

## FORM 5

### QUARTERLY LISTING STATEMENT

Name of Listed Issuer: ASEP Medical Holdings Inc. (the "Issuer").

Trading Symbol: ASEP

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

#### **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

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## 1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

**Disclosure regarding the transactions with Related Persons has been disclosed in the notes to the Financial Statements for the three month period ended March 31, 2022.**

## 2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

**The Issuer did not issue any securities during the three month period ended March 31, 2022.**

- (b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

**The Issuer did not grant any options during the three month period ended March 31, 2022.**

**3. Summary of securities as at the end of the reporting period.**

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

**A summary of the securities has been disclosed in the Statement of Changes in Shareholders' Deficit and in the notes to the Financial Statements for the three months ended March 31, 2022.**

**4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

Name of Director and Officer	Position(s) Held
Rudy Mazzocchi	Executive Chairman, Chief Executive Officer and Director
Dr. Robert E.W. Hancock	Chief Operating Officer and Director
Jennifer Gretchen	Chief Financial Officer and Corporate Secretary
Dr. Fadia Saad	Chief Business Development Officer
Dr. Evan Haney	Chief Scientific Officer
Derrold Norgaard	Director
Timothy Murphy	Director

## **SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS**

Provide Interim MD&A if required by applicable securities legislation.

**See the attached Management Discussion and Analysis Report for the period ended March 31, 2022.**

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated May 30, 2022.

Jennifer Gretchen  
Name of Director or Senior Officer

"Jennifer Gretchen"  
Signature

Chief Financial Officer  
Official Capacity

<b>Issuer Details</b> Name of Issuer <b>ASEP Medical Holdings Inc.</b>		For Quarter Ended <b>March 31, 2022</b>	Date of Report YY/MM/D <b>22/05/30</b>
Issuer Address <b>420 – 730 View Street</b>			
City/Province/Postal Code <b>Victoria, British Columbia, V8W 3Y7</b>	Issuer Fax No. (   )	Issuer Telephone No. <b>778.600.0509</b>	
Contact Name <b>Jennifer Gretchen</b>	Contact Position <b>CFO</b>	Contact Telephone No. <b>778.600.0509</b>	
Contact Email Address <b>jen@asepmedical.com</b>	Web Site Address <b>https://asepmedical.com</b>		

SCHEDULE "A"

**ASEP MEDICAL HOLDINGS INC**  
**Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2022**

**Expressed in Canadian Dollars**  
**(Unaudited – Prepared by Management)**

**NOTICE OF NO AUDITOR REVIEW OF THE  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2022 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

ASEP Medical Holdings Inc.  
Condensed Interim Consolidated Statement of Financial Position – unaudited  
Expressed in Canadian Dollars

	Notes	March 31, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	9	\$ 4,291,955	\$ 5,290,070
GST receivable	9	83,286	73,398
Prepays and deposits		560,514	390,761
		4,935,755	5,754,229
<b>Non-current assets</b>			
Equipment	4	60,583	64,043
Intangible assets	5	24,580,041	24,897,860
		24,640,624	24,961,903
<b>TOTAL ASSETS</b>		<b>\$ 29,576,379</b>	<b>\$ 30,716,132</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	9	\$ 59,562	\$ 124,916
Accrued interest	9	19,288	19,288
<b>TOTAL LIABILITIES</b>		<b>78,850</b>	<b>144,204</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		19,467,132	19,467,132
Warrants reserve		35,921	35,921
Contributed surplus		1,442,580	956,227
Deficit		(3,601,925)	(2,200,086)
		17,343,708	18,259,194
Non-controlling interest	7	12,153,821	12,312,734
<b>TOTAL EQUITY</b>		<b>29,497,529</b>	<b>30,571,928</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 29,576,379</b>	<b>\$ 30,716,132</b>

Nature and operations (Note 1)

Subsequent event (Note 10)

On behalf of the board:

"Derrold Norgaard"

Derrold Norgaard, Chairman of the Audit Committee  
and Independent Director

"Timothy Murphy"

Timothy Murphy, Independent Director

ASEP Medical Holdings Inc.

Condensed Interim Consolidated Statement of Loss and Comprehensive Loss – unaudited

Expressed in Canadian Dollars

			For the period from January 20, 2021 (incorporation) to March 31, 2021
	Note	Three months ended March 31, 2022	
<b>Expenses</b>			
Amortization	4, 5	\$ 321,279	\$ -
Compensation		130,965	-
Consulting		155,818	-
General & administrative		259,854	1
Patent fees		15,005	-
Professional fees		80,456	92,058
Research & development costs		110,508	-
Share-based compensation	6	486,353	-
Total expenses		1,560,238	92,059
Loss before other income (expenses)		(1,560,238)	(92,059)
Foreign exchange loss		(513)	-
<b>Net loss and comprehensive loss for period</b>		<b>\$ (1,560,751)</b>	<b>\$ (92,059)</b>
Net loss attributable to:			
Shareholders of ASEP		\$ (1,401,838)	\$ (92,059)
Non-controlling interest	7	(158,913)	-
		<b>\$ (1,560,751)</b>	<b>\$ (92,059)</b>
<b>Loss per share – basic and fully diluted</b>		<b>\$ (0.03)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding – basic and fully diluted</b>		<b>56,130,344</b>	<b>2,500,000</b>

ASEP Medical Holdings Inc.  
Condensed Interim Consolidated Statement of Changes in Equity – unaudited  
Expressed in Canadian Dollars

