MANAGEMENT'S DISCUSSION AND ANALYSIS

Three months ended July 31, 2023

Management's Discussion & Analysis

This Management's Discussion and Analysis (the "**MD&A**") of the financial condition and results of operations of Izotropic Corporation (the "**Company**" or "**Izotropic**") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended July 31, 2023.

The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes thereto (the "**Interim Financial Statements**") of the Company for the three months ended July 31, 2023, which were prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("**IAS 34**") using accounting policies consistent with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("IASB"), the annual audited financial statements for the year ended April 30, 2023, and the notes related thereto (the "**Annual Financial Statements**"), which were in accordance with IFRS.

All information in the MD&A is as of September 27, 2023, unless otherwise indicated. The Financial Statements and MD&A have been reviewed by the Company's Audit Committee and approved by the Board of Directors on September 27, 2023.

This MD&A may contain forward-looking statements and should be read in conjunction with the cautionary statement on forward-looking statements below. These forward-looking statements are based on assumptions and judgments of management regarding events or results that may prove to be inaccurate resulting from risk factors beyond its control. Actual results may differ materially from the expected results.

The Financial Statements, MD&As, Annual Information Forms ("**AIF**") and other information, including news releases and other continuous disclosure documents are available on SEDAR at www.sedar.com or on the Company's website at https://izocorp.com.

Cautionary Note Regarding Forward-Looking Statements

Izotropic cautions readers regarding forward-looking statements found in this MD&A and in any other statement made by, or on the behalf of the Company. Statements contained in this MD&A that are not historical facts are "forward- looking information" or "forward-looking statements" (collectively, "**Forward-Looking Information**") within the meaning of applicable Canadian securities laws.

Forward-Looking Information includes, but is not limited to, the Company's ability to obtain necessary government and regulatory approvals, including FDA market approval; the Company's ability to successfully complete the design and development of the Commercial Unit (as defined herein); the Company's ability to successfully commercialize IzoView; the Company's ability to protect the intellectual property granted to the Company under the License Agreement (as defined herein); the success of the Company's sales and marketing efforts; the Company's ability to maintain its competitive advantages; new developments in the area of cancer detections and the efficacy of competing technologies; market acceptance of the Company's products and services; the Company's ability to raise additional capital as and when needed and on acceptable terms; the effect of the COVID -19 pandemic on R&D teams, manufacturing, supply chain, clinical study operations and recruitment ability of clinical study sites, cancer positivity rates at each sites, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar

statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts; the Company's lack of production history; risks related to the Company's ability to satisfy the terms of the License Agreement and maintain the License in good standing; risks related to the Company's ability to complete the design and development of the Commercial Unit, as well as create a physical prototype of the Commercial Unit; risks related to the Company's ability to timely obtain regulatory approvals, including FDA approval, in order to satisfy the terms of the License Agreement; risks related to the Company's ability to obtain additional required capital; risks related to the Company's ability to timely enter into leasing agreements with hospitals and clinics to lease IzoView; increased competition that adversely affects business, estimations about the size of the target market; risks related to laws and regulations affecting government benefit programs could impose new obligations on the Company, require it to change its business practices, and restrict its operations in the future; risks related to the international nature of the Company's business including: fluctuations in currency exchange rates, multiple legal and regulatory requirements that are subject to change and that could restrict the Company's ability to manufacture, market, and sell its products, trade-protection measures and import or export licensing requirements, difficulty in establishing staffing and managing operations, differing labour regulations, inflation, recession, and fluctuations in interest rates, political and economic instability and price and currency exchange controls, limitations on participation in local enterprises, expropriation, nationalization, and other governmental action; risks inherent to the Company's industry with respect to technological change; risks related to management of the Company's growth; risks related to protection of intellectual property; risks related to product liability, recalls and development; risks related to the Company's management team being subject to a conflict of interest; risks related to the Company's reliance on its management team for its future performance; risks related to the substantial number of authorized but unissued Shares; risks related to the dilution of the Shares (as defined herein); risks related to the liquidity of the Shares; risks related to the volatility of the price of the Shares or the market which the Shares trade in; and risks related to income taxes. Forward-Looking Information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events. Such Forward-Looking Information reflects management's current beliefs and are based on information currently available to management. Some of the factors that may cause actual results to differ materially from those indicated may be found under the section "Risk Factors" below.

Forward-Looking Information involves risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. Factors that could cause such differences include the highly competitive nature of the Company's industry, government regulation and funding and other such risk factors described herein and in other disclosure documents filed by the Company with Canadian securities regulatory agencies and commissions. This list is not exhaustive of the factors that may impact the Company's Forward-Looking Information. These and other factors should be considered carefully and readers should not place undue reliance on the Company's Forward-Looking Information. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of this Forward-Looking Information. The factors underlying current expectations are dynamic and subject to change.

Although the Forward-Looking Information contained in this MD&A are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with this Forward-Looking Information. All Forward-Looking Information in this MD&A is qualified by these cautionary statements. Other than specifically required by applicable laws, we are under no obligation and

we expressly disclaim any such obligation to update or alter the Forward-Looking Information whether as a result of new information, future events or otherwise except as may be required by law. This Forward-Looking Information is made as of the date of this MD&A.

Significant Developments During the Three months ended July 31, 2023

Operations

On May 15, 2023, the Company announced that it has conducted a presubmission meeting with the FDA on April 28, 2023 to present a detailed and updated protocol and accompanying statistical analysis plan (SAP). The SAP is a technical document that outlines the analytical approach of the data that is gathered during the clinical study. The new protocol proposes a reduced patient number and broader device comparator to its original submission which could also reduce overall recruitment time. The completion of the SAP is a critical step and must be completed prior to study initiation as it determines the patient numbers and how all data will be analyzed for statistical significance of the primary endpoint, as well as analysis of additional exploratory and other endpoints.

At the suggestion of the agency from its initial meeting, key details on the clinical workflow that incorporated operational considerations from the Company's clinical study hospital partners was also discussed. The focus was to indicate and incorporate potential clinical benefits for patients participating in the study. The decision to modify the approval pathway announced June 20, 2023, will suspend the Class III pre-submission process. However, the Company expects the work and capital invested in the Class III pre-submission process can be utilized when the Company is sufficiently capitalized and ready to revisit the prospect of a clinical study for the initially intended diagnostic indication. In the meantime, the focus will be on continued discussions with the agency in an effort to bring IzoView to market as quickly and efficiently as possible. The Company notes that it will pursue additional 510(k) pathways market clearance if required.

On June 20, 2023, the Company announced that it is modifying its United States FDA (Food and Drug Administration) market approval pathway and strategy by deferring its plan to undertake a Class III device classification requiring premarket approval (PMA) and instead pursue regulatory clearance under a Class II pathway, such as 510(k).

