Canada
7,597,895	Signal Peptides, Nucleic Acid Molecules and Methods for Treatment of Caries	United States

7,294,497	Compositions and Methods for Enzymatic Detachment of Bacterial and Fungal Biofilms	United States
540731	Compositions and Methods for Enzymatic Detachment of Bacterial and Fungal Biofilms	New Zealand
555378	Compositions and Methods for Enzymatic Detachment of Bacterial and Fungal Biofilms	New Zealand
2,003,284,385	Compositions and Methods for Enzymatic Detachment of Bacterial and Fungal Biofilms	Australia
7,833,523	Compositions and Methods for Enzymatic Detachment of Bacterial and Fungal Biofilms	United States
7,989,604	Compositions and Methods for Enzymatic Detachment of Bacterial and Fungal Biofilms	United States
5073169	Compositions and Methods for Enzymatic Detachment of Bacterial and Fungal Biofilms	Japan
8,580,551	Dispersin B Polypeptides and uses thereof	United States
8,821,862	Soluble β-N-Acetylglucosaminidase Based Antibiofilm Compositions and Uses Thereof	United States
8,617,542	Dispersin B, 5-Fluorouracil, Deoxyribonuclease I and ProteinaseK-Based Antibiofilm Compositions and uses thereof	United States
EP2,283,130	Dispersin B, 5-Fluorouracil, Deoxyribonuclease I and ProteinaseK-Based Antibiofilm Compositions and uses thereof	Europe
EP2,283,130	Dispersin B, 5-Fluorouracil, Deoxyribonuclease I and ProteinaseK-Based Antibiofilm Compositions and uses thereof	United Kingdom
EP2,283,130	Dispersin B, 5-Fluorouracil, Deoxyribonuclease I and ProteinaseK-Based Antibiofilm Compositions and uses thereof	Germany
EP2,283,130	Dispersin B, 5-Fluorouracil, Deoxyribonuclease I and ProteinaseK-Based Antibiofilm Compositions and uses thereof	France
8,753,692	Biofilm-Removing Antimicrobial Compositions and uses thereof	United States
2,750,340	Biofilm-Removing Antimicrobial Compositions and uses thereof	Canada
5,752,051	Biofilm-Removing Antimicrobial Compositions and uses thereof	Japan
9,622,481	Biofilm-Removing Antimicrobial Compositions and uses thereof	United States
6,038,167	Compositions and Methods for Treatment and Prevention of Oral Diseases	Japan
624850	Compositions and Methods for Treatment and Prevention of Oral Diseases	New Zealand

The Company has 36 issued and 38 pending patents. Successful development of products to prevent and remove microbial biofilms may be dependent upon the ability to obtain these patents; however, there is no guarantee they will be obtained, and, if obtained, it may not be possible to successfully defend against any subsequent infringements to these patents. Currently the Company is unaware that it has infringed upon any existing patents issued to third parties and success may, in part, depend on operating without such infringement.

Trademark	Jurisdiction
KaneTM	Canada
	United States
DispersinB®	Canada
	United States
	Europe
StrixNBTM	Canada
	Europe
Strix NB®	United States
AledexTM	Canada
Aledex®	United States
bluestemTM	Canada
	United States
bluestem®	Europe
AloSeraTM	Canada
	United States
Coactiv+TM	Canada
	United States
Coactiv+®	Europe

Research and Development

StrixNB and bluestem Technology

The Company's trademarks for the companion pet oral care market are Strix NB®, StrixNB™, bluestem® and bluestem™. The pet oral care market in the US was estimated to be $775 million in 2015. According to the American Veterinary Medical Association (AVMA) oral health is one of the top three concerns for companion animal owners. Bacteria in the mouth cavity form plaque and as the plaque builds up this causes tartar build-up, gum infection (gingivitis) and periodontitis. By the time they are three years old 80% of dogs and 70% of cats develop some sort of periodontal disease.

The Company introduced its first companion pet oral care products in Canada under the StrixNB and bluestem brands and received Health Canada's Low Risk Veterinary Health Products (LRVHP.ca) approval for a liquid water additive, a water additive powder formulation, an oral care spray formulation and a toothpaste. Additional formulations are in development to expand Kane Biotech's complete oral health program of pet oral care products for consumers. The Company has also been pursuing a licensing strategy to license out its intellectual property on a broader scale. Kane Biotech's StrixNB technology and trademarks were part of a 10-year exclusive licensing and distribution agreement with Dechra Veterinary Products LLC (Dechra) for the North American veterinary market announced March 6, 2017.