	Share Capital		Warrant reserves	Contributed surplus	Deficit	Equity attributable to shareholders	Non- controlling interest	Total
	Issued Shares	Amount						
<b>Balance at January 20, 2021</b>	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance of common shares for cash	7,333,332	48,500	-	-	-	48,500	-	48,500
Share issue costs	-	(1,215)	-	-	-	(1,215)	-	(1,215)
Net loss and comprehensive loss for period	-	-	-	-	(92,059)	(92,059)	-	(92,059)
<b>Balance at March 31, 2021</b>	<b>7,333,332</b>	<b>\$ 47,285</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (92,059)</b>	<b>\$ (44,774)</b>	<b>-</b>	<b>\$ (44,774)</b>
Balance at December 31, 2021	56,130,344	\$ 19,467,132	\$ 35,921	\$ 956,227	\$ (2,200,086)	\$ 18,259,194	\$ 12,312,734	\$ 30,571,928
Share-based compensation (Note 6)	-	-	-	486,353	-	486,353	-	486,353
Net loss and comprehensive loss for period	-	-	-	-	(1,401,839)	(1,401,839)	(158,913)	(1,560,751)
<b>Balance at March 31, 2022</b>	<b>56,130,344</b>	<b>\$ 19,467,132</b>	<b>\$ 35,921</b>	<b>\$ 1,442,580</b>	<b>\$ (3,601,925)</b>	<b>\$ 17,343,708</b>	<b>\$ 12,153,821</b>	<b>\$ 29,497,529</b>

See accompanying notes to the condensed interim consolidated financial statements

ASEP Medical Holdings Inc.  
Condensed Interim Consolidated Statement of Cash Flows – unaudited  
Expressed in Canadian Dollars

	Three months ended March 31, 2022	For the period from January 20, 2021 (incorporation) to March 31, 2021
<b>Operating activities</b>		
Net loss	\$ (1,560,751)	\$ (92,059)
Adjustments for items not affecting cash:		
Amortization	321,279	-
Share based compensation	486,353	-
Changes in non-cash working capital items:		
Accounts receivable	-	(2,500)
GST receivable	(9,888)	-
Prepaid expenses	(169,753)	-
Accounts payable and accrued liabilities	(65,355)	93,273
<b>Net cash flows from operating activities</b>	<b>(998,115)</b>	<b>(1,286)</b>
<b>Financing activities</b>		
Common shares issued for cash	-	48,500
Share issue costs paid in cash	-	(1,215)
Convertible debentures issued for cash	-	200,000
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>247,285</b>
Increase (decrease) in cash	(998,115)	245,999
Cash, beginning of period	5,290,070	-
<b>Cash, end of period</b>	<b>\$ 4,291,955</b>	<b>\$ 245,999</b>

**1. Nature and continuance of operations**

ASEP Medical Holdings Inc. (formerly Trenchant Life Sciences Investment Corp.) (the “Company” or “ASEP”) was incorporated under the British Columbia Business Corporations Act on January 20, 2021. On November 22, 2021, the Company commenced trading on the Canadian Securities Exchange (the “CSE”) as a life sciences issuer under the trading symbol “ASEP”.

The Company’s head office is located at Unit 420, 730 View Street, Victoria, BC V8W 3Y7. ASEP is in the business of acquiring assets, technologies and/or businesses in area of life sciences and medical diagnostics.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. This indicates the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

**2. Statement of compliance**

These condensed interim consolidated financial statements are prepared in accordance with IAS 34 - Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted.

These condensed interim financial statements follow the same accounting policies and methods of application as the Company’s audited consolidated financial statements for the period January 20, 2021 (date of incorporation) to December 31, 2021. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued as of May 30, 2022 the date the Board of Directors approved the financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2021.

**3. Significant accounting policies**

***Basis of presentation***

The financial statements have been prepared on an accrual basis and are on a historical cost basis, except for certain financial instruments, which are measured at fair value. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in note 4 in the Company’s annual financial statements for the year ended December 31, 2021.

These condensed interim consolidated financial statements are prepared in Canadian dollars. The functional currency of the Company is Canadian dollars.

**4. Equipment**

	Lab Equipment	Computer Equipment	Total
<b>COST</b>			
Balance at December 31, 2021	\$ 61,037	\$ 4,894	\$ 65,931
Additions	-	-	-
Balance at March 31, 2022	\$ 61,037	\$ 4,894	\$ 65,931
<b>ACCUMULATED AMORTIZATION</b>			
Balance at December 31, 2021	\$ 1,051	\$ 837	\$ 1,888
Amortization	3,052	408	3,460
Balance at March 31, 2022	\$ 4,103	\$ 1,245	\$ 5,348
<b>NET BOOK VALUE</b>			
Balance at December 31, 2021	\$ 59,986	\$ 4,057	\$ 64,043
Balance at March 31, 2022	\$ 56,934	\$ 3,649	\$ 60,583

**5. Intangible assets**

	Total
<b>COST</b>	
Balance at December 31, 2021	\$ 25,076,572
Additions	-
Balance at March 31, 2022	\$ 25,076,572
<b>ACCUMULATED AMORTIZATION</b>	
Balance at December 31, 2021	\$ 178,712
Amortization	317,819
Balance at March 31, 2022	\$ 496,531
<b>NET BOOK VALUE</b>	
Balance at December 31, 2021	\$ 24,897,860
Balance at March 31, 2022	\$ 24,580,041

Net book value of intangible assets of the Company consist of \$24,534,425 of intellectual property from the acquisition of Asep Medical Inc.; \$39,640 of website asset; and \$5,976 trademark asset.

**6. Share capital**

***Authorized share capital***

Unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

***Stock options***

In July 2021, the Company adopted a stock option plan ("Plan"), which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company stock options to purchase common shares, provided that the number of

common shares reserved for issuance under the Plan shall not exceed 10% of the issued and outstanding common shares at the time of grant. The Board of Directors shall determine the exercise price and the

## 6. Share capital (cont'd)

### Stock options (cont'd)

term of the stock options at the time of grant. If the shares are listed on a stock exchange, then the exercise price for the options granted will not be less than the minimum prevailing price permitted by the stock exchange. If the shares are not listed, posted and trading on any stock exchange or quoted on any quotation system, the exercise price will be determined by the Board at the time of granting.

On November 18, 2021, the Company granted stock options (collectively, the “Options”) to certain directors, officers, employees and consultants of the Company to purchase up to 4,540,000 common shares, pursuant to the Company’s Plan. The stock options entitle the holders to acquire 4,540,000 common shares at a price of \$0.50 per common share for a period of 10 years. A total of 1,490,000 stock options vested immediately upon the date of grant, 1,900,000 vest quarterly over a 12 month period and 1,150,000 stock options vest quarterly over a 24 month period. The grant date fair value of these options was \$2,033,260. The stock options were valued using Black-Scholes model based on the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk-free rate of 1.74% and expected life of 10 years.

