

FORM 7

MONTHLY PROGRESS REPORT

Name of CNSX Issuer: **BIOSENTA INC.** (the "Issuer").

Trading Symbol: **ZRO**

Number of Outstanding Listed Securities: **88,567,820**

Date: **May 31, 2014**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report 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 CNSX Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNSX.ca website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CNSX Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report 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 items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the 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.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.
As disclosed in a press release dated May 16, 2014, the Company reported that it has taken several steps to reduce future liabilities and to maintain the necessary treasury to fund its activities going forward.

These changes include:

- *Converted accounts payable totaling \$60,000 owed to the ex CFO for prior services into shares with the ex CFO agreeing to use this payable to exercise 300,000 options previously awarded with a strike price of 20 cents per.*
- *As part of the ongoing effort to clean up the balance sheet of the Company, an error has been*

discovered whereby 1,333,333 warrants were issued when in fact 1,333,333 shares should have been issued. This was part of the private placement announced on January 28, 2014. The new corrected amounts that should have been disclosed in that press release is the Company issued 8,794,869 shares at an average price of 12.73 cents per Unit. The company is also cancelling 1,333,333 warrants that were previously issued. This private placement occurred after the date of the last financial statements issued and will not result in any restatement of financial statements.

- Completed a private placement for 1,564,000 Units consisting of one common share at a price of \$0.15 per share, and a half of one warrant with a strike price of 20 cents and an expiration date of November 30, 2015. The proceeds of \$234,600 net of fees were used to repay certain accounts payable and to replenish working capital. All securities issued are subject to a four-month hold period.
- Issuance of \$100,000 worth of shares at 15 cents per share, to Bruce Lewis, now Chairman, in lieu of any cash salary for the twelve months commencing April 1, 2014.
- Satisfaction of \$33,660 of accounts payable to non-insider individuals in exchange for shares issued at 15 cents.
- Negotiated full deferment of payables totalling \$190,000 with existing suppliers whereby payment will be made as a 10% premium to be invoiced on future invoices.
- Negotiated 6 to 12 month deferments of payables totalling \$27,000 in exchange for long term payments totalling \$1,000 per month until the principal value of the debt has been satisfied with no interest being added.

As announced in a press release dated April 1, 2014, Bassett Financial Corporation Director, Chris Carl, has been named as the interim Chief Financial Officer of the Company. Mr. Carl has more than two decades experience as CFO or CEO of developing publicly listed companies in Canada and the US, and is taking on the role to assist the Company to refocus its operations toward growing sales and defining a fast-track path to profitability. Compensation for this position will be limited to the amount paid to the prior part-time CFO, and a search for a permanent CFO is expected to be completed in the next 3 to 4 months.

The Company is also pleased to announce that it has taken several significant steps toward improving the Company's financial health by reducing and eliminating liabilities, and by substantially reducing overhead costs.

As part of this restructuring the Company announces the following:

- Firstly, it has settled a \$540,000 debt owing to Bruce Lewis, the Chairman and Secretary of the Company by issuing to him 3,600,000 common shares at a subscription price of \$0.15 per share. This debt settlement also involved cancelling the 1,252,615 warrants issued to him in the private placement announced on January 28, 2014. The Company had relied on these private placements whereby certain individuals would liquidate personal shareholdings and then lend the proceeds to the Company until such time as new financing was available. It is significant that this last funding has been completed at \$0.15 per share, as the average disposition price of previously owned shares was well below this price. The Company will cease funding through this practice.
- Secondly, the Company is actively seeking and negotiating substantial reductions in other debts and payables that are not directly related to the production of product, or generation of sales, by the

Company. By eliminating liabilities not incurred to grow sales, this will serve to free up cash to be used for the purpose of growing revenue of the Company.

- Thirdly, monthly overhead costs have been substantially reduced to ensure that only costs directly related to the support of production or sales are being incurred.

As required by National Instrument 62-103 - The Early Warning System and Related Take Over Bids and Insider Reporting Issues – Mr. Lewis, of 74 Lynwood Avenue #1, Toronto, ON M4V 1K4, intends to file an early warning report (the “**Early Warning Report**”) regarding the acquisition of the 3,600,000 common shares of the Company mentioned above. The 3,600,000 common shares, acquired at a subscription price of \$0.15 per share, represent 4.27% of the issued and outstanding common shares of the Company. Upon completion of the acquisition, Mr. Lewis, who previously held 5,505,737 common shares, now owns or controls 9,105,737 common shares, representing 10.81% of the issued and outstanding common shares of the Company. The Early Warning Report will be filed with the applicable regulators, a copy of which shall be promptly sent to anyone who requests it from the person noted below.

