



Innovotech Inc.

Management's Discussion and Analysis of Financial Conditions and Results of Operations for the six-months ended June 30, 2016

Table of Contents

Introduction	01
Forward Looking Statements	02
Executive Summary	03
Overview of Business	03
Intellectual Property	06
Update on InnovoSIL™	06
Update on Aggress® and AgreGuard™	06
Update on Contract Research	07
Update on MBEC Assay	07
Summary of Quarterly Results	08
Results of Operations	08
Changes in Accounting Policies	10
Controls and Procedures	11
Outlook	11
Additional information	12

Welcome to Innovotech Inc., a company with the expertise to provide practical services and solutions for dealing with medical, agricultural and industrial problems caused by microbial biofilms.

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For further information on Innovotech Inc., please visit the Company's website at www.innovotech.ca. Other information can also be found on The System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. In particular, Innovotech's 2015 Audited Annual Financial Statements.

Innovotech Inc. shares trade under symbol IOT on the TSX Venture Exchange ("TSX-V").

The following Management's Discussion and Analysis ("MD&A") covers the six-month period ended June 30, 2016

This Introduction and the Table of Contents are only for the convenience of the reader. They do not form part of the MD&A and do not affect its content, interpretation or construction.

Innovotech is always interested in improving its presentation and release of information in documents such as this one. Please feel free to send your advice and comments using the Questions & Comments form under the menu item "Contact Us" on the website www.innovotech.ca or email us directly at info@innovotech.ca.

If you are interested in being on our regular contact email list, please register with us at www.innovotech.ca.



innovotech
a new direction in fighting infection

Innovotech Inc.

Management's Discussion and Analysis of Financial Conditions and Results of Operations for the 6-months ended June 30, 2016.

The following Management's Discussion and Analysis ("MD&A") of results of operations and financial position as at August 30, 2016 should be read in conjunction with the audited financial statements of Innovotech Inc. ("Innovotech" or "the Company") for the year ended December 31, 2015, and the related notes thereto.

Management is responsible for the information contained in the MD&A and its consistency with information presented, reviewed and approved by the Audit Committee and Board of Directors.

Additional information pertaining to the Company can be found on the System for Electronic Document Analysis and Retrieval ("SEDAR") web site at www.sedar.com.

Forward Looking Statements

This MD&A and other materials filed with the Canadian securities regulators contain forward-looking statements that are subject to risks and uncertainties that cannot be predicted or quantified; consequently, actual results may differ materially from past results and those expressed or implied by any forward-looking statements.

Forward-looking statements may include words such as "expects", "plans", "will", "believes", "estimates", "intends", "may", and other words of similar meaning and may relate to future financial performance, business strategies, or safety and efficacy of unapproved products. Such forward looking statements are subject to risks, uncertainties and other factors many of which are beyond the control of Innovotech.

Factors that could cause or contribute to such risks or uncertainties include, but are not limited to: the regulatory environment including the difficulty of predicting regulatory outcomes; changes in the value of the Canadian dollar; the Company's reliance on a small number of customers including government organizations; the demand for new products and the impact of competitive products, service and pricing; availability and cost of raw materials; fluctuations in operating results; government policies or actions; progress and cost of clinical trials; reliance on key strategic relationships; uncertainty related to intellectual property protection and potential costs associated with its defense; the Company's exposure to lawsuits and other matters beyond the control of management; the impact of the adoption of new accounting standards on Company's financial results.

Scientific information that relates to unapproved products or unapproved uses of products is preliminary and investigative. No conclusions can or should be drawn regarding the safety or effectiveness of such products. Only regulatory authorities can determine whether products are safe and effective for the uses being investigated.

The cautionary statements referred to above should be considered in connection with all written or oral statements, especially forward-looking statements that are made by the Company or by persons acting on its behalf and in conjunction with its periodic filings with Securities Commissions, including those contained in the Company's news releases and most recently filed AIF.

Should known or unknown risks or uncertainties materialize, or should management's assumptions prove inaccurate, actual results could vary materially from those anticipated. The Company undertakes no obligation to publicly make or update any forward-looking statements, except as required by applicable law.

Executive Summary

Innovotech has endeavored to build its reputation and business as a provider of services and proprietary products that reflect its expertise in microbial biofilms and methods to combat them.