The modified regulatory strategy is expected to offer the following benefits:

- Significantly shorten the FDA filing and approval timeline allowing for commercial launch and clinician access as early as 2H 2024, 2-3 years earlier than similar under the Class III strategy.
- Save the Company at least $10+ million in pre-commercial investment by not requiring a large, expensive, multi-site diagnostic clinical study.
- Increase customer return on investment by providing clinicians with a broader intended use compared to a single indication.

Management Changes

Effective May 31, 2023, Dr. John McGraw has resigned as chief executive officer of the Company for personal reasons and has stepped down from the Company's board of directors. Dr. McGraw will remain an adviser to the company and will consult on future projects.

Effective June 1, 2023, Izotropic founder, chairman and former chief executive officer Robert Thast assumed the role of interim CEO and will work closely with the Company's directors regarding business decisions and operational matters until a new CEO is in place.

Significant Developments Subsequent to July 31, 2023

Operations

On September 6, 2023, the Company announced that it has completed a pre-submission application to the U.S. Food and Drug Administration (FDA) to solidify its plans to initially pursue market clearance for IzoView as a Class II device through a 510(k) premarket notification submission.

On September 27, 2023, the Company announced that a pre-submission meeting date with the FDA has been scheduled for October 25, 2023 to discuss the pre-submission application, obtain feedback and confirm next steps. The meeting will take place in Rockville, Maryland, and will be attended by Izotropic's management, technical and engineering team members, and its FDA consultant, Matrix Medical Devices.

See "*Company Overview*" below.

Financing

On September 20, 2023, the Company announced that it has completed a non-brokered private placement of 2,841,325 units at a price of $0.25 per unit for gross proceeds of $710,331. Each unit consists of one common share and one transferable share purchase warrant. Each warrant entitles the holder to purchase one additional share at a price of $0.50 per share for a period of two years.

Outlook

Over the next twelve months, the Company will be focused on expediting FDA market acceptance, seeking validating and strategic relationships, readying for manufacturing, and securing capital to eliminate debt and execute go to market plans.

The 5th generation CT imaging system known as "IzoView" has now been engineered. IzoView is an ultra-high resolution, fully 3D CT Imaging device and is housed in the Company's facility in Sacramento, CA, minutes away from UC Davis Medical Center where the technology was developed.

The Company had initially pursued a Class III (PMA) clinical study in order to obtain regulatory approval to market IzoView in the USA. After learning through the FDA submission process that costs associated with the Class III pathway would be 3X - 4X more than forecasted, and likely extend the initial projected timeline by 2+ years, pursuing a modified pathway became necessary. Having also learned of the costs associated with the Class III approval process, the Company issued a press release June 20, 2023 announcing its intention to modify the approach through a Class II pathway such as a 510(k), which would allow marketing of IzoView to begin as early as the 2H of 2024. To this end, the Company is preparing the Class II submission.

Acceptance of the modified approach will reduce the timeline for approval by an estimated 2-3 years and reduce costs by an estimated 400%. Once the Class II proposal has been completed and presented to FDA

and the modified approach accepted, the Company will announce details, complete the final FDA submission and begin the process of marketing IzoView. Given the opportunity to reduce costs and timelines, the Company is now preparing a submission for FDA market acceptance in the USA with a new "indication of use" as a broader investigational imaging device. It is expected this modified pathway will lead to clinician-led studies resulting in peer-reviewed publications that will help to support future indications of use and new applications for IzoView.

The Company has partnered with Johns Hopkins University of Medicine to design image reconstruction software utilizing the latest machine learning artificial intelligence to deliver both high resolution and low noise images at low radiation dose levels. This development enables IzoView to complete an imaging exam in as little as 10 seconds, with full 3D data sets created from up to 500 reconstructed images in as little as 30 seconds after the exam. This capability will provide radiologists with immediate views for tissue characterization and high-resolution 3D data. This capability is expected to generate considerable interest and provide hospitals and clinics with the ability to use IzoView to increase workflow.

Corporate Structure

The Company was incorporated under the CBCA on May 19, 2016 under the name Izotropic Corporation and is extra provincially registered in British Columbia.

The Company's head office and registered office is located at Suite 424, 800-15355 24th Avenue, Surrey, B.C. V4A 2H9.

The Company is a reporting issuer in the provinces of British Columbia, Alberta, and Ontario. The Shares are listed under the symbol "IZO" on the CSE, "IZOZF" on the OTCQB Venture Market, and "1R3" on the Frankfurt Stock Exchange.

The Company has two wholly-owned subsidiaries: Izotropic Imaging Corp. ("IIC"), a company incorporated under the laws of the State of Nevada and having its head office and registered office at 15718 39A Avenue, Surrey, B.C. V3Z 0L1 and Izotropic Development Corp. ("IDC"), a company incorporated under the laws of the State of California and having its business address at 800 – 15355 24 Avenue, Surrey, B.C. V4A 2H9.

Company Overview

Izotropic is engaged in the development and commercialization of IzoView, a CT imaging device with a platform of targeted uses. The Company's initial plan was to complete the engineering of this first imaging device and seek approval in the USA as a diagnostic device for detecting breast cancers. To pursue this indication for use the Company would have to complete a Class III PMA submission involving an expensive and lengthy clinical study.

Under the Class III pathway, Izotropic was seeking FDA approval for IzoView Breast CT to be used as a stand-alone diagnostic imaging device through a clinical study comparing its capabilities against current standard-of-care breast diagnostic modalities, including diagnostic mammography, tomosynthesis and breast ultrasound.

The Board of Directors determined that the Company needed to modify its approval pathway to expedite the commercialization of IzoView. The focus now is on Class II submission for market approval, enabling the Company to enter the market much sooner and attract the necessary capital to establish manufacturing of IzoView and market to clinicians for the purpose of investigating tissue characterization within seconds of an imaging exam.

Under the Class II pathway, Izotropic is seeking FDA clearance for the IzoView CT imaging system to be indicated for breast tissue characterization, adjunct to mammography, an aid for health care providers, with an intended use to produce CT images of anatomy. The IzoView CT imaging system is fully engineered and is easily retrofitted to accommodate imaging of other body appendages such as hands and feet. The Class II pathway affects both the way Izotropic presents IzoView and the parameters in which IzoView will initially be used by providers in a health care setting as a broader investigational imaging device.

In September 2023, the Company has completed a pre-submission application to the U.S. Food and Drug Administration (FDA) to solidify its plans to initially pursue market clearance for IzoView as a Class II device through a 510(k) premarket notification submission with the following indication for use.