During the three months ended March 31, 2022, the Company recognized \$486,353 of share-based compensation (March 31, 2021 - \$Nil) related to the 610,274 stock options which vested in the period.

A continuity of stock options for the three months ended March 31, 2022 and the period from January 20, 2021 (incorporation) to December 31, 2021 is as follows:

	March 31, 2022		December 31, 2021	
	Number of options	Exercise price	Number of options	Exercise price
Options outstanding, opening	4,540,000	\$ 0.50	-	-
Granted	-	-	4,540,000	\$ 0.50
Options outstanding, closing	4,540,000	\$ 0.50	4,540,000	\$ 0.50

The following stock options are outstanding at March 31, 2022:

Number of options	Exercisable	Exercise price	Expiry Date
4,540,000	2,391,849	\$ 0.50	18-Nov-31

ASEP Medical Holdings Inc.  
Notes to the Condensed Interim Consolidated Financial Statements – unaudited  
For the three months ended March 31, 2022  
Expressed in Canadian Dollars

**7. Non-controlling interests**

ASEP holds a 50.1% equity interest in ABT and Sepset with the remaining 49.9% held by various other parties.

At March 31, 2022, the non-controlling interest consisted of the following:

	<b>March 31, 2022</b>
ABT	\$ 6,069,668
Sepset	6,084,153
<b>Total</b>	<b>\$ 12,153,821</b>

The following are the summarized statements of financial position of ABT and Sepset as at March 31, 2022:

	<b>ABT</b>	<b>Sepset</b>
NCI percentage	49.9%	49.9%
Assets	\$1,951,210	\$ 1,875,103
Liabilities	(5,307)	(14,900)
<b>Total net assets</b>	<b>\$1,945,903</b>	<b>\$ 1,860,203</b>

The following table summarizes comprehensive income (loss) incurred by the Company's subsidiaries that have non-controlling interest for the three months ended March 31, 2022:

	<b>ABT</b>	<b>Sepset</b>	<b>Total</b>
Operating expenses	\$ 195,620	\$ 122,468	\$ 318,089
Loss before other income	(195,620)	(122,468)	(318,089)
Other loss	-	(60)	(60)
<b>Net loss</b>	<b>\$ (195,620)</b>	<b>\$ (122,528)</b>	<b>\$ (318,148)</b>
<b>Net loss allocated to NCI</b>	<b>\$ (97,693)</b>	<b>\$ (61,220)</b>	<b>\$ (158,913)</b>

The net change to non-controlling interest for the three months ended March 31, 2022:

	<b>ABT</b>	<b>Sepset</b>	<b>Total</b>
Balance – December 31, 2021	\$ 6,167,361	\$ 6,145,373	\$ 12,312,734
Non-controlling interests share of loss	(97,693)	(61,220)	(158,913)
<b>Balance – March 31, 2022</b>	<b>\$ 6,069,668</b>	<b>\$ 6,084,153</b>	<b>\$ 12,153,821</b>

## 8. Related party transactions

### *Key management personnel compensation*

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

		<b>Three months ended March 31, 2022</b>
CEO consulting fees	(a)	\$ 60,000
Management salaries	(b)	100,000
Share-based compensation	(c)	480,086
		<b>\$ 640,086</b>

(a) CEO consulting fees consist \$60,000 paid to current CEO of the Company.

(b) Management salaries

\$45,000 paid to current Chief Business Development Officer of the Company for the three months ended March 31, 2022.

\$37,500 paid to current Chief Financial Officer of the Company for the three months ended March 31, 2022.

\$17,500 paid to current Chief Scientific Officer of the Company for the three months ended March 31, 2022.

(c) Share-based compensation

During the three months ended March 31, 2022, the Company had recognized \$480,086 of share based compensation for the vesting of stock options for directors and officers of the Company. The terms of the options are disclosed in Note 6.

## 9. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in a bank account. The cash is deposited in a bank account held with a major bank in Canada. As the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. Credit risk is assessed as low.

**9. Financial risk and capital management (cont'd)*****Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity and debenture securities for cash. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity and debt funding. Liquidity risk is assessed as high.

As of March 31, 2022, the Company had working capital surplus of \$4,856,905.

The Company's contractual obligations at March 31, 2022 are as follows:

	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	\$ 43,393	\$ -	\$ -	\$ 43,393
Payroll tax payable	16,169	-	-	16,169
Accrued interest	19,288	-	-	19,288
Total	\$ 78,850	\$ -	\$ -	\$ 78,850

***Foreign exchange risk***

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company had no exposure to foreign exchange risk.

***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash on hand is subject to minimal interest rate risk and the debentures have fixed interest rates. Interest rate risk is assessed as low.

***Capital Management***

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital and working capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

***Classification of financial instruments***

Financial assets included in the statement of financial position are as follows:

	March 31, 2022
Financial assets at FVTPL:	
Cash	\$ 4,291,955
Financial assets at amortized cost:	
GST receivable	\$ 83,286

**9. Financial risk and capital management (cont'd)**

Financial liabilities included in the statement of financial position are as follows:

	<b>March 31, 2022</b>
Financial liabilities at amortized cost:	
Accounts payable and accrued liabilities	\$ 59,562
Interest payable	19,288
	<b>\$ 78,850</b>

***Fair value***

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial instruments classified as level 1 – quoted prices in active markets include cash.

**10. Subsequent event**

On April 8, 2022, Sepset entered into a 12-month Collaborative Research Agreement with the University of British Columbia (UBC). The terms of the agreement are that Sepset prepay \$549,094 for a period of services from April 8, 2022 to April 7, 2023. Asep paid the amount in full on May 2, 2022.