The Company maintains a focused research and development program and supports it with contract research revenue and product sales.

The Company has developed a reputation for expertise that has brought new clients every year to its contract research business. The present client list is primarily from the area of human health. There are other industries such as oil and gas or food processing that have need for services but efforts to extend the business have not yielded much success yet. The company has added services such as bacteriophage testing to better serve our clients' needs.

Contract Research almost achieved the performance of the first half of 2015 with the revenue of the last three months, after a disappointing first quarter. Signed and completed contracts in the first portion of the third quarter have continued the strong results from the second quarter and the outlook for the remainder of the year is good.

Product sales have continued to increase as more companies and institutions use the Innovotech MBEC Assay standard, a plastic device used to grow biofilms, for their own research and development. In the first quarter Innovotech introduced a new coating service that should maintain and expand product sale revenue. The revenue from product sales increased more than 45% over the same six-month period in 2015. Innovotech sells directly to customers throughout the world.

Research and development continues to focus on the commercial development of the InnovoSIL™ family of silver based compounds. Applications in human health are at the forefront. However, in 2015 promising new field trial results on use of related compounds and Agress® point to potential agricultural applications that could develop in coming years. Trials are continuing in 2016, with results expected in Q1 2017. Research and development costs have decreased by 11% for the six months ended June 30, 2016. A significant portion of the expenses are for patent applications and maintenance.

The goal established is clear: Innovotech will build a business around its expertise in microbiology, particularly in respect to biofilms, by providing the leadership, services and products that are in demand in a variety of industries.

In the six months ended June 30, 2016 total contract research revenue decreased to \$247,263 compared to \$252,948 in 2015. The product revenues increased to \$158,464 in the six months ended June 30, 2016 compared to \$106,072 in 2015.

Company efforts to reduce costs had further effect in the second quarter. A significant amount of the Company's revenue is denominated in US dollars.

Overview of Business

Innovotech Inc. has the expertise to provide practical services and solutions for dealing with medical, agricultural and industrial problems caused by microbial biofilms.

Biofilms play a significant role in chronic infections and diseases in:

- Human health, such as hospital-acquired infections, diabetic ulcers, cystic fibrosis lung infections and medical device-related infections;
- Animal health, such as mastitis in dairy cattle and pyoderma in dogs;
- Agriculture, such bacterial blight in pulse crops or microbial diseases affecting tomatoes or peppers
- Industry, such as microbial-induced corrosion of oil and gas pipelines;
- Food processing, in the design and maintenance of clean plants.

In the US alone, over 17 million patients suffer from difficult to treat biofilm infections, and of this group, 550,000 people die annually. This is equal to the number of patients who die from cancer and 30 times the number of Americans who die from AIDS. Aside from the disaster this represents for human lives, the health care system is forced to respond with time, people, and \$94 billion in extra costs. (Wolcott, R.D. *et al.* 2010. Chronic wounds and the medical biofilm paradigm. *Journal of Wound Care*, Vol 19, No. 2.)

The leading causes of hospital-acquired infections, which are of biofilm origin, are the surgical procedures to implant medical devices such as catheters, artificial joints and stents. In the US, hospital-acquired infections caused 99,000 deaths annually. (Klevens RM, Edwards JR, Richards CL, Horan TC. Estimating Health Care-Associated Infections and Deaths in U.S. Hospitals, 2002. *Public Health Reports* 2007)

Many plant pathogens are known to form biofilms at one or more phases during their disease cycle. As a result of these biofilm infections, production of food, feed and fibre crops is reduced by millions of tons and hundreds of billions of dollars around the world each year (T.W. Schillhorn van Veen, Agricultural pest management at a crossroads: new opportunities and new risks. *Extension bulletin – Food & Fertilizer Technology (Taiwan)*, 1999, 466: 1-14).