> *The IzoView CT Imaging System is intended to produce cross-sectional images of anatomy that can be imaged in the 30 cm aperture by computer reconstruction of x-ray transmission data for non-invasive visualization of tissue.*
>
> *The IzoView CT Imaging System is indicated for use in the non-invasive visualization of breast tissue, as an adjunct tool to mammography, by providing x-ray computer reconstructed images as an aid for qualified healthcare providers.*

Upon an anticipated acceptance of the pre-submission application from the FDA, the Company intends to complete the 510(k)-submission using pre-existing data from phantom images obtained from the IzoView system located in its engineering facility in Sacramento, CA, later this year, with the objective of obtaining market clearance in the second half of 2024. Receiving this regulatory clearance would enable Izotropic to begin marketing and selling IzoView CT Imaging Systems in the U.S.

Supporting Class II 510(k) Pathway

According to the FDA, a "510(k) requires demonstration of substantial equivalence to another legally U.S. marketed device. Substantial equivalence means that the new device is as safe and effective as the predicate. A device is substantially equivalent if, in comparison to a predicate it: has the same intended use as the predicate; and has the same technological characteristics as the predicate; or has the same intended use as the predicate; and has different technological characteristics and does not raise different questions of safety and effectiveness; and the information submitted to FDA demonstrates that the device is as safe and effective as the legally marketed device. A claim of substantial equivalence does not mean the new and predicate devices needs to be identical. 1"

Given these parameters, Izotropic has selected two predicate devices to support its Class II 510(k) pathway in discussions with the FDA: CurveBeam HiRise and NeuroLogica OmniTom.

The following predicate table, *Figure 2: Izotropic Class II Device Submission Predicates*, showcases select information, including Intended Use and Indication for Use statements for all three devices. IzoView is

comparable, with each system having specific anatomical indications.

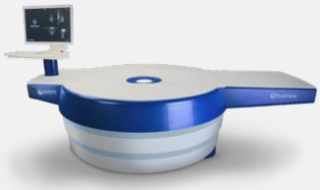
Device	Izotropic IzoView	CurveBeam HiRise	NeuroLogica OmniTom
Photo			
Intended Use & Indication for Use	The IzoView CT Imaging System is intended to produce cross-sectional images of **anatomy** that can be imaged in the 30 cm aperture by computer reconstruction of x- ray transmission data for non-invasive visualization of tissue. IzoView is indicated for use in the non-invasive visualization of **breast tissue**, as adjunct to mammography, as an aid for qualified healthcare professionals.	The HiRise is intended to be used for 3-D imaging of the **upper and lower extremities and pelvis** of adult and pediatric patients weighing from 40 to 450 lbs. The device is to be operated in a professional healthcare environment by qualified health care professionals only.	The NL5000 [OmniTom] system is intended to be used for Xray computed tomography applications for **anatomy** that can be imaged in the 40 cm aperture, **primarily head and neck**. The CT system is intended to be used for both pediatric and adult imaging and as such has preset dose settings based upon weight and age. The CT images can be obtained either with or without contrast.
510(k) No.	**In Progress**	**K203187**	**K171183**
Product Code	Proposed: JAK (System, X-Ray, Tomography, Computed)	JAK (System, X-Ray, Tomography, Computed)	JAK (System, X-Ray, Tomography, Computed)
Principle of Operation	Cone beam computed tomography x-ray imaging	Cone beam computed tomography x-ray	Computed tomography 3D x-ray imaging
Additional Information	-Seeking FDA Clearance -Comparable gantry, scan axis, aperture bore, radiation shielding (improved for both technologist and general public), and x-ray tubes and additional technical aspects as HiRise and OmniTom - 51,955,021 shares issued	-FDA Clearance in 2020 -Based in Australia with 170+ device placements -IPO August 2023 ASX: CVB -182,863,995 shares issued -Website link here	-16 Slice CT Scanner -FDA Clearance in 2017 -Acquired by Samsung in 2013 for undisclosed terms -Website link here

Figure 2: Izotropic Class II Device Submission Predicates

Given the similarities to the CurveBeam HiRise and NeuroLogica OmniTom devices that are already cleared for sale in the U.S., Izotropic is proceeding confidently with its plans under the Class II 510(k) regulatory pathway.

The Company also intends to secure collaborations with notable hospitals to utilize IzoView as an investigational device. Such partnerships are expected to generate clinical data that would support new IzoView products and Indications for Use for new regulatory submissions in the future. See the Company's news release dated September 6, 2023, for a detailed discussion of its "Go To Market Plan".

Clinical Trials

Researchers at UC Davis have invested significant time to develop the technology behind IzoView and have undertaken a number of clinical trials to date. UC Davis, in cooperation with the University of Pittsburgh Medical Center, conducted studies on 600 high risk breast cancer patients using the second-generation CT imaging/scanning unit, which was completed in 2007. Researchers at UC Davis continued product development and built and tested a third and fourth generation with considerable improvements in performances. A second clinical trial of 400 high risk female breast cancer patients was recently completed at UC Davis Medical Center which was fully funded through grants made by the NIH. The trials compared both screening and diagnostic aspects of breast CT imaging systems against other modalities and results will be released when available.

Research to date includes thousands of images taken on hundreds of patients using the second and fourth generation models of the technology Izotropic has the license for. Based on the results of these images, among other factors the Company's management believes its technology is superior to the current standard-of-care diagnostic mammography for more accurate detection and diagnosis of breast cancer in women. The Company intends to further demonstrate the performance of IzoView through partnering hospitals.

Clinical trials undertaken of previous breast CT model's technical performance and computer simulation of breast lesion (abnormalities) detection using the extensive breast image database with human observer validation of simulation results—have demonstrated that breast CT may outperform mammography-like breast imaging for detecting tumor masses and other lesions. In trials where contrast was used during the procedure (similar to contrast enhancement in magnetic resonance imaging of the breast), high detection performance was achieved in all types of breast lesions. It is likely that contrast-enhanced breast CT has very similar cancer detection performance to the other true 3D imaging platform of contrast-enhanced breast MRI, but at a fraction of the cost. The Company has not abandoned its quest for a dedicated breast CT indication of use such as contrast enhanced breast CT and will, when possible, execute this part of its business plan. Furthermore, IzoView requires approximately 20% of the floor space needed for an MRI system, providing another advantage to customers in future.

IzoView Technology

Conceptual image of IzoView Breast CT

IzoView has been initially designed for breast imaging.

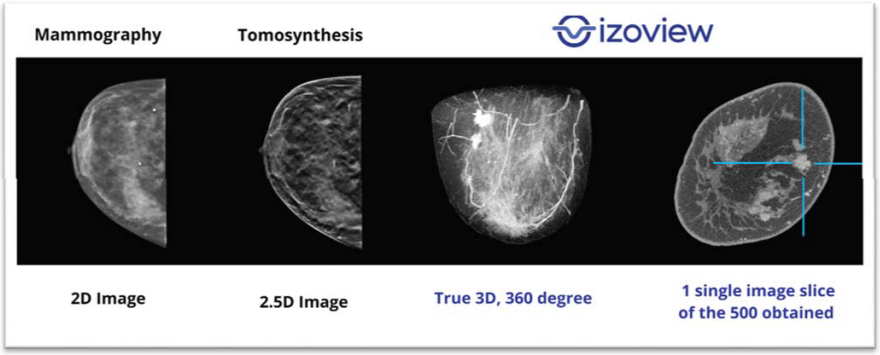
The device as shown is easily retrofitted to accommodate imaging of other body appendages such as hands and feet and the Company intends seek market acceptance for broader uses of this device.