## SCHEDULE "C"

### ASEP MEDICAL HOLDINGS INC

#### INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2022

**Date of Report:** May 30, 2022

#### INTRODUCTION

Management's discussion and analysis ("MD&A") is prepared as of May 30, 2022 and provides a review of the performance of ASEP Medical Holdings Inc ("Asep" or the "Company") and should be read in conjunction with the Company's condensed interim financial statements for the three months ended March 31, 2022, the audited consolidated financial statements for the period from January 20, 2021 (date of incorporation) to December 31, 2021 ("Annual Financial Statements"), the corresponding notes to the Annual Financial Statements which are prepared in accordance with International Financial Reporting Standards. This report contains discussion and analysis, which includes forward-looking statements that may differ materially from actual results achieved. All of the financial data herein has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all figures are stated in Canadian dollars.

Additional information on the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

#### FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements". When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, and known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking information will not be realized.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that any forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated. The reader is cautioned not to place undue reliance on any forward-looking statements contained in this MD&A. Such forward-looking statements are presented for the purpose of assisting investors in understanding the Company's expected financial and operating performance and the Company's plans and objectives in making an investment decision and may not be appropriate for other purposes. All forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The Company disclaims any obligation to update any forward-

looking statements to reflect events or circumstances after the date of such statements, or to reflect the occurrence of anticipated or unanticipated events, except as required by applicable laws.

## **RISKS AND UNCERTAINTIES**

Risk factors applicable to the Company and its business include:

- risks related to the Company's investments in private issuers and illiquid securities, and the potential concentration of the Company's investments;
- that the Company may be unable to identify sources of income to generate material cash flow and revenue, and even if identified, such sources of income may be unavailable to the Company;
- that the Company is heavily reliant on its directors and management, and they only devote part of their time and efforts to the affairs of the Company;
- risks related to the Company's investment approach, objectives and strategy;
- the ability of the Company to identify other potential investment opportunities on satisfactory terms or at all;
- risks relating to available investment opportunities and competition for investments;
- the ability of the Company to obtain future financing on acceptable terms or at all;
- global financial conditions related to Covid-19 which have adversely affected the companies in which the Company has invested and the duration of which is undetermined at this time; and
- other risks that may arise from time to time that are beyond the knowledge and/or control of the Company.

## **OVERALL PERFORMANCE**

### Nature of Business and Overall Performance

ASEP Medical Holdings Inc. (the "Company" or "ASEP") was incorporated under the British Columbia Business Corporations Act on January 20, 2021. On November 22, 2021, the Company commenced trading on the Canadian Securities Exchange (the "CSE") as a life sciences issuer under the trading symbol "ASEP". On April 19, 2022, the Company commenced trading on the OTCQB under the trading symbol "SEPSF".

The Company's head office is located at Unit 420, 730 View Street, Victoria, BC V8W 3Y7. ASEP is in the business of acquiring assets, technologies and/or businesses in area of life sciences and medical diagnostics.

In order to determine the impact early use of a diagnostic assay may have on clinical and economic outcomes, ASEP retained the services of RTI Health Solutions, the only independent, non-profit organization in the industry, whose primary objective is to provide the highest quality research and consulting services to benefit patients and improve public health. It is demonstrated that substantial savings

in lives, hospital days, and costs result when a diagnostic assay, like Sepset<sup>ER</sup>, becomes available to diagnose the onset of severe sepsis, enabling early treatment. The purpose of this independent assessment was to identify and verify the magnitude of these key elements.

Overall, early and appropriate antibiotic treatment is associated with an absolute decrease of 7.0% in mortality and a reduction in length of stay in the hospital of 5.85 days. Based on their analysis of the literature describing 1,141,405 sepsis hospitalizations in a year and 5,534 hospitals in the United States (US), 14.11 lives and 1,206 hospital days are saved per hospital and 79,886 lives and 6,672,375 hospital days are saved in the US. This results in a cost savings of \$3.0 million to \$3.9 million per hospital and \$16.6 billion to \$22.0 billion in the US. This third-party analysis allows us to put a figure on the potential life-saving and economic impact that might result from the commercialization of a molecular diagnostic like Sepset<sup>ER</sup>.

In parallel to the continued advancements of the Company's subsidiaries, ABT Innovations Inc. ("ABT") and Sepset Biosciences Inc. ("Sepset"), the Business Development Team of ASEP is continuing a focused outreach program to identify potential clinical, manufacturing and commercialization relationships. We have identified a targeted list of companies that can potentially help us achieve our business goals as well as the ones that would have synergistic benefits from our technologies. Given that molecular diagnostics have a shorter development cycle and may result in clear overall saving (as illustrated by the RTI study mentioned above), our focus has been on potential partnerships for the Sepset<sup>ER</sup> technology. As such, we have initiated contacts with a number of companies in the space. Our discussions thus far have contemplated stages of involvement and key territories including the USA, EU and Asia. We are also working on identifying potential companies that would be interested in our therapeutics technology in order to start cultivating these relationships as we move forward throughout the balance of the year.

The Company has also filed for a new provisional patent based on the recent discovery that sepsis patients can be further divided into different mechanistic groups, called endotypes. This discovery will serve as the basis for our next generation sepsis diagnostic test that will enable a personalized medicine approach for sepsis patients by providing doctors with important information regarding optimal treatment regimens.

ABT continued to make progress advancing the synthetic antibiofilm and immunomodulatory peptide technology towards clinical trials. ABT continued their collaboration with iFyber to develop peptide loaded wound dressings and are particularly engaged in identifying biocompatible and resorbable materials that facilitate sustained peptide release and potent antibiofilm activity. Prototype dressings have been evaluated in mouse and pig models of efficacy, demonstrating better antimicrobial activity than other commercially available wound care products. In addition, ABT scientists have continued to look for antibiotic candidates that work in synergy with their proprietary peptide technology that could be combined in an aqueous solution and applied as an ointment to wound sites. ABT has also initiated detailed in vivo toxicity studies in mice to characterize the mechanisms of action underlying the toxic effects of the peptides (if any) that occur at high concentrations. This information will be essential to inform future formulation studies and will reveal the optimal route of delivery for the peptides to achieve peak activity and lowest toxicity. Finally, in collaboration with the Nanomedicines Innovation Network, they have developed lipid nanoparticle formulation candidates to facilitate peptide delivery and release in vivo while mitigating issues related to aggregation and toxicity.