Pipeline leaks due to corrosion are a costly problem for industry and the environment. Biofilms growing on pipe interior surfaces are responsible for 20 – 30% of pipeline corrosion (G.H. Koch, M.P.H. Brongers, N.G. Thompson, Y.P. Virmani, and J.H. Payer, Corrosion Cost and Prevention Strategies in the United States, FHWA-RD-01-156, *Office of Infrastructure Research and Development, Federal Highway Administration, March 2002*)

In the U.S. alone, the cost associated with food borne illnesses related to bacterial contamination is estimated to be between \$11.7-\$18.6 billion. This number covers, but is not limited to, food borne listeriosis, salmonellosis, campylobacteriosis, *S. aureus*, *E. coli* and *C. perfringens* infections and intoxications (J.L. Kornacki (ed.), Principles of Microbiological Troubleshooting in the Industrial Food Processing Environment, *Food Microbiology and Food Safety, Chapter 2. DOI 10.1007/978-1-4419-5518-0_2*, ©Springer Science+Business Media, LLC 2010).

Innovotech’s contract research specializes in solving biofilm issues and has a successful track record of assembling data packages for regulatory applications required by the US Food and Drug Administration (FDA) and other regulatory bodies for implant medical devices. The Company has applied its expertise to resolve many other biofilm issues, including, but not limited to, the areas of catheter and implant medical devices, dental treatments, water line antimicrobial agents and food plant contamination.

The oil and gas industry uses biocidal chemicals to resolve the problem of bacterial induced corrosion. The service that Innovotech provides evaluates individual biocides against sample bacteria. This approach leads to better treatment choices that maintain effectiveness at reduced cost and environmental impact.

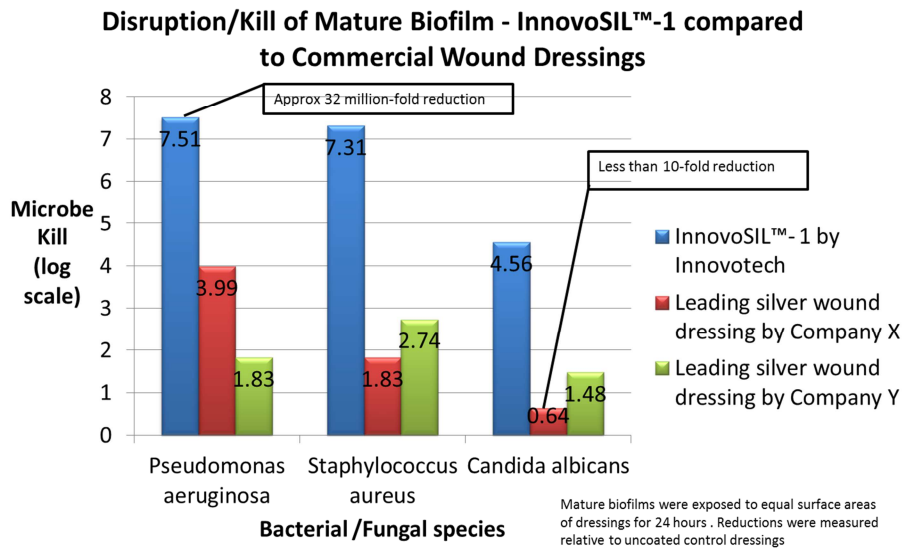
Innovotech has also worked with clients developing products for bacterial and fungal agricultural crop diseases and hard surface disinfectants in food safety, transportation and health care.

While Innovotech has been building its reputation in providing services through its contract research, it also has commercially available or developing products that address the issue of biofilms in a number of different industries. The MBEC Assay™ for the research, development and quality control market is an essential tool for those who want to establish antibiofilm claims of their new or existing products.

InnovoSIL™ -1 has continued to demonstrate its potential as an antimicrobial coating of catheters and other medical devices inserted into the body. There is some interest in Innovotech technology in the agriculture sector for use against crop diseases in both fields and in greenhouses.

The MBEC Assay™ is a high throughput biofilm growth device that was approved in 2012 as an ASTM International standard for testing hard surface disinfectant products that are submitted to regulatory agencies with anti-biofilm claims. This means that any hard surface disinfectant product claiming effectiveness against biofilms will have to pass tests that are based on the Innovotech growth device. The MBEC Assay™ is routinely purchased by research institutes focused on basic biofilm research and companies looking to test products in the early stages of development. Innovotech uses the device in providing services to its clients, for example evaluating disinfectants for cleaning contaminated facilities. InnovoSIL™ -1 is a silver based antimicrobial compound that has the unique feature that it is not rapidly inactivated by chloride (salt) that is present in all body tissues. The Company is not aware of any other silver formulations that possess this trait. Tests show InnovoSIL™-1 out performs several products, both silver and non-silver based, that are currently commercially used as antimicrobials in wound dressings and medical device coatings. In the case of wound dressings, InnovoSIL™ -1 performed thousands of times better than the present two leading wound dressings in killing bacteria typically present in wounds.