For breast imaging with IzoView the patient lays face down on the system table placing the breast to be imaged in a cup in the table. The imaging hardware beneath the table circles 360-degrees around the breast or other appendage creating a series of approximately 500 cross-sectional raw-data images. These raw images are then processed by proprietary computer software and reconstructed into three-dimensional image. These images can be viewed from any angle like a 3D model, or by individual cross-sections, or by the three normal viewing planes radiologists are accustomed to, namely coronal, sagittal and axial.

IzoView does not utilize breast compression, although the modified approval pathway will require IzoView to initially be used as an adjunct to mammography for breast imaging until the Company completes a screening trail and receives FDA approval to operate without the use of mammography. Any IzoView imaging exam empowers the patient by allowing the patient to place their own breast or appendage in the

imaging system table, and the internal structures are preserved in their natural orientation, which is important because it provides for greater resolution of the imaged breast or other appendages. IzoView has a radiation dose comparable to 2-view mammography and is also ideal for imaging patients with dense breast tissue.

The IzoView system is also different than widely available whole-body CT systems that circle a patient's body to collect images of interest. The use of contrast is well established in whole-body CT imaging and in future we envision IzoView being an even more valuable diagnostic tool with the use of contrast.



Images of breast CT taken with previous generation device at UC Davis

The Company's rights to the technology are based upon the License granted by the Licensor pursuant to the License Agreement with the Regents of the University of California. The Company holds the exclusive worldwide License to the inventions entitled "Breast CT for Early Cancer Detection and Diagnosis", "Contrast-Enhanced Cone Beam X-Ray Imaging, Evaluation, Monitoring and Treatment Delivery", "Biopsy Systems for Breast Computed Tomography", "Measuring Breast Density Using Breast Computed Tomography", "Multimodal System for Breast Imaging", and "3D Beam Modulation Filter for Equalizing Dose and Image Quality in Breast CT" (the "**Inventions**") as described in the Licensed Patent Rights. The initial product of the Company that it intends to be commercialized is known as "**IzoView**" and is also referred to as the fifth generation (commercial model) CT imaging unit. The Company intends to enter into a Capital leasing relationship with a major medical equipment leasing company that will provide 100% of the upfront capital against purchase orders to build IzoView Units for customers, which will assist with cashflow once distribution begins. After completing user interface software integrations and obtaining regulatory approval and certifications, the Company intends to begin marketing and distribution plans, aimed primarily at hospitals and clinics throughout the U.S, and then follow on with global distribution. The plan going forward will include new product developments utilizing the scientific and engineering teams, adding to the patent portfolio and prosecuting existing patents, seeking regulatory approvals for additional indications of use and distributing new CT and IzoView products.

The Commercial Unit

The Company is working with a collaborative of in-house engineers and scientists along with the inventors and clinicians, for the design and development of the first IzoView unit. This collaboration has supported design and development and will enable further technical improvement and facilitate additional uses, products and future studies. The Commercial Unit also draws on nearly 20 years of research and development by inventors Dr. John Boone, professor and medical physicist at UC Davis, and Dr. Thomas R. Nelson, along with many graduate students and senior academic collaborators at UC Davis in Sacramento, CA. Four successive breast CT imaging systems have been built at UC Davis Medical Centre. Each of these

systems had better clinical utility and image performance than its predecessor. The latest system has been thoughtfully designed and engineered to accommodate substantially all body types will improve dramatically on the 4th generation device with state-of-the-art subcomponents with improved clinical utility and exceptionally high-resolution CT images. The initial cost of IzoView has not being disclosed, however the Company intends to provide pricing far below the other true 3D technologies in the market.

Business Model

The Company has an executive and management team with experience in the diagnostic and therapeutic medical imaging market, specifically experienced from design, engineering, manufacturing, and sales.

Revenues will be derived through a combination of leasing, sales and per customer usage models, all of which would have recurring and or additional revenue components, regardless of the transaction method. The Company intends to focus on revenue-sharing agreements with customers (where possible), through capital leasing and outright sales. The Company has expressions of interest with capital finance organizations and a relationship has been developed with a major medical equipment leasing company that can provide the total capital required to build Units for the market, subject to approved purchase orders from qualified customers.

The License Agreement

On April 25, 2017, the Company entered into a license agreement (the "**License Agreement**") with the Regents for the University of California (the "**Licensor**"), which granted Izotropic an exclusive license to the Licensed Patent Rights (as described below). In consideration for the License, the Company agreed to pay the Licensor:

- a cash payment of US$10,000 due within 30 days from entry into the License Agreement (paid);
- a cash payment of US$200,000 due within 30 days of the following (paid):
    - a change of control transaction (a "**Change of Control**"), which means the acquisition, merger, reorganization or other transactions where more than 50% of the voting power of the Company or IIC is transferred to a third party, and,
    - a financing of the Company whereby either the Company or IIC issues of debt or equity securities of the Company or IIC, as the case may be, in one or more bona fide financing transactions with cumulative gross proceeds of at least US$3,000,000, excluding the conversion of any convertible debt and in which the cumulative gross proceeds to be received by either the Company or IIC, as the case may be, are principally from venture capital, private equity, or similar types of investors. Having raised over $5,000,000.00 in the fourth quarter of 2020 the Company made this payment and met this obligation.
- a cash payment of 2% of total consideration received by the Company within 30 days of the completion of a Change of Control;
- 3% of net sales from the sales of all products produced by the Licensee in connection with the License Agreement and sold by the Company in the U.S.;
- 3% of net sales from the sale of the first 15 commercial sales of all products produced by the Licensee in connection with the License Agreement in any other country excluding the U.S.; and

- 1% royalty of net sales of all methods and services sold by the Licensee in connection with the License Agreement.

Under the License Agreement, the Company may grant a sublicense to affiliates of the Company, or to third parties. The License Agreement sets out certain conditions that will apply to any grant of a sublicense. The Company has agreed to pay the Licensor 25% of any cash consideration, or the cash equivalent of any other form of consideration, due to the Licensee for the grant of rights under a sublicense.