DispersinB® and AloSera™ Technology

The Company's trademarks for the wound care market are DispersinB® and AloSera™. The current global market for wound care management technology is estimated at US $4.5 billion per year. The Company has a number of formulations in development including formulations with antibiotics and the antibiofilm enzyme β-N-Acetylglucosaminidase (hereinafter "Enzyme") and antibiofilm-antimicrobial (antibiotic free) formulations for both the veterinary and human markets.

The Company now has three products approved. A topical spray for atopic dermatitis-associated infections for veterinary use, which has Health Canada's Interim Notification Program for Low Risk Veterinary Health Products (LRVHP) approval and two dermatological products approved by Health Canada's Natural Health Product Directorate for human use; a skin care cream and a shampoo.

The Company has also been pursuing a licensing strategy to license out its intellectual property on a broader scale. Kane Biotech's DispersinB technology and trademarks were part of the 10-year exclusive licensing and distribution agreement with Dechra Veterinary Products LLC announced March 6, 2017.

Aledex® Technology

The Company's trademark for the medical device coating market is Aledex®. Kane Biotech has both in vitro and in vivo data that demonstrates the product's ability to inhibit the activity of numerous catheter associated pathogens, and protect against urinary catheter related infections. Approximately 30 million urethral catheters are sold in North America annually and indwelling urinary catheters are used in approximately 15% to 25% of short term care patients and all patients in intensive care units. Additionally, in the US alone, more than 150 million intravascular catheters are used and over 5 million central venous lines are inserted. This results in about 250,000 catheter related infections each year. Kane Biotech has also demonstrated the antimicrobial and anti-biofilm activity of Aledex® combination against dental plaque and oral bacteria associated with periodontal disease.

KBI Disinfectant Technology

The Therapeutic Products Directorate of Health Canada issued a Drug Identification Number or DIN (02374463) for the ready-to -use (RTU) formulation of KBI Antibacterial Disinfectant and for KBI Antibacterial Disinfectant concentrate. With these approvals, the Company can make antimicrobial claims in the marketing and labelling materials for the product. Supplemental applications are required by Health Canada to make anti-biofilm claims and these regulatory packages will be completed when resources are available.

OUTLOOK

The strategic direction of the Company is centered on developing and commercializing solutions to biofilm related problems. In order to advance these programs, management expects Kane Biotech to continue incurring operating losses in 2017. Based on current projections and strategic plans, total revenue and net expenses are expected to increase in fiscal 2017 as compared to fiscal 2016.

The Company's future operations are completely dependent upon its ability to generate product sales, negotiate collaboration or licence royalty agreements with upfront and subsequent milestone payments, obtain research grant funding, or other strategic alternatives, and/or secure additional funds. While the Company is striving to achieve the above plans, there is no assurance that such sources of funds will be available or obtained on favourable terms. If the Company cannot generate product sales, negotiate additional collaboration or licence royalty agreements with upfront and subsequent milestone payments, obtain research grant funding, or if it cannot secure additional financing on terms that would be acceptable to it, the Company will have to consider additional strategic alternatives which may include, among other strategies, exploring the monetization of certain tangible and intangible assets as well as seeking to license assets or potential asset divestitures.

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities and commitments when due is dependent on the successful completion of the actions taken or planned, some of which are described above, which management believes will mitigate the adverse conditions and events which raise doubt about the validity of the going concern assumption used in preparing these financial statements. There is no certainty that these and other strategies will be sufficient to permit the Company to continue as a going concern.

The Company may decide to accelerate, terminate or reduce its focus in certain research areas, or commence research in new areas as a result of the Company's research progress and the availability of financial resources. These decisions are made with the goals of managing the Company's cash resources and optimizing the Company's opportunities. Management is not presently aware of any factors that would change its strategy over the next year. See also Note 2(c) to the accompanying financial statements.