The Company is working with potential users of InnovoSIL™ -1 as a coating for medical devices and wound dressings. The work outside of Innovotech has continued to move slowly and there are competing technologies that may not be as good, but have the advantage of already being used. Innovotech is actively seeking to accelerate the process through the use of its research facilities. Innovotech’s expertise in gaining regulatory approval will also prove useful in eventually bringing medical devices coated with InnovoSIL™ -1 to market.



There are other members of the InnovoSIL™ family that have different properties that may be suitable for applications in which InnovoSIL™ -1 does not excel. These compounds are at a much earlier stage in their development, but some work on optimizing manufacturing methods was done in the year.

Innovotech’s Agress® and AgreGuard™ (a member of the InnovoSIL™ family) have shown promise in agricultural applications to high value crops such as tomatoes, however the costs of obtaining regulatory approval for potential Innovotech products represent a major hurdle to commercialization.

Intellectual Property

The Company's core biofilm technology, which consists of the MBEC Assay™ and BEST Assay™, is exclusively licensed from the University of Calgary.

In addition, the Company has filed its own family of patents to protect product technology, especially (and exclusively) InnovoSIL™ in medical device applications and Agress® and AgreGuard™ for agricultural use.

As part of its narrowed R&D focus the Company is reviewing its IP policies, in relation to IP it has licensed as well as the maintenance of patents it has been granted and applications for new patents.

Update on InnovoSIL™

InnovoSIL™ represents a group of silver-based antimicrobials currently under development. The lead product InnovoSIL™-1 has demonstrated that it eliminates microorganisms better than other wound care products in the market. The Company is aggressively pursuing licensing InnovoSIL™-1 to medical device partners.

When compared to commercially available antimicrobial coatings used on medical devices, InnovoSIL™-1 showed superiority in controlling bacterial growth and longevity of action. It has been coated on various surfaces, including wound dressings, metals and polymers. Innovotech has finalized a manufacturing process that allows the product to be made simply, with high purity and high yield. The Company continues to expand or refine its knowledge of the characteristics of InnovoSIL™-1.

Unlike many silver compounds, InnovoSIL™-1 has excellent storage stability and other desirable characteristics, opening the door to many potential applications. Companies have expressed interest in applying InnovoSIL™-1 to wound dressings, urinary catheters, vascular catheters and endotracheal (breathing) tubes.

In the first quarter of 2016 an inventory of material was built to meet expected sample requests for field trials and other agricultural applications and for testing for use with medical devices.

Although further progress has been made in the period, no development or marketing agreement has yet been negotiated or signed with medical device manufacturers regarding any InnovoSIL™ products.

Update on Agress® and AgreGuard™

Potential seed and foliar (leaf) treatment uses for Agress® have been well documented based on work conducted in field and greenhouse trials. The Company has determined that a new product, AgreGuard™ possesses different physical characteristics possibly making it better suited for specific applications.

The market need for bactericides in agriculture continues to mount as more and more agricultural pathogens show greater resistance to commonly used streptomycin, and copper alternatives continue to show toxicity to plants at levels required to show bacteria control.

Although the company has decided to allocate less of its financial resources to the development of these potential agricultural products pending the identification of a suitable partner to help gain regulatory approval and then market them, some promising preliminary new field trials on high value crops such as tomatoes may attract interest. Trials are continuing into 2016 and results are expected in Q1 2017. More detail about the chemical properties of Agress® can be found in the article <http://www.sciencedirect.com/science/article/pii/S0277538715003939>.

Update on Contract Research

The Company has developed a reputation for expertise that has brought new clients every year to its contract research business. Although the present client list is primarily from the area of human health there are other industries such as oil and gas or food processing that have need for services and together can provide long term growth.