Under the License Agreement, the Company is obligated to further development, manufacture, marketing and sale of products, methods, and services offered by the Company in connection with the License Agreement in quantities sufficient to meet the market demand. Under the License Agreement, the Company is obligated to complete the following milestones (each, a "**License Agreement Milestone**"):

- submit an application covering a product or service to be offered by the Company in connection with the License Agreement to the FDA or equivalent foreign agency by June 30, 2018. The timeline to accomplish this condition was later revised and extended and the Company initially engaged with the FDA in the third quarter of 2020.
- obtain FDA or equivalent foreign agency approval by December 31, 2021. This condition has also been revised and timeline extended for up to 7 years. The Company will make annual payments of up to $15,000 until this milestone is accomplished.
- achieve the first commercial sale and fill the market demand of products or services to be offered by the Licensee under the License Agreement in the U.S. by June 30, 2022. This milestone timeline has also been revised for up to 7 years based on a number of factors (see below), and been articulated in amendments to the License.

If the Company is unable to meet any of the above License Agreement Milestones, the Company has the right to extend the target date of any License Agreement Milestone for a period of twelve months upon the payment of US$10,000 to the Licensor. The Company has a further right to extend the target date of any License Agreement Milestone for an additional 12 months upon a payment of US$15,000 to the Licensor. Under the License Agreement, the total period of time to complete any License Agreement Milestone must not exceed seven years from the date of the License Agreement, unless the parties mutually agree in writing otherwise. If the Company does not complete a License Agreement Milestone and does not opt to extend the period to complete the License Agreement Milestone, or opts to extend the period to complete the License Agreement Milestone and does not complete the License Agreement within the extended time period, then the Licensor has the right to terminate the License Agreement, or reduce the Licensee's exclusive License to a non-exclusive license. The Licensor may also terminate the License Agreement under certain other conditions.

Under the License Agreement, the Licensor is responsible for all patent prosecution in connection with the Licensed Patent Rights. However, the Company has agreed to pay (or reimburse, as the case may be) the Licensor, for all past, present, and future costs for preparing, filing, prosecuting, and maintaining all patent applications and patent under the Patent Rights. With regard to past patent costs, the Company is obligated to pay the Licensor the sum of US$79,872 (the "**Past Patent Costs**") in accordance with the following schedule:

- one-third of the Past Patent Costs due on or before April 25, 2018 (payment completed);

- one-third of the Past Patent Costs due on or before April 25, 2019 (payment completed); and
- one-third of the Past Patent Costs due on or before April 25, 2020 (payment completed).

If the Company learns of the substantial infringement of any Patent Rights, the Company will promptly provide the Licensor with notice and reasonable evidence of such infringement (the "Infringement Notice"). The Licensor and the Company agree to use diligent efforts, in cooperation with each other, to terminate such infringement without litigation. If, after ninety days following the effective date of the Infringement Notice, the infringing activity has not abated, the Company may initiate suit for patent infringement against the infringer. If, in a suit initiated by the Company, the Licensor is involuntarily caused to be joined as a party, the Company agrees to pay any costs incurred by the Licensor arising out of such suit, including any legal fees of legal counsel of the Licensor. If, within 120 days of the effective date of an Infringement Notice, the infringing activity has not abated and if Company has not initiated a suit against the infringer, then Licensor may initiate suit for patent infringement against the infringer and the Company may not join such suit without the consent of the Licensor.

Licensed Patent Rights

Under the License Agreement, the Company was granted the License to the Licensed Patent Rights from the Licensor. One of the patent-pending applications, known as UC Case 2005-543 and which relates to the Invention named "Breast CT for Early Cancer Detection and Diagnosis" under the Licensed Patent Rights was split into five groups by the USPTO. Each patent application submitted to the USPTO goes through a prosecution process. To date only one of the five groups of the Licensed Patent Rights has been prosecuted. Currently, two other groups, the Milestone Patents, which are included in the Licensed Patent Rights, are being prosecuted by the Licensor with funding provided by the Company. One group, known as UC Case 2006-740-1 and 2006-740-2, and which relates to the Invention named "Contrast Enhanced Cone Beam X-ray Imaging, Evaluation, Monitoring and Treatment Delivery" under the Licensed Patent Rights describes novel methods for using the breast CT data sets to evaluate and quantify breast density. Breast density has been identified as an important characteristic that can be included in a patient risk profile, which can be used in designing a personalized breast cancer screening program. Another licensed patent-pending application under the Licensed Patent Rights, known as UC Case 2015-976 and which relates to the Invention named "3D Beam Modulation Filter for Equalizing Dose and Image Quality in Breast CT" involves a three-dimensional beam shaping filter to optimize image quality and radiation dose. This system also involves a breast immobilization technology, which does not involve breast compression. The immobilization technology may greatly increase patient comfort while maintaining the breast in the most optimal position for imaging. Additional patents have been filed by the Company and patent prosecution will be ongoing.

A more detailed information regarding IzoView, the history of the Izotropic Breast CT Imaging System, License Agreement, Licensed Patent Rights, Government Regulations, Insurance Reimbursement, Breast Cancer Facts and Statistics and Market Outlook are fully described in the Company's AIF dated November 3, 2022.

Summary of Quarterly Results

The following table sets forth selected financial information of the Company for each of the last eight quarters:

Three months ended	July 2023[1]	April 2023[2]	Jan 2023[2]	Oct 2022[2]	Jul 2022[2][3]	Apr 2022[2]	Jar 2022[2]	Oct 2021[2]
	$	$	$	$	$	$	$	$
Net loss	(471,345)	(1,254,229)	(1,995,122)	(1,385,520)	(1,026,279)	(1,839,857)	(1,231,737)	(2,556,119)
Income (loss) per share – basic and diluted	(0.01)	(0.02)	(0.04)	(0.03)	(0.02)	(0.04)	(0.03)	(0.06)
Weighted average number of shares outstanding	# 51,855,021	# 51,855,021	# 51,610,456	# 49,225,208	# 47,760,476	# 43,101,242	# 42,673,681	# 42,623,137

(1) The decrease in net loss resulted from decreased research and development expenses due to the completion of IzoView's design and engineering.

(2) The increase in net loss quarter over quarter was primarily attributable to research and development costs as the Company developed IzoView.

(3) Amended and restated financial statements for the periods ended July 31, 2022 and 2021.

Results of Operations

The following selected financial information is derived from the Annual Financial statements prepared within acceptable limits of materiality and is in accordance with IFRS:

	Q1 2024	Q1 2023
	$	$
Expenses:		
Consulting	**165,486**	200,500
Research and development	**125,951**	473,448
Travel and promotion	**17,752**	101,490
Other Items:		
Interest	**61,500**	62,006
Net loss	**(471,345)**	(1,026,279)
Net loss per share	**(0.01)**	(0.02)

Q1 2024 compared with Q1 2023

The Company has not generated any revenues as the Company seeks FDA approval for IzoView. The overall decrease in net loss of $554,934 in Q1 2024 was largely attributable to decreases in consulting fees of $35,014, research and development of $347,497 and travel and promotion of $83,738. The main factors that contributed to the change in net loss during Q1 2024 were:

- Consulting fees decreased by $35,014 due to the resignation of the former CEO of the Company.

- Research and development decreased by $347,497 due to the completion of the design and engineering of IzoView.