RISKS AND UNCERTAINTY

Kane Biotech operates in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of the Company's control. The Company is subject to risks inherent in the biotechnology industry, including:

Risks Related to the Company's Financial Condition

- The Company is in the early stages of deriving significant revenues from the commercial sale of its antibiofilm technologies and products. In light of the length of time and expense associated with bringing new products through commercialization, obtaining regulatory approval and bringing products to market, operating losses are expected to continue in 2017 and possibly beyond.
- The Company has relied on equity financing to support operations and may continue to need significant amounts of additional capital that may not be available to the Company on favourable terms, and may be dilutive.
- The Company may fail to obtain additional financing and be unable to fund operations and commercialize its product candidates.

The Company intends to raise additional financing, as required, through research, partnering and licensing arrangements, the exercise of warrants and options, and possibly through equity financing. However, there can be no assurance that these financing efforts will be successful or that the Company will continue to be able to meet ongoing cash requirements. It is possible that financing will not be available or, if available, may not be on favourable terms. The availability of financing will be affected by the results of scientific and clinical research, the ability to obtain regulatory approvals, market acceptance of the Company's products, the state of the capital markets generally (with particular reference to pharmaceutical, biotechnology and medical companies), the status of strategic alliance agreements, and other relevant commercial considerations.

Risks Related to the Company's Business and Operations

- The Company is in various stages of development of its technologies and products and is dependent on the successful

commercialization of its technologies and products to prevent and remove microbial biofilms in order to achieve profitability. Delays may cause the Company to incur additional costs which could adversely affect the Company's liquidity and financial results.

- The Company's business is subject to significant government regulation and failure to achieve regulatory approval of its products would negatively affect the business.
- The Company can rely on contract manufacturers as part of its product development strategy, and it would be negatively affected if it is not able to maintain these relationships and/or the contract manufacturers failed to maintain appropriate quality levels.
- Even if product candidates receive all of the required regulatory approvals, there is no guarantee of market acceptance or commercialization of the resulting product candidates, which will be determined by the Company's sales, marketing and distribution capabilities and the positioning and competitiveness of its products compared with any alternatives.
- The Company's industry is characterized by rapid change and a failure by the Company to react to these changes could have a material adverse effect on its business.
- If the Company fails to hire or retain needed personnel, the implementation of its business plan could slow and future growth could suffer.

Risks Relating to the Intellectual Property

- Failure to protect intellectual property, or infringement on the intellectual property rights of others, may impede the Company's ability to operate freely.
- The Company is dependent on strategic partners, including contract research organizations, as part of its product development strategy, and it would be negatively affected if it is not able to initiate or maintain these relationships.

Kane Biotech views patents and other means of intellectual property protection as essential to the Company's core business by protecting the Company's proprietary technology from infringement by competitors. To that end, patents will continue to be filed by the Company to ensure the highest level of protection possible is obtained for its products and technologies. The Company requires all employees, consultants, and parties to collaborative research agreements to execute confidentiality agreements upon the commencement of employment, consulting relationships or a collaboration with the Company. These agreements require that all information developed or made known during the course of the engagement with the Company is to be kept confidential. The Company also maintains agreements with scientific staff and all parties contracted in a scientific capacity, providing that all inventions resulting from work performed for Kane Biotech, using its property, or relating to its business and conceived or completed during the period covered by the agreement are the exclusive property of the Company.

Risks Relating to the Company's Common Shares

- The Company has not paid, and does not intend to pay any cash dividends on its common shares and therefore, its shareholders may not be able to receive a return on their shares unless they sell them.
- The market price and trading volume of the Company's common shares may be volatile. In addition, variations in future earnings estimates by securities analysts and the market prices of the securities of the Company's competitors may also lead to fluctuations in the trading price of the common shares.
- The significant costs that the Company will incur as a result of being a public company in Canada could adversely affect its business.

To date, no dividends have been declared or paid on the common shares, and it is not expected that dividends will be declared or paid into the immediate or foreseeable future. The policy of the Board of Directors of the Company is to reinvest all available funds in operations. The Board of Directors may reassess this policy from time to time. Any decision to pay dividends on the common shares of Kane Biotech will be made by the Board of Directors based on the assessment of, among other factors, earnings, capital requirements and the operating and financial condition of the Company.