All securities issued are subject to a four-month hold period. Pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”), the issuance of shares to Mr. Lewis constitutes a “related party transaction”. The Company is exempt from obtaining both a formal valuation and minority shareholder approval in connection with such issuance of shares because neither the fair market value of the common shares issued to the related parties under the Offering, nor the consideration for such securities, exceeds 25% of the Company’s market capitalization as calculated in accordance with MI 61-101.

As announced in a press release dated March 27, 2014, the Company has completed a multi-level financing agreement with Bassett Financial Corporation (“BFC”), based in Toronto.

The Terms of the Agreement include:

- A six-month, \$550,000 Bridge Loan used to fund additional sales and marketing activities in Canada and to fund shooting of an infomercial for US markets;
- An initial \$200,000 Factoring line-of-credit based on receivables from sales to large Canadian and US retail chains, with an intention to increase the facility as required;
- An agreement to fund \$1 million or more of common equity upon certain Canadian sales, and the receipt of approval for sale in the US from the Environmental Protection Agency (“EPA”), expected within the next 5 months;
- An agreement to fund \$2 million or more of common equity upon additional US sales targets being achieved, expected before the end of 2014;
- A Corporate Finance Advisory Agreement whereby BFC will assist the company in restructuring its balance sheet, work with Biosenta to revise the business plan toward achieving high growth sales in Canada and the US; and to provide multi-faceted assistance in leveraging the public listing potential of the company by directing activities more toward future institutional investors;
- Nomination of BFC CEO, Matthew Bassett to the Board of Directors of Biosenta.

Working with BFC, the Company has established an aggressive schedule of Milestones it expects to achieve in the next year that includes:

- June 30 - Securing its first national retail distribution contract in Canada
- July 31 – Securing a second national retail contract in addition to other individual distribution contracts

- September 30 – Securing approval from the EPA to sell **ZeroMold™** throughout the United States
- October 31 – Launching an infomercial in selected regions in the US
- November 30 – Launching sales through television network QVC in the US
- December 31 – Securing its first US national retail distribution contract.

8,000,000 common shares were issued to Bassett Capital Corporation as a compensation for services provided by Bassett Capital Corporation in connection with the provision of the bridge loan and advisory services to be provided to the Company.

As announced in a press release dated February 27, 2014, the Company announced the appointment of Chris Bilz to the position of President and Chief Executive Officer effective immediately. Mr. Bilz's role will be to oversee the development of the Company's production and distribution facilities, as well as the sales and marketing infrastructure in Canada and the United States.

The Company also announced that Mr. Bruce Lewis has been appointed Chairman of the Company's board of directors.

Mr. Bilz brings a wide range of business and entrepreneurial experience to his position with the Company, including ten years experience with a Canadian bank in the wealth management and capital markets sectors and a private consulting practice that included the establishment of businesses and real estate investment in the United States.

The Company announced in a press release dated January 28, 2014, that it closed a private placement of 7,461,536 units at a price of \$0.15 per unit. Each unit consists of one Class A Share and one-half of one Class A Share purchase warrant. Each whole warrant will entitle the holder to purchase one additional Class A Share in the capital of the Company (a "Warrant Share") at an exercise price of \$0.20 per Warrant Share to the extent such Warrant is exercised on or before the date that is 18 months from January 28, 2014. Of the \$1,119,230.51 of units sold, \$626,230.61 of the aggregate subscription price of the units was satisfied by the setoff of existing debt owed by the Company to the certain subscribers.

All securities issued will be subject to a four-month hold period.

As part of the Offering, Bruce Lewis, the CEO and President of the Company, subscribed for an aggregate of 4,061,870 units. Pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"), the issuance of units to Mr. Lewis constitute "related party transactions". The Company is exempt from obtaining both a formal valuation and minority shareholder approval in connection with such issuance of units because neither the fair market value of the common shares and warrants issued to the related parties under the Offering, nor the consideration for such securities, exceeds 25% of the Company's market capitalization as calculated in accordance with MI 61-101.