- Travel and promotion decreased by $83,738 during Q1 2024 due to higher expenditures in Q1 2023 related to tradeshows, presentation conferences, social media and other investor and media relations campaigns.

- In Q1 2024, interests of $61,500 were accrued (Q1 2023 - $61,500) to the holders of promissory notes.

Liquidity and Capital Resources

The Company manages liquidity risk by ensuring, as far as reasonably possible, that it has sufficient capital to meet working capital and operating requirements as well as its financial obligations and commitments. The Company has historically financed its operations and met its capital requirements primarily through equity and debt financings.

As of July 31, 2023, the Company had working capital deficiency of $3,480,633 (April 30, 2023 – working capital deficiency of $3,142,827) and cash and cash equivalents of $170,042 (April 30, 2023 - $165,685). The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent on the continued financial support of its creditors and the shareholders. There can be no assurance that funding from this or other sources will be sufficient in the future to continue its operations. Even if the Company is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to the Company.

Cash Flow Highlights

The table below summarizes the Company's cash flows for the twelve months ended July 31, 2023 and 2022:

	Fiscal 2023	Fiscal 2022
	$	$
Cash used in operating activities	(75,134)	(4,764,121)
Cash used in investing activities	-	(5,459)
Cash provided by financing activities	79,353	743,000
Increase (decrease) in cash	4,219	(429,618)

The overall increase in cash during Q1 2024 was due to cash received from private placement share subscriptions of $90,000 offset by a payment of lease liability of $10,647 and net cash used for operations of $75,134.

In Q1 2023, the overall decrease in cash was primarily due to cash received from aggregate warrant and option exercises of $797,000 offset by an interest payment on promissory notes of $61,500 and net cash used for operations of $1,167,159.

Contractual Obligations and Commitments

A summary of the Company's contractual obligations and commitments, which outlines the year the payments are due are as follows:

	Total	< 1 year	1 – 3 years	3 – 5 years
	$	$	$	$
Accounts payable and accrued liabilities	1,721,839	1,721,839	-	-
Promissory notes	2,050,000	2,050,000	-	-
Lease liability	79,001	37,084	41,917	-
	3,850,840	3,808,923	41,917	-

The Company has not pledged any of its assets as security for loans, or otherwise, and is not subject to any debt covenants. As a young growth company, management is cognizant that as at July 31, 2023, the Company is not capable of sustaining its working capital requirements. In order to reach sustainable business operations, Izotropic will continue to achieve the milestones for IzoView and raise additional capital to meet its financial obligations and commitments, and to fund the development of IzoView as well as the administration of the Company.

Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity and debt securities to raise capital, which would result in further dilution to the shareholders. There is no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company or at all.

Subsequent to July 31, 2023, the Company raised $710,331 from a non-brokered private placement of 2,841,325 units at a price of $0.25 per unit. Each unit consists of one common share and one share purchase warrant exercisable at $0.50 per share for a period of two years. The Company intends to use the proceeds from the financing for general working capital including partial settlement of loans.

Capital Management

The Company manages its capital, consisting of share and working capital, in a manner consistent with the risk characteristic of the assets it holds. All sources of financing are analyzed by management and approved by the board of directors. The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is meeting its objective of managing capital through preparing short- term and long-term cash flow analysis to ensure an adequate amount of liquidity. The Company is not subject to any externally imposed capital restrictions. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any external restrictions on its capital.

Off-Balance Sheet Arrangements

The Company had no material off-balance sheet arrangements as at July 31, 2023, and as at the date of this MD&A, that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

Transactions with Related Parties

Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and members of its Board of Directors. Key management compensation for the three months ended July 31, 2023 and 2022 consisted of:

(a) Compensation of key management personnel

Consulting and professional fees	July 31, 2023	July 31, 2022
	$	$
Interim President & CEO and director [(1)]	93,000	45,000
Corporate Secretary [(2)]	-	34,500
Former President & CEO and director [(3)]	30,000	90,000
Former CFO	-	25,500
	123,000	115,500
Share-based compensation [(4)]	-	33,670

(1) Paid or accrued to a company controlled by a director and interim President & CEO of the Company. Of this amount, $45,000 (2022 - $45,000) was allocated to the director and interim President & CEO for business development services, strategic capital markets and corporate strategic financing advisory services, $45,000 (2022 - $Nil) was allocated to the Company's Corporate Secretary for corporate secretarial, office administration, accounting, shareholder communications, marketing and branding services and $3,000 to rent (2022 - $Nil).

(2) Paid to the Corporate Secretary of the Company for corporate secretarial, office administration, accounting, shareholder communications, marketing and branding services.

(3) Paid to a company controlled by the former President & CEO. Included consulting fees under research and development of $Nil during the three months ended July 31, 2023 (2022 - $27,000).

(4) Share-based compensation represents the fair value of options and RSUs/PSUs granted and vested to directors and officers of the Company.

(b) Related party balances

As at July 31, 2023, included in prepaid expenses and deposits was $70,833 (April 30, 2023 - $95,833) paid to a company controlled by a director of the Company for consulting, marketing and investor relations services.

As at July 31, 2023, included in accounts payable and accrued liabilities were amounts due to directors and officers of $489,942 (April 30, 2023 - $583,649). The amounts are unsecured, non-interest-bearing and without fixed terms of repayment.

Critical Accounting Estimates

The preparation of the Interim Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are based on historical experience, and other factors considered to be reasonable and are reviewed on an ongoing basis. Actual results may differ from these estimates.

Refer to note 2 to the Annual Financial Statements for a detailed discussion of the areas in which critical accounting estimates are made and where actual results may differ from the estimates under different assumptions and conditions and may materially affect financial results of its statement of financial position reported in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized when the estimates are revised and in any future periods affected.

New Accounting Pronouncements

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any new standards that have been issued would have no or very minimal impact on the Company's financial statements.

Financial Instruments

As at July 31, 2023, the Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities, promissory notes payable and lease liability which were measured at amortized cost. The carrying amounts of cash and cash equivalents and accounts payable and accrued liabilities approximate fair value due to their immediate or short-term maturity. The carrying values of promissory notes and lease liability were measured at the effective interest rate which approximate fair value.

The Company may be exposed to risks of varying degrees of significance from financial instruments. Management's close involvement in the operations allows for the identification of risks and variances from expectations. A discussion of the types of risks the Company is exposed to and how such risks are managed by the Company is provided in note 13 to the Annual Financial Statements.

Other Risks and Uncertainties

The Company's business is subject to other risks and uncertainties that may have a material adverse effect on the Company's business, assets, liabilities, financial condition, results of operations, prospects, and cash flows and the future trading price of the common shares. Due to the nature of Izotropic's business, the legal and economic climate in which it operates and its present stage of development and proposed operations, Izotropic is subject to significant risks. Please see a complete list of Risk Factors below.