SELECTED QUARTERLY FINANCIAL INFORMATION

The selected financial information provided below is derived from Kane Biotech's unaudited quarterly financial statements for each of the last eight quarters:

	Q3-2017	Q2-2017	Q1-2017	Q4-2016	Q3-2016	Q2-2016	Q1-2016	Q4-2015
Total Revenue	60,727	106,005	784,900	74,619	59,278	138,488	107,505	22,872
Product Revenue	56,247	102,651	114,175	74,619	59,278	73,842	37,017	22,872
Gross Profit % (Product)	74%	67%	68%	43%	47%	58%	47%	43%
Operating Expenses	910,168	803,989	959,135	508,576	625,486	939,003	617,123	637,783
Loss for the Qtr	(869,246)	(790,549)	(237,692)	(500,057)	(616,063)	(851,270)	(581,358)	(478,146)
Loss per share	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)

It is important to note that historical patterns of expenditures cannot be taken as an indication of future expenditures. The amount and timing of expenditures, and therefore liquidity and capital resources, may vary substantially from period to period depending on the business and research activities being undertaken at any one time and the availability of funding from investors and prospective commercial partners.

The Company's ongoing operating expenses relate primarily to the execution of research programs, the commercialization of its intellectual property and general and administrative expenses. The operations of the Company are not subject to any material seasonality or cyclical factors.

Dechra licensed Kane Biotech's StrixNB products and technology for the North American companion pet veterinary market commencing in early March, 2017. Over the course of Q1 and Q2, 2017 the Company's StrixNB product revenues have reduced as Dechra moves to its own brand (Vetradent) sourced from its own contract manufacturer. As Dechra increases its sales of Vetradent in Canada, the United States and Mexico, Kane Biotech will receive increasing royalty payments. Product revenue related to bluestem increased 36% on the quarter and 49% year to date.

Loss per share for comparative quarters has been restated to reflect the 5 to 1 common share consolidation which took place during the period ended March 31, 2017.

RESULTS OF OPERATIONS

Revenue

Revenue consists of product sales from Kane Biotech's StrixNB and bluestem brands of companion pet oral care products.

Nine months ended September 30,	2017	2016	Increase
Sale of goods	$ 273,074	$ 170,137	$ 102,937
Cost of sales	84,860	81,809	$ 3,051
Gross profit	$ 188,214	$ 88,328	$ 99,886

License and Royalty Revenue

License and Royalty Revenue consists of an upfront payment of USD $500,000 received from Dechra upon signing the License Agreement in Q1 2017, royalty revenue in Q2 & Q3 2017, and License Option milestone revenue received from a global animal health company in Q1 2016.

Nine months ended September 30,	2017	2016	Increase (decrease)
License & Royalty	$ 678,560	$ -	$ 678,560
License option	-	135,134	(135,134)
Revenue	$ 678,560	$ 135,134	$ 543,426

Research

Research expenditures include costs associated with the Company's research programs, the major portion of which are research staff salaries, contract research costs, laboratory rent consumables and patent legal expenses. The Company is in the development and commercialization stage and devotes a significant portion of its financial resources to research and market-ready product development activities.

The changes in research expenditures for the periods ended September 30, 2017 and 2016 are reflected in the following table:

Nine months ended September 30,	2017	2016	Increase (decrease)
Compensation related costs			
Wages, consulting fees and benefits	$ 217,457	$ 144,978	$ 72,479
Stock compensation related costs	13,345	30,166	(16,821)
Consumables	47,553	46,143	1,410
Contract research and scientific consulting	283,893	207,621	76,272
License fees	30,016	13,447	16,569
Laboratory rent and occupancy costs	49,547	46,191	3,356
Patent costs	68,086	26,076	42,010
Travel and other research costs	12,471	4,285	8,186
Government assistance and lab work recoveries	(170,273)	(17,841)	(152,432)
Research	$ 552,095	$ 501,066	$ 51,029

Higher research expenditures for the period ended September 30, 2017 compared to 2016 are due mainly to higher compensation, contract research and patent costs partially offset by higher government assistance recoveries.

General and Administration

General and administration expenses include those costs not directly related to research. These include expenses associated with management and administrative staff compensation, commercialization activities and professional fees such as legal, audit, and investor and public relations.