Sepset made progress on the design and development of their first generation in vitro diagnostic test for sepsis named Sepset<sup>ER</sup>. In this time frame, the machine learning algorithm underlying Sepset<sup>ER</sup> was refined and optimal housekeeping genes (whose expression levels are unaffected by sepsis status) were identified. The final PCR primers and TaqMan probe sequences were designed, synthesized and validated for their ability to amplify the six-genes in the proprietary sepsis gene signature. All testing and validation was

performed on the 7500 Fast Dx RT-qPCR Instrument from Applied Biosystems, which is a widely used diagnostic platform found in many clinical diagnostic labs. An in-house prototype of the Sepset<sup>ER</sup> test kit was prepared and its ability to quantify the gene expression levels from RNA samples isolated from healthy donors was assessed. Lastly, in anticipation of engaging with the FDA for a pre-submission meeting as well as initiating a prospective clinical trial to evaluate the performance of Sepset<sup>ER</sup> in a clinical setting, several contract research organizations were interviewed to identify which organization would be best suited to assist with Sepset's regulatory needs.

As of the date of filing this MD&A, the Company has the following subsidiaries:

	<b>Principal Activity</b>	<b>Location</b>	<b>Percentage December 31,</b>
Asep Medical Inc.	Life Sciences	Canada	100%
ABT Innovations Inc. ("ABT")	Life Sciences	Canada	50.1%
Sepset Biosciences Inc. ("Sepset")	Life Sciences	Canada	50.1%

The Company's subsidiary, ABT, owns 100% of ABT Peptides Inc, an inactive company incorporated in British Columbia, Canada.

#### *ABT Innovations Inc.*

ABT was incorporated on July 3, 2015 pursuant to the provisions of the BCBCA under the name "ABT Innovations Inc." for the purpose of ensuring the commercialization of the broad peptide technology developed by its founder, Dr. Robert E.W. Hancock. This peptide technology covers a broad range of therapeutic applications including bacterial biofilm infections (medical device infections, chronic infections, lung, bladder, wound, dental, skin, ear-nose and throat, sinusitis, orthopedic, etc.), representing two thirds of all infections, anti-inflammatories, anti-infective immune-modulators and vaccine adjuvants.

#### *Sepset Biosciences Inc.*

Sepset was incorporated on April 23, 2015 pursuant to the provisions of the BCBCA under the name "Sepset Biosciences Inc." for the purpose of ensuring the commercialization of a diagnostic kit for predicting the onset of severe sepsis and organ failure that was developed by its founder Dr. Robert E.W. Hancock. Its diagnostic technology involves a patient gene expression signature that is identified in the blood and assessable by nucleic acid amplification technologies. Sepset's diagnostic technology differs from current diagnostic tests in enabling diagnosis of severe sepsis within 1-2 hours of first clinical presentation (i.e., in the emergency room), while other diagnostics only provide diagnosis after 24-48 hours. Sepset believes this will enable critical early decisions to be made by physicians regarding appropriate therapies and reduces mortality and morbidity.

### **Results of Operations**

These results of operations should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended March 31, 2022, which are being filed concurrently with this MD&A. All figures are stated in Canadian dollars.

	Three months ended March 31, 2022	For the period from January 20, 2021 (incorporation) to March 31, 2021
<b>Expenses</b>		
Amortization	\$ 321,279	\$ -
Compensation	130,965	-
Consulting	155,818	-
General & administrative	259,854	1
Patent fees	15,005	-
Professional fees	80,456	92,058
Research & development costs	110,508	-
Share-based compensation	486,353	-
Total expenses	1,560,238	92,059
Loss before other income (expenses)	(1,560,238)	(92,059)
Foreign exchange loss	(513)	-
<b>Net loss and comprehensive loss for period</b>	<b>\$ (1,560,751)</b>	<b>\$ (92,059)</b>
Net loss attributable to:		
Shareholders of ASEP	\$ (1,401,838)	\$ (92,059)
Non-controlling interest	(158,913)	-
	<b>\$ (1,560,751)</b>	<b>\$ (92,059)</b>
<b>Loss per share – basic and fully diluted</b>	<b>\$ (0.03)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding – basic and fully diluted</b>	<b>56,130,344</b>	<b>2,500,000</b>

The Company had operating expenses totalling \$1,560,238 for the three months ended March 31, 2022 which are detailed as follows:

The Company incurred amortization of \$321,279 for the three months ended March 31, 2022 on intangible assets, lab equipment and computer equipment. This increased from \$nil incurred for the period from January 20, 2021 (incorporation) to March 31, 2021 mainly due to the Company recognizing intangible assets related to the acquisition of Asep Medical Inc. with further increases due to acquisitions of lab and computer equipment.

The Company incurred compensation of \$130,965 for employees of ASEP and Sepset for the three months ended March 31, 2022. Throughout the quarter, Asep had 3 employees and its subsidiary, Sepset, had 1 employee. This increased from \$nil incurred for the period from January 20, 2021 (incorporation) to March 31, 2021 mainly due to employees acquired through the acquisition of Asep Medical Inc.

The Company incurred consulting costs of \$155,818 for the three months ended March 31, 2022, which is mainly related to the consulting services provided by the CEO, regulatory consultants, marketing

consultants and finance consultants. This increased from \$nil incurred for the period from January 20, 2021 (incorporation) to March 31, 2021 due to the Company not engaging consultants during that prior period.

The Company incurred \$259,854 of general & administrative costs during the three months ended March 31, 2022, which includes marketing costs, occupancy costs, transfer agent & filing fees, and insurance costs. This increased from \$1 incurred for the period from January 20, 2021 (incorporation) to March 31, 2021 due to the Company not yet incurring G&A in this prior period.

The Company incurred \$15,005 in patent fees related to patent filing and maintenance fees incurred by ABT and Sepset. This increased from \$nil incurred for the period from January 20, 2021 (incorporation) to March 31, 2021 due to the Company not yet having acquired ABT and Sepset in this prior period.