Risk Factors

The operations of the Company are highly speculative and notably involve risks inherent to the Company's capacity to successfully implement its solutions with the customers it is currently servicing and its ability to market such solutions. The risks and uncertainties set out below and the additional risks and uncertainties incorporated by reference herein are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. The Company's business is subject to significant risks and past performance is no guarantee of future performance.

Risks Relating to the Company's Business

Negative Cash Flow from Operating Activities

The Company has no history of earnings and had negative cash flow from operating activities since inception. To date, the Company has not received and revenues from the sales of IzoView. The Company has accumulated net losses and expects to continue to incur such losses until such time as milestone payments from collaborative partners, licensing fees, product sales or royalty payments generate sufficient revenues to fund its continuing operations.

The Company's ability to attain profitability will depend on a number of factors, some of which are outside its control. These factors include the following:

- its ability to obtain necessary government and regulatory approvals, including FDA market authorization;
- its ability to successfully complete the design and development of the Commercial Unit;
- its ability to successfully commercialize IzoView;
- its ability to protect the intellectual property granted to the Company under the License Agreement;
- the success of its sales and marketing efforts;
- its ability to maintain its competitive advantages;
- new developments in the area of cancer detections and the efficacy of competing technologies;
- market acceptance of its products and services;
- its ability to raise additional capital as and when needed and on acceptable terms;
- the effect of the COVID -19 pandemic on R&D teams, manufacturing, supply chain, clinical study operations; and
- recruitment ability of clinical study sites, cancer positivity rates at each site.

No Production History

The Company has no product sales history and its ultimate success will depend on its operating ability to generate cash flow from sales of its products and services in the future. The Company has not generated any revenue to date and there is no assurance that it will do so in the future.

The Company's business operations are at an early stage of development and its success will be largely dependent upon the outcome of its ultimate strategy of successfully developing and marketing IzoView.

The ability of the Company to satisfy the terms of the License Agreement and maintain the License in good standing

The Company has been granted an exclusive license to the Inventions pursuant to the License Agreement. The Company's rights and obligations are outlined in the License Agreement. The License Agreement requires the Company to complete the License Agreement Milestones. Failure to complete the License Agreement Milestones could allow the Licensor to terminate the License Agreement. The License Agreement may also be terminated by the Licensor if certain other conditions occur. If the Company's relationship with the Licensor were to terminate, the Company would not be able to distribute and commercialize IzoView and might not be able to enter into another license agreement with an entity with similar technologies on acceptable terms or at all. As a result, the Company could experience delays in its ability to distribute and commercialize IzoView or a similar technology, all of which would have a material adverse effect on the Company's business, results of operations and financial condition.

The ability of the Company to complete the design and development of the Commercial Unit, as well as create a physical prototype of the Commercial Unit

Recently, the Company ended its partnership with Starfish Medical but continues to work with researchers at UC Davis and third-party engineers at an established development facility in the US which was completed in August of 2022. The Company's engineers and third-party engineers continue to improve the initial iteration and prototype of the future Commercial Unit. The Company released the first physical device in January 2023.

Upon completion of the manufacturing of the initial prototype unit, electrical testing and certification will be required for the completion of additional units specifically for the clinical study. Regulatory authorities will need to approve the use of these units for the clinical study prior to shipping to the clinical study sites. The Company is also dependent on each clinical trial site to reserve appropriate space and facilitate necessary internal processes to initiate a study at the institution. The Company anticipates the commencement of the clinical study in first half of 2023, but there are no assurances that the Company will receive the various required approvals for the unit by this date.

If this is the case, the Company could experience delays in its ability to begin the clinical study and hence delay the commercialize launch of IzoView, all of which could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's ability to timely obtain regulatory approvals, including FDA approval, in order to satisfy the terms of the License Agreement

Under the revised License Agreement, Izotropic has until January 2027 to submit application the FDA, obtain FDA or foreign agency approval, and achieve first commercial sale of IzoView.

The FDA might not approve market authorization the Commercial Unit or might delay approval. As a result, the Company could experience delays in its ability to distribute and commercialize IzoView, all of which

would have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's products and operations are subject to extensive regulation in the U.S. by the FDA. The FDA regulates the development, bench and clinical testing, manufacturing, labeling, storage, record keeping, promotion, sales, distribution and post market support and reporting of medical devices in the U.S. to ensure that medical products distributed in the U.S. are safe and effective for their intended uses. In order to market certain products for use in the U.S., the Company generally must first obtain clearance from the FDA pursuant to the Federal Food, Drug and Cosmetic Act (previously defined as the "**FDCA**").

To be able to provide the Company's products in other countries, the Company must obtain regulatory market authorization and comply with the regulations of those countries which may differ substantially from those of the U.S. These regulations, including the requirements for market authorization and the time required for regulatory review, vary from country to country. Obtaining and maintaining foreign regulatory approvals is complex, and the Company cannot be certain that it will receive regulatory approvals in any foreign country in which the Company plans to market the Company's products, or to obtain such approvals on a favorable schedule. If the Company fails to obtain or maintain regulatory approval in any foreign country in which the Company plans to market the Company's products, the Company's ability to generate revenue will be harmed.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful in pursuing its ultimate strategy of successfully developing and marketing IzoView. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future operations. Revenues, taxes, costs, capital expenditures, operating expenses, regulatory approvals, and the political environment are all factors which will have an impact on the amount of additional capital that may be required. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, incur financial penalties, or reduce or terminate its operations.

The Company's ability to timely enter into leasing agreements with hospitals and clinics to lease IzoView

Neither the Company nor Izotropic Imaging Corp. has entered into any revenue generating agreements with hospitals or clinics for IzoView. The Company's success will be largely dependent upon the outcome of its strategy of successfully developing and marketing IzoView and entering into revenue generating agreements with hospitals and clinics once it has obtained necessary regulatory approvals.

Competition

The Company competes with numerous other research-based imaging companies and organizations that develop, manufacture, market, and sell proprietary imaging technologies, solutions, and products that may possess greater financial resources and technical facilities than the Company in proprietary diagnostic and imaging products for breast cancer, as well as the recruitment and retention of suitably qualified individuals. These competitors may introduce new products or develop technological advances that

compete with the Company. The Company cannot predict the timing or impact of competitors introducing new products or technological advances. Such competing products may be safer, more effective, more effectively marketed or sold, or have lower prices or superior performance features than the Company's products, and this could negatively impact the Company's business and results of operations.

Laws and regulations affecting government benefit programs could impose new obligations on the Company, require it to change its business practices, and restrict its operations in the future

The healthcare industry is subject to various federal, state and international laws and regulations pertaining to government benefit programs reimbursement, rebates, price reporting and regulation, and healthcare fraud and abuse. Violations of these laws may be punishable by criminal and/or civil sanctions, including, in some instances, substantial fines, imprisonment, and exclusion from participation in federal and state healthcare programs. These laws and regulations are broad in scope and they are subject to change and evolving interpretations, which could require the Company to incur substantial costs associated with compliance, or to alter one or more of its sales or marketing practices. In addition, violations of these laws, or allegations of such violations, could disrupt the Company's business and result in a material adverse effect on its business and results of operations.