Innovotech intends to build a business around its expertise in microbiology, particularly in respect to biofilms, by providing the leadership and services that are in demand in a variety of industries. Innovotech's contract research department has recently expanded its services to testing bacteriophages as a new addition to its line of services. The company is looking forward to adding other new testing services in the future.

In the six months ended June 30 2016, total contract research revenue decreased slightly to \$247,263 compared to \$252,948 in 2015.

Innovotech provides a valuable service its clients from the initial screening of antimicrobial candidates, to the development of scientific studies used to justify product antimicrobial claims when submitting applications to regulatory agencies including the Food and Drug Administration (FDA).

The Company continues to pursue and work with its partners in the oil and gas industry to help companies avoid costly environmental disasters stemming from pipeline leaks that can be traced to corrosion due to the activity of microbes. As well Innovotech can lessen the environmental impacts and the costs associated with using improper or excessive treatments of limited effectiveness.

The Company's contract research business also forms a critical connection with industry needs in the biofilm market that ultimately creates new product opportunities for the Company.

Update on MBEC Assay

MBEC Assay sales rose significantly during the six months ended June 30, 2016 both to academic research institutions and industry. The product revenues increased to \$158,464 in the period in 2016 compared to \$106,072 in the same period in 2015. Innovotech sells directly to customers throughout the world.

The approval of the MBEC Assay technology as an ASTM standard in 2012 was a substantial development step.

In the second quarter of 2014 a paper was published [Ruggedness and reproducibility of the MBEC biofilm disinfectant efficacy test, *Journal of Microbiological Methods*, 102C (2014), pp. 55-64] that verified the ruggedness of the ASTM approved MBEC Assay. Eight different labs in Europe and North America participated. The results promote the adoption of the MBEC Assay in larger scale industrial settings, an effect that was apparent in the half ending June 30, 2016.

In the present period Innovotech introduced new coated MBEC Assay products, in response to customer interest. The Company is looking forward to expanding sales from this technology.

Summary of Quarterly Results

	2016		2015				2014	
(\$)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Gross revenue	206,387	199,340	163,248	185,513	183,804	175,216	371,638	135,913
R&D expense	83,098	45,260	31,081	58,022	74,722	69,465	45,564	91,681
Net income (loss)	(68,843)	(45,644)	(50,073)	(47,135)	(92,988)	(60,409)	161,643	(132,993)
Net income (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.01	(0.00)

Results of Operations

In the six-months ended June 30, 2016, the Company incurred a net loss of \$68,843 (2015 – \$60,409, 2014 – \$108,865). At June 30, 2016 the Company's total assets were \$277,739 (December 31, 2015 – \$213,062) and non-current liabilities were \$583,470 (December 31, 2015 – \$552,396).

Revenues

In the three months ended June 30, 2016, total revenues were \$206,387 (2015 - \$183,804, 2014 – \$193,747). This included contract research revenue of \$120,980 (2015 - \$113,507) and product sales of \$85,407 (2015- \$70,297). In the six months ended June 30, 2016, total revenues were \$407,727 (2015 – \$359,020).

General and Administrative Expense

In the three months ended June 30, 2016, general and administrative expense, including stock based compensation expense and allocated amortization expense, was \$99,402 (2015 - \$129,348). In the six months ended June 30, 2016, general and administrative expense was \$211,602 (2015 – \$239,786). The reduction of expenses is a result of various ongoing cost saving measures continuing from 2015, including further reductions in staff and of office rent.

Cost of Sales

Cost of sales consisting of direct labour, direct materials and allocated amortization, in the three months ended June 30, 2016 was \$75,208 (2015 - \$77,917). In the three months ended June 30, 2016, cost of sales for the contract research segment of Innovotech revenue was \$37,845 (2015 - \$44,050). The cost of sales for products was \$37,363 (2015 - \$33,867). In the six months ended June 30, 2016, cost of sales was \$133,085 (2015 – \$152,173).

Amortization

Amortization is proportionately allocated to general and administrative, cost of sales and research and development activities. In the three months ended June 30, 2016, amortization was \$6,194 (2015 – \$5,340). The amount allocated to G&A expenses was \$1,160 (2015 – \$580); cost of sales \$2,517 (2015 – \$2,104); research and development \$2,517 (2015 – \$2,656). In the six months ended June 30, 2016, amortization was \$12,388 (2015 – \$21,359).