The Company incurred \$80,456 in professional fees for the three months ended March 31, 2022, which included legal and accounting fees. This decreased from \$92,058 incurred for the period from January 20, 2021 (incorporation) to March 31, 2021 due to the company's formation and the initial legal work on contractual and employee matters incurring higher legal fees during that prior period.

The Company incurred research & development costs of \$110,508 for the three months ended March 31, 2022 related to the collaborative research agreements with the University of British Columbia (UBC). This increased from \$nil incurred for the period from January 20, 2021 (incorporation) to March 31, 2021 due to the Company not previously having a research agreement with UBC.

The Company recognized share-based compensation of \$486,353 related to the 4,540,000 stock options that were issued to certain directors, officers, employees and consultants of the company on November 18, 2021. During the three months ended March 31, 2021, 610,274 stock options vested. This increased from \$nil incurred for the period from January 20, 2021 (incorporation) to March 31, 2021 due to the Company not having granted stock options prior to November 18, 2021.

### Summary of Quarterly Results – Unaudited

The following table details the Company's quarterly results:

Quarter ended	Net revenues	Net income (loss) attributable to shareholders	Net income (loss) attributable to non-controlling interest	Net income (loss)	Income (loss) per share - basic	Income (loss) per share - diluted
	\$	\$	\$	\$	\$	\$
January 20, 2021 (date of incorporation) to March 31, 2021	-	(92,059)	-	(92,059)	(0.04)	(0.04)
30-Jun-21	-	(167,000)	-	(167,000)	(0.02)	(0.02)
30-Sep-21	-	(134,386)	-	(134,386)	(0.01)	(0.01)
31-Dec-21	-	(2,200,086)	(143,477)	(1,950,118)	(0.10)	(0.10)

There are no meaningful trends evident from analysis of the summary of quarterly financial information.

The increase in net loss from the three months ended September 30, 2021 to December 31, 2021 is due to the Acquisition of Asep Medical Inc., ABT, and Sepset and the consolidation of the acquired companies financial results for the three months ended December 31, 2021.

Factors that can cause significant fluctuations in the Company's quarterly results include share based compensation:

Quarter ended	Share based compensation (\$)
January 20, 2021 (date of incorporation) to March 31, 2021	-
30-Jun-21	-
30-Sep-21	-
31-Dec-21	956,227
30-Mar-22	486,353

#### Financial Condition, Liquidity and Capital Resources

The Company had total assets of \$29,576,379 as at March 31, 2022. The current assets of the Company as of such date consisted cash of \$4,291,955, prepaids of \$560,514, and GST receivable of \$83,286. Non-current assets of the Company consisted of equipment of \$60,583 and intangible assets of \$24,580,041. The Company had total liabilities of \$78,850 with current liabilities consisting of accounts payable of \$59,562 and accrued interest of \$19,288 as at March 31, 2022.

The Company's contractual obligations at March 31, 2022 are as follows:

	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	\$ 43,393	\$ -	\$ -	\$ 43,393
Payroll tax payable	16,169	-	-	16,169
Accrued interest	19,288	-	-	19,288
Total	\$ 78,850	\$ -	\$ -	\$ 78,850

The Company's unaudited condensed interim consolidated financial statements for the three months ending March 31, 2022 were prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs

over the next twelve months from loans from related parties and or through an equity financing through completion of private placement(s) of common shares.

### *Classification of financial instruments*

Financial assets included in the statement of financial position are as follows:

	March 31, 2022	December 31, 2021
Financial assets at FVTPL:		
Cash	\$ 4,291,955	\$ 5,290,070
Financial assets at amortized cost:		
GST receivable	\$ 83,286	\$ 73,398

Financial liabilities included in the statement of financial position are as follows:

	March 31, 2022	December 31, 2021
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	\$ 59,562	\$ 124,916
Interest payable	19,288	19,288
	\$ 78,850	\$ 144,204

### *Fair value*

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial instruments classified as level 1 – quoted prices in active markets include cash.

### **OFF BALANCE SHEET ARRANGEMENTS**

The Company does not have any off balance sheet arrangements as at March 31, 2022.

### **TRANSACTIONS WITH RELATED PARTIES**

#### *Key management personnel compensation*

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

		Three months ended March 31, 2022
CEO consulting fees	(a)	\$ 60,000
Management salaries	(b)	100,000
Share based compensation	(c)	480,086
		<b>\$ 640,086</b>

(a) CEO consulting fees consist \$60,000 paid to current CEO of the Company.

(b) Management salaries

\$45,000 paid to current Chief Business Development Officer of the Company for the three months ended March 31, 2022.

\$37,500 paid to current Chief Financial Officer of the Company for the three months ended March 31, 2022.

\$17,500 paid to current Chief Scientific Officer of the Company for the three months ended March 31, 2022.

(c) Share based compensation

During the period ended March 31, 2022, the Company recognized \$480,086 of share-based compensation for the vesting of stock options for directors and officers of the Company. The terms of the options are disclosed in Note 6 to unaudited condensed interim consolidated financial statements for the three months ended March 31, 2022.

## CRITICAL ACCOUNTING ESTIMATES

All critical accounting estimates are fully disclosed in Note 3 of the Company's audited financial statements for the period from January 20, 2021 to December 31, 2021.

## SIGNIFICANT ACCOUNTING POLICIES

All significant accounting estimates are fully disclosed in Note 3 of the Company's audited financial statements for the period from January 20, 2021 to December 31, 2021.

## RISK FACTORS

The business of the Company is subject to risks and hazards, some of which are beyond the Company's control. Shareholders must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company. The following is a summary of some risks and uncertainties that management believes to be material to the Company's business. Additional risk factors are included in the Filing Statement, which is available under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### *Global Financial Conditions*

The COVID 19 Pandemic has been responsible for a substantial negative impact on the world economy. Many industries are impacted by global market conditions. Some of the key impacts of financial market turmoil can include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity markets, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A slowdown in the financial markets or other economic conditions, including but not limited to, reduced consumer spending, increased unemployment rates, deteriorating business

conditions, inflation, deflation, volatile fuel and energy costs, increased consumer debt levels, lack of available credit, lack of future financing, changes in interest rates and tax rates may adversely affect the Company's operations and business plans. Any of these factors may impact the ability of the Company and its potential partners to obtain equity or debt financing in the future and, if obtained, on favourable terms. Additionally, any such occurrence could cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses.