The international nature of the Company's business subjects it to additional business risks that may cause its revenue and profitability to decline

The Company's business is subject to risks associated with doing business internationally, including in emerging markets. As the Company's market is global, the Company faces risks that may include:

- Fluctuations in currency exchange rates;
- Multiple legal and regulatory requirements that are subject to change and that could restrict the Company's ability to manufacture, market, and sell its products;
- Trade-protection measures and import or export licensing requirements;
- Difficulty in establishing staffing and managing operations;
- Differing labour regulations;
- Inflation, recession, and fluctuations in interest rates;
- Political and economic instability; and
- Price and currency exchange controls, limitations on participation in local enterprises, expropriation, nationalization, and other governmental action.

The aforementioned risks may have a material adverse effect on the Company's revenues and profitability.

Technological change

The digital imaging industry is susceptible to technological advances and the introduction of new products utilizing new technologies. Further, the digital imaging industry is also subject to changing industry standards, market trends and customer preferences, and to competitive pressures which can, among other things, necessitate revisions in pricing strategies, price reductions and reduced profit margins. The Company's success will depend on its ability to secure technological superiority in its products and maintain such superiority in the face of new products. While the Company believes that its products will be

competitive, no assurances can be given that the Company's products will be commercially viable or that further modification or additional products will not be required to meet demands or to make changes necessitated by competitors' developments that might render the Company's products less competitive, less marketable, or even obsolete over time.

Management of growth

The Company may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The Company's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train, and manage its employee base. Inability of the Company to deal with this growth could have a material adverse impact on its business, operations, and prospects.

Protection of intellectual property

Although the Company does not believe that its products infringe on the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against the Company or the Licensor or that any such assertions or prosecutions will not materially adversely affect the Company's business, financial condition, or results of operations. Regardless of the validity or the successful assertion of such claims, the Company could incur significant costs and diversion of resources with respect to the defense thereof, which could have a material adverse effect on the Company's business, financial condition, or results of operations. The Company's performance and ability to compete are dependent to a significant degree on the proprietary technology licensed to it under the License Agreement. The Company relies on the patents and a combination of copyright and trade secret laws, as well as confidentiality agreements and technical measures, to establish and protect the proprietary rights of the Inventions. As part of its confidentiality procedures, the Company generally enters into agreements with its employees and consultants and limits access to and distribution of its documentation and other proprietary information.

Accordingly, while the Company will endeavor to protect the intellectual property licensed to it under the License Agreement, there can be no assurance that the steps taken by the Company will prevent misappropriation of that technology or that agreements entered into for that purpose will be enforceable. The laws of other countries may afford the Company little or no effective protection of its intellectual property or the intellectual property of the Licensor.

Product Liability Claims

The Company may become subject to liability in connection with the use of IzoView, such as unusual litigation claims that cannot be insured against or against which it may elect not to be so insured because of high premium costs or other reasons. The Company has agreed to indemnify the Licensor under the License Agreement with respect to certain types of claims. However, the Company may incur a liability to third parties (in excess of any insurance coverage) arising from damage or injury.

Risks Relating to the Company's Management

Conflicts of Interest

The Company's directors and officers may act as directors and/or officers of other companies engaged in the development of diagnostic products for the early detection of breast cancer. As such, the Company's directors and officers may be faced with conflicts of interests when evaluating alternative opportunities. In addition, the Company's directors and officers may prioritize the business affairs of another Company over the affairs of the Company.

The Company's future performance is dependent on its management team

The Company has a small management team and the loss of any key individual could affect the Company's business. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Company.

Risks Relating to the Company's Common Shares

Substantial number of authorized but unissued Common Shares

The Company has an unlimited number of Common Shares that may be issued by the Board without further action or approval of the Company's shareholders. While the Board is required to fulfill its fiduciary obligations in connection with the issuance of such Shares, the Shares may be issued in transactions with which not all shareholders agree, and the issuance of such Shares will cause dilution to the ownership interests of the Company's shareholders.

Dilution

The financial risk of the Company's future activities will be borne to a significant degree by purchasers of the Common Shares. If the Company issues Common Shares from its treasury for financing purposes, control of the Company may change and purchasers may suffer additional dilution.

Liquidity of the Common Shares

Having listings on public stock exchanges should not be taken as implying that there will be a liquid market for the Common Shares. Thus, an investment in the Common Shares may be difficult to realize. Investors should be aware that the value of the Common Shares may be volatile. Investors may, on disposing of Common Shares, realize less than their original investment, or may lose their entire investment. The Common Shares, therefore, may not be suitable as a short-term investment.

The market price of the Common Shares may not reflect the underlying value of the Company's net assets. The price at which the Common Shares will be traded, and the price at which investors may realize their Common Shares, will be influenced by a large number of factors, some specific to the Company and its proposed operations, and some which may affect the sectors in which the Company operates. Such factors could include the performance of the Company's operations, large purchases or sales of the Common Shares, liquidity or the absence of liquidity in the Common Shares, legislative or regulatory changes relating to the business of the Company, and general market and economic conditions.

Volatility of the Common Shares

The share price of publicly traded smaller companies can be highly volatile. The value of the Common Shares may go down as well as up and, in particular, the share price may be subject to sudden and large falls in value given the restricted marketability of the Common Shares.

Current market volatility

The securities markets in the U.S. and Canada may experience price and volume volatility, and the market prices of securities of many companies may experience wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company. The value of the Common Shares distributed hereunder will be affected by such volatility.

Tax issues

Income tax consequences in relation to the securities offered will vary according to the circumstances of each purchaser. Prospective purchasers should seek independent advice from their own tax and legal advisers prior to subscribing for the securities.

General

Although management believes that the above risks fairly and comprehensibly illustrate all material risks facing the Company, the risks noted above do not necessarily comprise all those potentially faced by the Company as it is impossible to foresee all possible risks.

Controls and Procedures

In connection with National Instrument 52-109 ("**NI 52-109**"), the CEO and CFO of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Annual Financial Statements and accompanying MD&A (together the "Annual Filings").

In contrast to the certificate under NI 52-109, the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

Disclosure Controls and Procedures

Disclosure controls and procedures ("**DC&P**") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("**ICFR**") are intended to

provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with IFRS.

Venture companies are not required to provide representations in the Annual Filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. 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.

Summary of Outstanding Share Data

As at the date of this MD&A, the Company had the following issued and outstanding securities:

Description of securities	Number of securities
Issued and outstanding common shares	54,696,346
Warrants	6,232,793
Stock options	3,010,000
RSUs	300,000
	64,239,139