Stock Based Compensation

For the three and six months ended June 30, 2016, stock based compensation expense was \$nil (2015 – \$13,326).

Research and Development

In the three months ended June 30, 2016, research and development expense, including allocated amortization and patents costs, was \$83,098 (2015 – \$74,722). In the six months ended June 30, 2016, research and development expense was \$128,358 (2015 – \$144,187).

Scientific Research Tax Credits

During the three months ended June 30, 2016, the Company recorded \$nil (2015 – \$nil) income tax credits under the Scientific Research and Experimental Development program. During the six months ended June 30, 2016, the Company recorded a repayment of \$9,282 (2015- \$nil) in Alberta Scientific Research and Experimental Development (SR&ED) resulting from a reassessment of previously claimed tax credits for qualifying expenditures. The Company continued further research and development activity in 2016 and will be applying for the relevant tax credits in 2016.

Net interest expense

The Company recorded net interest expense of \$17,522 (2015 – \$21,674) during the three months ended June 30, 2016. The net interest expense is comprised of interest income earned and non-cash interest expense on repayable contributions, almost entirely CAAP grants described below. In the six months ended June 30, 2016 net interest expense was \$37,887 (2015 – \$40,769).

Repayable contributions payments

The Company recorded the current portion of \$12,350 (2015 – \$15,850) of principal of CAAP repayable contributions under current liabilities for the three months ended June 30, 2016.

Liquidity and Capital Resources

At June 30, 2016, the Company had \$15,489 in cash compared to \$32,443 at December 31, 2015.

At present, the Company's expenses are in excess of its revenue, thereby creating year to date losses that have accumulated since the Company's inception. There is significant doubt about the Company's ability to continue as a going concern. See Note 1 to the December 31, 2015 for additional information regarding this issue.

The Company intends to manage its liquidity risk through a combination of activities in the immediate future. These include:

- 1) Expanding the revenue from its contract research business
- 2) Gaining revenue from the sale of products it has developed
- 3) Receiving revenue from the licensing of products or technology
- 4) Receiving grants to offset product development costs
- 5) Reducing operating expenses as much as possible
- 6) Suspending research and development projects that are not close to contributing to near term revenue
- 7) Postponement or waiver of compensation by officers
- 8) Private financings

If cash flow from operations is insufficient to cover planned expenditures, management will allocate available resources in such manner as deemed to be in the Company's best interest. This may result in a reduction in the scope of existing and planned operations

Financing Activities

In the six months ended June 30, 2016 the Company received \$25,377 from shareholders to fund ongoing operations (2015 – \$nil).

Investing Activities

In the six months ended June 30, 2016, the Company generated \$3,500 (2015 – \$nil) from the disposal of equipment. The Company continues to ensure that capital assets are allocated to support essential development projects.

Outstanding Share Capital

At June 30, 2016, the Company had 28,739,612 common shares outstanding, and stock options to purchase up to 1,323,000 common shares. The warrants outstanding as at December 31, 2015 expired unexercised on February 11, 2016.

Related Party Transactions

Certain related parties provide services to the Company either directly or through companies that they control. Fees charged by such companies for administrative and professional fees for the three months ended June 30, 2016 were \$25,748 (2015 – \$28,327). For the six months ended June 30, 2016 these charges were \$54,103 ((2015 – \$53,188). These services are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The Company also incurred interest on shareholder loans advanced to the Company by related parties.

Name	Relationship	Purpose	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Bruce Hirsche, Parlee McLaws LLP ¹	Corporate Secretary and Legal Counsel, Director	Professional fees	6,023	8,602	14,653	10,365
		Interest expense	312	312	625	625
Bernard Grobbelaar ²	Chief Financial Officer, Director	Professional fees	19,725	19,725	39,450	42,823
		Interest expense	125	-	125	-
Dr. Gerard Tertzakian	Director	Interest expense	438	312	750	625
Dr. James Timourian	Chairman	Interest expense	161	-	-	-
Dr. Wolfgang Muhs	Director	Interest expense	438	312	750	625

¹ Parlee McLaws LLP is the Company's corporate counsel. Mr. Bruce Hirsche is a partner at Parlee McLaws LLP and is the legal counsel to the Company in this capacity. Mr. Hirsche as Corporate Secretary is also an Officer of Innovotech.