### ***Dependence on the Performance of Investee Companies***

The Company is, and will be, dependent on the operations, assets and financial health of the investee companies in which it makes investments. The Company's ability to meet its operating expenses in the long term will be largely dependent on the interest and other payments received from investee companies, which are expected to be the sole source of cash flow for the Company. In addition, if the financing position of an investee company declines such that it is unable to make interest payments to the Company, the Company's financial condition and cash flow will be adversely affected.

The Company has conducted, and will conduct, due diligence on each of its investee companies prior to entering into agreements with them. In addition, the Company plans to monitor investee company performance through observer rights at board meetings of investee companies, negotiating rights to appoint one or more directors to the boards of investee companies, and receiving and reviewing regular financial reports from the investee companies. Nonetheless, there is a risk that there may be some liabilities or other matters that are not identified through the Company's due diligence or ongoing monitoring that may have an adverse effect on an investee company's business and, as a result, on the Company.

### ***Financing Risks***

The Company has no history of earnings or material revenue. In addition, the Company's business model may require it to make additional investments in investee companies, for which the Company would have to raise additional capital. While the Company may generate additional working capital through equity or debt offerings, or through the receipt of interest or other payments from investee companies, there is no assurance that such funds will be sufficient to facilitate the development of the Company's business as envisioned or, in the case of equity financings, that such funds will be available on terms acceptable to the Company or at all. If available, future equity financing may result in substantial dilution to the Company's shareholders.

### ***Risks Facing Investee Companies***

As previously noted, the Company's financial condition and results of operations will be affected by the performance of the companies in which it invests. Each investee company will also be subject to risks which will affect their respective financial condition. Given that, other than with respect to the Initial Investment, the Company does not currently know the exact nature of the businesses in which it may make investments, it is impossible to predict exactly what risks investee companies will face. Nonetheless, typical risks which investee companies might be expected to face include the following:

- Investee companies may need to raise capital through equity or debt financing. Failure to obtain such equity or debt, or the terms of such equity or debt that may be available, may impair the ability of investee companies to finance their future operations and capital needs. Flexibility to respond to changing business and economic conditions may therefore be limited.

- The success of investee companies may depend on the talents and efforts of one or two persons or a small group of persons. The death, disability or resignation of one or more of these persons could have a material adverse impact on an investee company.
- Investee companies may require additional working capital to carry out their business activities and to expand their businesses. If such working capital is not available, the financial performance and development of the businesses of the investee companies may be adversely affected.
- Damage to the reputation of investee companies' brands could negatively impact consumer opinion of those companies or their related products and services, which could have an adverse effect on their businesses.
- Investee companies may face intense competition, including competition from companies with greater financial and other resources, and more extensive development, manufacturing, marketing and other capabilities. There can be no assurance that investee companies will be able to successfully compete against their competitors or that such competition will not have a material adverse effect on their businesses.
- Investee companies may experience reduced revenues through the loss of a customer representing a high percentage of their revenues.
- Investee companies may experience reduced revenues due to an inability to meet regulatory requirements or may experience losses of revenues due to unforeseeable changes in regulations imposed by various levels of government.
- Investee companies may rely on government or other subsidy programs for revenue or profit generation. Changes to, or elimination of, such programs may have an adverse effect on such companies.
- Investee companies may experience negative financial results based on foreign exchange losses.

### ***Reliance on Key Personnel***

The success of the Company is dependent on the abilities, experience, efforts and industry knowledge of its senior management and other key personnel. The long-term loss of the services of any key personnel for any reason could have a material adverse effect on the business, financial condition, results of operations or future prospects of the Company. In addition, the growth plans of the Company may require additional personnel, increase demands on management, and produce risks in both productivity and retention levels. The Company may not be able to attract and retain additional qualified management and personnel as needed in the future. There can be no assurance that the Company will be able to effectively manage its growth, and any failure to do so could have a material adverse effect on its business, financial condition, results of operations and future prospects.

### ***Risks associated with ABT and Sepset***

As previously noted, in order to achieve its business goals, the Company will need to exercise the Sepset Option and the ABT Option. On exercise of the Sepset Option and the ABT Option, the Company's financial condition and results of operations will be affected by the performance of the companies in which it invests. Each investee company will also be subject to risks and uncertainties which will affect

their respective financial conditions. While it is impossible to outline every risk or uncertainty that each of Sepset and ABT will face, management believes the typical risks which each of Sepset and ABT may face include the following:

- a. **Delays and Difficulties with Clinical Trials** - Clinical trials for treatment candidates require identification and enrollment of a large number of volunteers or eligible patients. ABT or Sepset may not be able to enroll sufficient volunteers or eligible patients to complete clinical trials in a timely manner or at all. Patient enrollment is a function of many factors, including the following: design of the protocol, size of the patient population, eligibility criteria for the study in question, perceived risks and benefits of the drug under study, availability of competing therapies, efforts to facilitate timely enrollment in clinical trials, patient referral practices of physicians, and availability of clinical trial sites. If ABT or Sepset have difficulty enrolling sufficient volunteers or patients to conduct its clinical trials as planned, they may need to delay, forego or terminate ongoing clinical trials. This may have a material adverse effect on ABT or Sepset's financial condition or results of operations.
- b. **Adverse Effects** - ABT or Sepset's potential product candidates are still in preclinical or clinical development and as such, they have a high risk of failure. If serious adverse or intolerable side effects are identified during the development of the product candidates, ABT or Sepset may need to abandon their development or limit development to certain uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk benefit perspective. It is impossible to predict when or if any of ABT or Sepset's product candidates will prove effective or safe in humans or will receive regulatory approval. If serious adverse or intolerable side effects are identified post-approval, ABT or Sepset's may need to recall its products and depending on the serious adverse event or intolerable side effects, ABT or Sepset may have to abandon the product completely and could be subject to substantial product liability claims. ABT or Sepset may be able to limit sales to certain uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective.
- c. **Clinical Data** - The clinical effectiveness and safety of any of ABT or Sepset's developmental products is not yet supported by clinical data and the medical community has not yet developed a large body of peer-reviewed literature that supports the safety and efficacy of ABT or Sepset's potential products. If future studies call into question the safety or efficacy of ABT or Sepset's potential products, ABT or Sepset's business, financial condition, and results of operations could be adversely affected.
- d. **Unproven Market** - The Company believes that the anticipated market for ABT or Sepset's potential products and technologies if successfully developed will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and the degree of commercial viability of the potential product.
- e. **Raw Materials** - Raw materials and supplies are generally available in quantities to meet ABT or Sepset's needs. ABT or Sepset will be dependent on third-party manufacturers for the products that it markets. An inability to obtain raw materials or product supplies could have a material adverse impact on ABT or Sepset's business, financial condition and results of operations.