The changes in general and administration expenditures for the periods ended September 30, 2017 and 2016 are reflected in the following table:

Nine months ended September 30,	2017	2016	Increase (decrease)
Compensation related costs			
Wages, consulting fees and benefits	$ 1,011,401	$ 796,614	$ 214,787
Stock compensation related costs	105,090	221,216	(116,126)
Business development costs	545,204	559,006	(13,802)
Other administration costs	459,503	253,165	206,338
Government assistance recoveries	-	(149,456)	149,456
General and Adminstration	$ 2,121,198	$ 1,680,545	$ 440,653

Higher general and administration expenditures for the period ended September 30, 2017 compared to 2016 are due mainly to higher compensation and legal costs and lower government assistance recoveries.

Finance Costs (Income)

The change in finance costs and income for the periods ended September 30, 2017 and 2016 are reflected in the following table:

Nine months ended September 30,	2017	2016	Increase (decrease)
Finance income	$ (292)	$ (8,412)	$ 8,120
Finance expense	92,058	96,060	(4,002)
Foreign exchange (gain) loss, net	(796)	2,893	(3,689)
Finance Costs	$ 90,970	$ 90,541	$ 429

Loss and Comprehensive Loss

The loss and comprehensive loss for the periods ended September 30, 2017 and 2016 is reflected in the following table:

Nine months ended September 30,	2017	2016	Increase (decrease)
Loss and comprehensive loss for the year	$ (1,897,489)	$ (2,048,690)	$ (151,201)
Loss per share	$ (0.03)	$ (0.06)	$ (0.03)

Loss per share for the comparative nine-month period ended September 30, 2016 has been restated to reflect the 5 to 1 common share consolidation which took place during the period ended March 31, 2017.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, the Company has primarily financed its operations from revenue, public and private sales of equity, the exercise of warrants, government grants and tax credits. In the first nine months of 2017, aggregate gross proceeds of $4,140,600 on the Private Placement Offering and total revenue of $951,634 contributed significantly toward financing the operations of the Company. As at September 30, 2017, the Company had cash totaling $2,527,305 compared with $739,568 at December 31, 2016.

Cash used in operating activities

Cash used in operating activities was reduced to $1,594,966 for the nine-month period ended September 30, 2017, compared to $1,757,088 for the same period in 2016 primarily as a result of an increase in revenues.

Cash from financing activities

For the period ended September 30, 2017, there were cash receipts from financing activities of $3,546,032, compared to $3,229,684 for the same period in 2016. This increase is due to higher proceeds in 2017 than 2016 on the issuance of common shares and warrants partially offset by the repayment of the convertible note in 2017.

Cash used in investing activities

Cash used in investing activities totaled $163,328 for the nine-month period ended September 30, 2017 compared to $204,766 for the same period in 2016. The 2017 amount represents patent and trademark costs of $154,999 and acquisition of equipment costs of $8,329. Cash used in investing activities for the same period in 2016 totalled $170,059 for patent and trademark costs and $34,707 for equipment acquisitions.

Shares, options, and warrants

	November 14, 2017	September 30, 2017	December 31, 2016
Common shares issued and outstanding	80,113,536	80,113,536	45,528,288
Options outstanding	3,386,000	3,386,000	3,255,500
Warrants outstanding	35,304,997	35,304,997	1,050,000

A summary of the Company's share capital may be found in Note 9 of the accompanying financial statements.

CONTRACTUAL OBLIGATIONS

The Company periodically enters into long-term contractual agreements for the licensing of technologies as well as the lease of facilities, equipment and certain purchased services. The following table presents commitments arising from agreements currently in force over the next five years.

	Payments due by Period			
	Within 1 year	2-3 years	4-5 years	Total
Facility lease agreements	$ 29,139	$ 33,971	$ -	$ 63,110
Accounts payable and accrued liabilities	385,706	-	-	385,706
	$ 414,845	$ 33,971	$ -	$ 448,816
Licence maintenance fees (USD)	$ 10,000	$ 20,000	$ 20,000	$ 50,000

GUARANTEES

The Company periodically enters into research and licence agreements with third parties that include indemnification provisions customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of claims arising from research and development activities undertaken on behalf of the Company. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions could be unlimited. These indemnification provisions generally survive termination of the underlying agreement. The nature of the indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any indemnification payments under such agreements and no amount has been accrued in the accompanying financial statements with respect to these indemnification obligations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

CONTROLS

As a result of the Company's limited administrative staffing levels, internal controls which rely on segregation of duties in many cases are not appropriate or possible. Due to resource constraints and the present stage of the Company's development, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct this potential weakness at this time. To help mitigate the impact of this potential weakness, the Company is highly reliant on the performance of compensating procedures and senior management's review and approval.