² Bernard Grobbelaar Professional Corporation and Oikonomos Management Ltd. are owned by Bernard Grobbelaar. Mr. Bernard Grobbelaar provides his services as Chief Financial Officer on a contract basis through Bernard Grobbelaar Professional Corporation as well as providing contract accounting personnel to Innovotech Ltd. through Oikonomos Management Ltd.

Changes in accounting policies

The Company has not adopted any new or revised standards during the three months ended June 30, 2016.

Controls and Procedures

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that:

(i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements and that

(ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Company utilizes the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of Disclosure Controls and Procedures ("DC&P") and Internal Controls over Financial Reporting ("ICFR"), as defined in NI 52-109.

In particular, the certifying officers filing Venture Issuer Basic Certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

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

Outlook

Innovotech's immediate goal is to grow the market for its contract research service in human health and to expand that business.

The majority of clients of the Company's contract research services are global medical device companies. They understand the connection between the use of their products and the biofilm nature of hospital-acquired infections. Innovotech provides a valuable service to these companies from the initial screening of antimicrobial candidates, to the development of scientific studies used to validate product antimicrobial claims when submitting applications to regulatory agencies, including the U.S. Food and Drug Administration (FDA). The company also provides post-market product comparisons used for marketing purposes.

The revenue from new clients for contract research should continue to play a strong role in total contract research revenue in 2016. While new client contracts are often small, as they occur early in the

development cycle of a product or as a demonstration project for a client, the acquisition of new clients bodes well for long term growth. Of course the other side of such demonstration projects is that if they do not work out successfully for a client a much larger scheduled contract can be delayed or canceled.

Delays can happen for a host of reasons outside the control of Innovotech, including, for example, less than prompt access to samples that a client is supposed to provide, or delay in regulatory feedback on a proposed study outline.

Signed and completed contracts in the first portion of the third quarter have continued the strong results of the second quarter and the outlook for the remainder of the year is good.

Recent marketing efforts have been directed at applications in the oil and gas industry. The Company is also working to introduce its services to the food processing industry, through a third party partner that provides related services.

The Company's contract research business also forms a critical connection with industry needs in the biofilm market that ultimately creates new product opportunities for the Company.

Sales revenue of the MBEC Assay, the biofilm growth device used primarily in research or to conduct high throughput screening of potential anti-biofilm compounds, should continue, at least at present levels, if not increase.

The Company is aware of several disinfectant companies using the MBEC Assay in discussions with regulatory agencies around anti-biofilm claims. Many other companies are using the Assay to more effectively screen antimicrobial agents to ensure the best candidates are selected before starting an expensive development program. The technology can also be used to determine the most effective way (selection of antibiotics or disinfectants) to deal with a bacterial or fungal infestation.

The development of specially coated MBEC plates should expand the revenue from these products in subsequent quarters.

The Company sees excellent opportunities for InnovoSIL™-1 in wound care and coatings on polymers that are used for urinary catheters and endotracheal tubes. The Company has demonstrated that InnovoSIL™-1 exceeds industry standards for bacterial kill and duration of activity in several device applications. These findings have resulted in ongoing evaluations by multinational companies.

In wound care applications, InnovoSIL™-1 has outperformed similar commercial products in activity against several common bacterial and fungal infections. The Company will continue its aggressive pursuit of licensing agreements with medical device companies.

Preliminary new field trials comparing the effectiveness of Innovotech's Agress® or AgreGuard™ against eight commercially available products or combinations of products show promise. More trials on high value crops such as tomatoes will take place in 2016, with results expected in Q1 of 2017.

The Company has produced an inventory of InnovoSIL™-1, Agress® and AgreGuard™ in order to quickly respond to requests for sample material.

Product development and clearing regulatory hurdles will take time, so Innovotech is not relying on revenue from InnovoSIL™, Agress® or AgreGuard™ in its planning for 2016.

Additional Information

Additional information relating to Innovotech Inc. including its 2015 Audited Annual Financial Statements, is available on www.sedar.com.