- f. **Key Personnel** - Although ABT or Sepset are expected to have experienced senior management and personnel, ABT or Sepset will be substantially dependent upon the services of a few key technical personnel, particularly Dr. Robert E.W. Hancock, Dr. Fadia Saad and Dr. Evan Haney as well as certain other medical research professionals engaged for the successful operation of ABT or Sepset's businesses. Phase I of ABT or Sepset's research and development is planned to be completed by qualified professionals and is expected to concentrate on treatment of bacterial biofilm infections. The loss of the services of any of these personnel could have a material adverse effect on the business of ABT or Sepset. ABT or Sepset may not be able to attract and retain personnel on acceptable terms given the intense competition for such personnel among high technology enterprises, including biotechnology, and healthcare companies, universities and non-profit research institutions. If ABT or Sepset loses any of these persons, or is unable to attract and retain qualified personnel, the business, financial condition and results of operations may be materially and adversely affected.
- g. **Commercialization of Products** - ABT or Sepset's ability to generate revenues and achieve profitability depends on ABT or Sepset's ability to successfully complete the development of its products, obtain market and regulatory approval and generate significant revenues. The future success of ABT or Sepset's business cannot be determined at this time, and the Company does not anticipate ABT or Sepset generating revenues from product sales for the foreseeable future. In addition, ABT or Sepset will face a number of challenges with respect to its future commercialization efforts, including, among others, that:
- i. ABT or Sepset may not have adequate financial or other resources to complete the development of its various products or medical therapies, including two stages of clinical development that are necessary in order to commercialize such products or medical therapies;
  - ii. ABT or Sepset's may not be able to manufacture its products in commercial quantities, at an adequate quality or at an acceptable cost;
  - iii. ABT or Sepset may never receive FDA or Health Canada approval for its intended products or medical therapies;
  - iv. ABT or Sepset may not be able to establish adequate sales, marketing and distribution channels;
  - v. healthcare professionals and patients may not accept ABT or Sepset's product candidates;
  - vi. technological breakthroughs in sepsis treatment and prevention may reduce the demand for the Sepset's product candidates; and
  - vii. changes in the market for sepsis treatment, new alliances between existing market participants and the entrance of new market participants may interfere with the Sepset's market penetration efforts.
- h. **Proprietary Intellectual Property Rights** - ABT or Sepset's ability to compete may depend on the superiority, uniqueness and value of any intellectual property and technology that it may develop. To the extent ABT or Sepset is able to do so, to protect any proprietary rights of ABT or Sepset, ABT or Sepset intends to rely on a combination of patent, trademark,

copyright and trade secret laws, confidentiality agreements with its employees and third parties, and protective contractual provisions. Despite these efforts, any of the following occurrences may reduce the value of any of the Company's intellectual property:

- i. issued patents, trademarks and registered copyrights may not provide ABT or Sepset with competitive advantages and ABT or Sepset's efforts to protect its current intellectual property rights may not be effective in preventing misappropriation of any its products or intellectual property;
  - ii. another party may assert a blocking patent and ABT or Sepset would need to either obtain a license or design around the patent in order to continue to offer the contested feature or service in its products; and
  - iii. the expiration of patent or other intellectual property protections for any assets owned by ABT or Sepset could result in significant competition, potentially at any time and without notice, resulting in a significant reduction in sales. The effect of the loss of these protections on ABT or Sepset and its financial results will depend, among other things, upon the nature of the market and the position of ABT or Sepset's products in the market from time to time, the growth of the market, the complexities and economics of manufacturing a competitive product and regulatory approval requirements but the impact could be material and adverse.
- i. **Legal Proceedings** - From time to time, ABT or Sepset may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. It is expected that ABT or Sepset will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on ABT or Sepset's financial results.
- j. **Competition** - An increase in other companies competing in the industry could limit the ability of ABT or Sepset's potential of expanding its operations. Current and new competitors may have better capitalization, a longer operating history, more expertise and able to develop higher quality equipment or products, at the same or a lower cost. The Company will not be able to provide assurances that ABT or Sepset will be able to compete successfully against current and future competitors. Competitive pressures that the ABT or Sepset may face could have a material adverse effect on its business, operating results and financial condition.

If ABT or Sepset are unable to meet any one or more of these challenges successfully, ABT or Sepset's ability to effectively commercialize its product candidates could be limited, which in turn could have a material adverse effect on the Company's business, financial condition and results of operations.

## DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

As at March 31, 2022, there were 56,130,344 issued and outstanding common shares.

As of the date of this MD&A and at March 31, 2022, the following securities of the Company were outstanding:

Common Shares – 56,130,344

Options – 4,540,000

Finder's warrants – 187,200

### **SUBSEQUENT EVENTS**

On April 8, 2022, Sepset entered into a 12-month Collaborative Research Agreement with the University of British Columbia (UBC). The terms of the agreement are that Sepset prepay \$549,094 for a period of services from April 8, 2022 to April 7, 2023. Asep paid the amount in full on May 2, 2022.

### **OTHER INFORMATION AND BOARD APPROVAL**

This MD&A has been reviewed and approved by the Board of Directors of the Company.