The proceeds will be used for working capital purposes and in furtherance of the Company's activities in connection with development of product lines, including development of its pilot plant and research facility Parry Sound, Ontario.

The Company also announces that it has granted a total of 950,000 stock options to purchase Class A Shares of the Company to employees of the Company. The stock options have an exercise price of \$0.20 per share, they vest one-third immediately and one-third on each of the first and second anniversaries of the grant date and they have a term of 5 years expiring January 28, 2019. The stock options were granted under the Company's stock option plan.

The Company is developing two business units within the anti-microbial industry. Products within these business units are targeted to address the demand created by the mounting health and environmental concerns with mould. Mould can affect the immune system, nervous system, liver, kidneys, blood and cause brain damage.

Anti-Microbial Retail Product Line (Zeromold™)

The Company has developed a retail anti-mould product called Zeromold™ and has made its first shipments in Canada of the product starting after year end on October 15, 2012 with the Company's exclusive Canadian distributor, at that time. The Company has filed trademark applications for Zeromold™ in Canada and the United States and is considering making trademark applications in other jurisdictions.

Sales of the Zeromold™ product line in the first quarter included sales to the Company's exclusive Canadian distributor. The products shipped in these initial shipments included the 4 liter and 946ml bottles. Over 39,000 units were shipped totaling approximately \$248,000 in sales to the exclusive Canadian distributor. Subsequent to the first quarter, the Company's agreement with its exclusive Canadian distributor was terminated and all products located at the exclusive Canadian distributor were returned to the Company. Net sales of the Company reflect all shipments and all returned product from the exclusive Canadian distributor totaled approximately \$33,600.

The Company has taken steps to internalize its sales and marketing function in order to control the product roll out and production. The Company has hired a new Vice President of Sales and Marketing, who has embarked on a rapid internal rationalization of the product sales and marketing process and procedure.

The Company has signed a non-exclusive national sales and marketing services agreement with Crossmark Canada. Under the terms of the agreement Crossmark Canada will provide key account sales representation, retail sales store support, as well as Logistics, warehousing and shipping expertise. Crossmark Canada and the Biosenta sales team will focus its marketing efforts in the DIY (do-it-yourself), hardware, mass-merchant, grocery and drug channels.

Anti-Microbial Filler Product Line

The Company will manufacture and distribute proprietary anti-microbial filler, and/or sub-license the technology relating thereto. Calcium Carbonate is one of the most common fillers used industrially. It is susceptible like other fillers that hold moisture to attracting mould. Annual global revenue in the calcium carbonate filler industry approximates 140 billion dollars. The Company will produce anti-microbial filler that performs "filling" and "bulking" that will not attract moisture and consequently mould infestation. The Company's filler product with its anti-microbial high ph core in individual particles enhances commercial product life and eradicates a broad spectrum of known bacteria, fungi, algae and other micro-organisms by suppression of their reproduction.

The Company is in the process of developing and outfitting its pilot plant facility located in Parry

Sound, Ontario. The facility will be used primarily for research and development relating to the Company's anti-microbial filler product and as testing and demonstration facility for customers.

2. Provide a general overview and discussion of the activities of management.

The Company continues to develop the two business units within the anti-microbial industry.

The Company continues to hold discussions on financing the development of the two business units.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

N/A

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

N/A

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

See item 1

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

See item 1

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

N/A

8. Describe the acquisition of new customers or loss of customers.

N/A

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

No new developments

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.
N/A
11. Report on any labour disputes and resolutions of those disputes if applicable.
N/A
12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.
N/A
13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness. **N/A**
14. Provide details of any securities issued and options or warrants granted.

See item 1
15. Provide details of any loans to or by Related Persons.
N/A
16. Provide details of any changes in directors, officers or committee members.
See item 1
17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.
N/A

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 Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX 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 CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated **June 2, 2014**

Bruce Lewis

Name of Director or Senior Officer

Signature: "*Bruce Lewis*"

Chairman

Official Capacity

<i>Issuer Details</i> Name of Issuer	For Month End	Date of Report YY/MM/D
Biosenta Inc.	MAY 2014	2014/06/02
Issuer Address		
1120 Finch Avenue West, 5th Floor		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Toronto, Ontario M3J 3H7	(416) 410-6703	(416) 410-2019
Contact Name	Contact Position	Contact Telephone No.
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Contact Email Address	Web Site Address	
fastcorpmanagementltd@gmail.com	N/A	