As a TSX-Venture Exchange issuer, the Company is not required to certify the design and evaluation of the Company's disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR), and as such has not completed such an evaluation.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with International Financial Reporting Standards ("IFRS") requires the Company to select from possible alternative accounting principles and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date, and reported costs and expenditures during the reporting period. Management believes that the estimates and assumptions upon which the Company relies are reasonable based upon information available at the time these estimates and assumptions are made. Estimates and assumptions may be revised as new information is acquired, and are subject to change.

In addition to the going concern assumption described above, management believes that its most critical accounting policies and estimates relate to the following areas, with reference to notes contained in the accompanying financial statements:

Research and development costs

The Company's accounting policy over research and development costs may be found in Note 3(f)(i) in the Company's financial statements. Research expenditures are expensed as incurred. Development expenditures are deferred when they meet the criteria for capitalization in accordance with IFRS GAAP, and the future benefits could be regarded as being reasonably certain. Related tax credits are accounted for as a reduction to research and development expenditures on the condition that the Company is reasonably certain that these credits will materialize.

Patents and trademarks

The Company's accounting policy over patents and trademarks may be found in Notes 3(f)(ii) in the Company's financial statements. Patents and trademarks are reviewed for impairment on an ongoing basis whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated. An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell or its value in use. The fair value less costs to sell calculation is based on available data from observable market prices, less incremental costs. The value in use calculation is based on a discounted cash flow model. These calculations require the use of estimates and forecasts of future cash flows. Qualitative factors, including market size and market growth trends, strength of customer demand and degree of variability in cash flows, as well as other factors, are considered when making assumptions regarding future cash flows and the appropriate discount rate. A change in any of the significant assumptions of estimates used to evaluate the underlying assets could result in a material change to the results of operations.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment had been recognized. Write-downs as a result of impairment are recognized in research expense in the statement of comprehensive loss.

Technology licenses

The Company's accounting policy over technology licences may be found in Notes 3(f)(iii) in the Company's financial statements. Technology license costs are initially recorded based on the fair value of the consideration paid. They are amortized over their expected useful lives commencing in the period in which the licence becomes available for use, which is no later than when the related product is launched commercially and sales of the licensed products are first earned. The carrying amounts of technology license costs do not necessarily reflect present or future fair values and the ultimate amount recoverable will be dependent upon the successful development and commercialization of products based on these rights. Technology licences are reviewed for impairment on an ongoing basis whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, and are subject to an annual impairment test until commercialization of the related product.

Stock-based compensation

The Company's accounting policy over stock-based compensation may be found in Notes 3(h)(ii) and 12 in the Company's financial statements. Where the Company issues warrants and stock options (to its employees, directors and officers), a fair value is derived using the Black-Scholes pricing model. The application of this pricing model requires Management to make assumptions regarding several variables, including the expected life of the options and warrants, the price volatility of the Company's stock over a relevant timeframe, the determination of a relevant risk-free interest rate and an assumption regarding the Company's dividend policy in the future.

A summary of all the Company's significant accounting policies and estimates may be found in Note 3 to the financial statements.

FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis contains forward-looking statements which may not be based on historical fact, including without limitation statements containing the words "believes," "may," "plan," "will," "estimate," "continue," "anticipates," "intends," "expects," and similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among others, the Company's stage of development, lack of product revenues, additional capital requirements, risks associated with the completion of clinical trials and obtaining regulatory approval to market the Company's products, the ability to protect its intellectual property and dependence upon collaborative partners. These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements are made as of the date hereof, and the Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- interest rates and foreign exchange rates;
- the timing of the receipt of regulatory and governmental approvals for the Company's research and development projects;
- the availability of financing for the Company's research and development projects, or the availability of financing on reasonable terms;
- the Company's costs of trials;
- the Company's ability to attract and retain skilled staff;
- market competition;
- tax benefits and tax rates;
- the Company's ongoing relations with its employees and with its business partners.

Management cautions you that the foregoing list of important factors and assumptions is not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. You should also carefully consider the matters discussed under “Risk Factors” in this MD&A. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise.