



BioMS Medical Corp.

**Management Discussion and Analysis
of Financial Condition And Results of Operations**

For the Three Months Ended March 31, 2010

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to help the reader of the audited consolidated financial statements understand BioMS Medical Corp. together with its subsidiaries ("BioMS" or the "Corporation"), the operations and our present business environment as of May 14, 2010. This MD&A should be read in conjunction with the Corporation's unaudited interim consolidated financial statements and accompanying notes for the three months ended March 31, 2010 as well as the audited consolidated financial statements for the year ended December 31, 2009. The unaudited interim consolidated financial statements and comparative information have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Unless otherwise indicated, all amounts shown are in Canadian dollars. This document is current in all material respects as of May 14, 2010.

Forward – Looking Statements

In order to provide investors of BioMS with an understanding of our current results and future prospects, our communications often include written or oral forward-looking statements. This report and other materials filed with the Canadian securities regulators contain statements that are forward looking. These statements represent BioMS' intentions, plans, expectations and beliefs and are based on our experience and our assessment of historical and future trends and the application of key assumptions relating to future events and circumstances. These statements may include, but are not limited to, comments about our objectives and priorities for 2010 and beyond, strategies and targets, expectations for our financial condition, and the outlook for our operations and external factors that may impact results.

Forward-looking statements require assumptions and involve risks and uncertainties related to our business and the general economic environment, many of which are beyond our control. There is significant risk that the predictions, forecasts, conclusions or projections we make will not prove to be accurate and that may cause our actual results to be materially different from the targets, expectations, estimates or intentions expressed in the forward-looking statements. We caution readers of this report not to place undue reliance on our forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: general economic conditions in the countries in which we operate; currency fluctuations; our ability to execute projects; our ability to execute our strategic plans; our ability to attract and retain qualified employees; our ability to contain expenses; technology changes and research and development; availability of financial resources to carry out our strategy; our ability to protect our intellectual and intangible properties; legal claims; critical accounting estimates; the possible effects on our activities of war or terrorist activities; disease or illness that affects local, national or international economies; and disruptions to public infrastructure, such as transportation, communications, power or water supply. We caution that this list is not exhaustive of all possible factors.

When relying on forward-looking statements to make decisions with respect to BioMS, investors should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Unless required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Corporation or on its behalf.

Corporate Overview and Outlook

BioMS Medical Corp. (the “Corporation” or “BioMS”), continued in Alberta under the Business Corporations Act, was a development stage corporation with a primary focus on the development of dirucotide (formerly known as MBP8298), a drug candidate for Multiple Sclerosis (“MS”).

On May 3, 2010 the Corporation announced a change in corporate strategy to an investment company directly investing in, and advising companies on technology development, strategy, financing, mergers & acquisitions (M&A), licensing transactions. To support the implementation of the Corporation’s strategy to become a full service provider to the healthcare industry Mr. Nitin Kaushal, a leading healthcare investment banker, was hired and will serve as Executive Vice President and Managing Director. Mr. Kaushal brings more than 25 years of financial and investment experience to BioMS, including expertise in the areas of investment banking, venture capital and strategic consulting. As part of this change, the Corporation intends to change its name to Medwell Capital Corp, pending approval from its shareholders at the Annual General Meeting to be held June 25, 2010.

The Corporation has and continues to evaluate numerous opportunities that could potentially benefit from its access to capital resources, banking and transaction experience, and technology assessment and management expertise. BioMS sees an undercapitalized healthcare sector, with many Canadian and European companies facing less than one year’s operating capital and reduced management expertise. This may provide an opportunity for the Corporation to directly invest in and support management with its expertise, as well as to provide merchant banking financing and advisory assistance.

On April 30, 2010 the Corporation announced that certain employees, officers and directors of the Corporation purchased 7,245,000 Class A common shares as part of the University of Alberta disposition of shares. In connection with the purchase, the Corporation provided guarantees to a financial institution on behalf of the employees, officers and directors for loans that totalled \$2,086 used to purchase the common shares acquired. The shares have been pledged as security along with personal covenants in connection with the guarantees provided. This represents approximately 8.0% of the issued and outstanding common shares of the Corporation.

BioMS is listed on the Toronto Stock Exchange (“TSX”) under the trading symbol “MS” and at March 31, 2010 there were 91,008,923 (December 31, 2009 - 91,008,923) Class “A” common shares of the Corporation issued and outstanding.

Investments

Spectral Diagnostics Inc. (“Spectral”)

On December 17, 2009 the Corporation announced its participation in a syndicated investment financing (the “Financing”) in Spectral. Under the terms of the financing BioMS acquired 30,000,000 units (the “Units”) of Spectral at a price of \$0.40 per Unit. Each Unit consists of one common share of Spectral and one half of one common share purchase warrant (“Warrant”) entitling the holder thereof to acquire one common share for each whole Warrant of Spectral at a price of \$0.60 per common share for a period of four years from closing of the Financing. The Financing, related terms and agreements were approved by the shareholders of Spectral on February 26, 2010 with closing on March 2, 2010. The investment made by BioMS represented approximately 39.6% of the issued and outstanding common shares of Spectral. On a fully diluted basis, the investment represents approximately 40.55% of the potential voting securities of Spectral.

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The closing market price for Spectral on the TSX under the trading symbol "SDI" on March 31, 2010 was \$0.64 per common share. In connection with the Financing, BioMS and Spectral have also agreed to enter into a three year \$3 million services agreement to provide clinical, regulatory and capital marketing consulting services.

On March 10, 2010, BioMS Directors, Kevin Giese and Laine Woollard were appointed to the Spectral Board of Directors.

About Spectral Diagnostics Inc.

Spectral obtained exclusive rights for the Toraymyxin™ therapeutic device in the United States ("US" or "U.S.") from Toray Industries Inc., of Japan, in March of 2009 and anticipates initiating a pivotal US clinical trial in the first half of 2010. Toraymyxin™ has been used in more than 70,000 patients globally and has demonstrated in clinical trials that it safely and effectively removes endotoxin and reduces mortality in patients with severe sepsis.

Spectral's Endotoxin Activity Assay ("EAA™") is the only US Food and Drug Administration ("FDA") cleared assay for the measurement of endotoxin in the bloodstream.

Toraymyxin™ is a therapeutic hemoperfusion device that removes endotoxin from the bloodstream. The anticipated US pivotal trial will use Spectral's EAA™ to identify patients with severe sepsis who have elevated endotoxin in the blood and will most likely benefit from treatment with Toraymyxin™.

Sepsis affects approximately 750,000 patients in the US each year of which approximately 250,000 patients develop severe sepsis. These patients currently face a high risk of mortality with limited treatment options. Sepsis accounts for approximately 1 in 10 Intensive Care Unit admissions in the US and is the 10th most common cause of death, ahead of acute heart attacks and breast cancer.

Results of a randomized controlled trial (the EUPHAS trial) were recently published in the Journal of the American Medical Association (JAMA. 2009; Vol. 301 No. 23, 2445-2452). The results demonstrated that Toraymyxin™ absorbs endotoxin from the bloodstream, and when added to conventional therapy, significantly improved hemodynamics and organ dysfunction, and reduced 28-day mortality in patients with severe sepsis and septic shock in comparison to those patients in the conventional therapy group.

Stonegate Agricom Ltd. ("Stonegate")

On April 23, 2010 the Corporation completed its participation in the Initial Public Offering ("IPO") of Stonegate. Under the terms of the IPO, BioMS acquired 250,000 units of Stonegate at a price of \$1.00 per Unit. Each Unit consists of one common share of Stonegate and one half of one common share purchase warrant, each whole warrant entitling the holder to acquire one common share of Stonegate at a price of \$1.50 per common share for a period of three years following the closing of the IPO. The common shares of Stonegate began trading on the TSX under symbol ST and the warrants under the symbol ST.WT on April 28, 2010.

Stonegate is engaged in the business of acquiring, exploring and developing agricultural nutrient projects and is undertaking to explore and assess the potential for the development of its two principal assets, the Mantaro phosphate project located in Peru (the "Mantaro Project") and the Paris Hills phosphate project located in Bear Lake County, Idaho (the "Paris Hills Project"). Stonegate has 100% interest in both these projects.

Discussion of Continuing Operations and Financial Condition

The consolidated net income from continuing operations of the Corporation for the three months ended March 31, 2010 was \$6.5 million or \$0.07 per share compared with a consolidated net loss from continuing operations of \$(3.8) million or \$(0.04) per share for the same period in the previous year. The results for the three months ended March 31, 2010 included the recognition as revenue of \$8.6 million from an unrealized gain on its investment in Spectral and \$0.3 million from the initiation of the Corporation's services agreement with Spectral. Operating expenditures decreased by \$0.5 million and general and administrative expenses decreased by \$1.3 million in the three months ended March 31, 2010 compared to the same period in the previous year.

Revenue

For the three months ended March 31, 2010, the Corporation recorded an unrealized gain on investment of \$8.6 million (2009 – Nil). The change is due to the increase in fair value of the Corporation's investment in Spectral. Revenue earned from the services agreement in the amount of \$0.3 million for the three months ended March 31, 2010 represents the initiation of the agreement with Spectral.

Expenses

Total consolidated expenses for the three months ended March 31, 2010 were \$2.3 million as compared with \$4.0 million in the three months ended March 31, 2009.

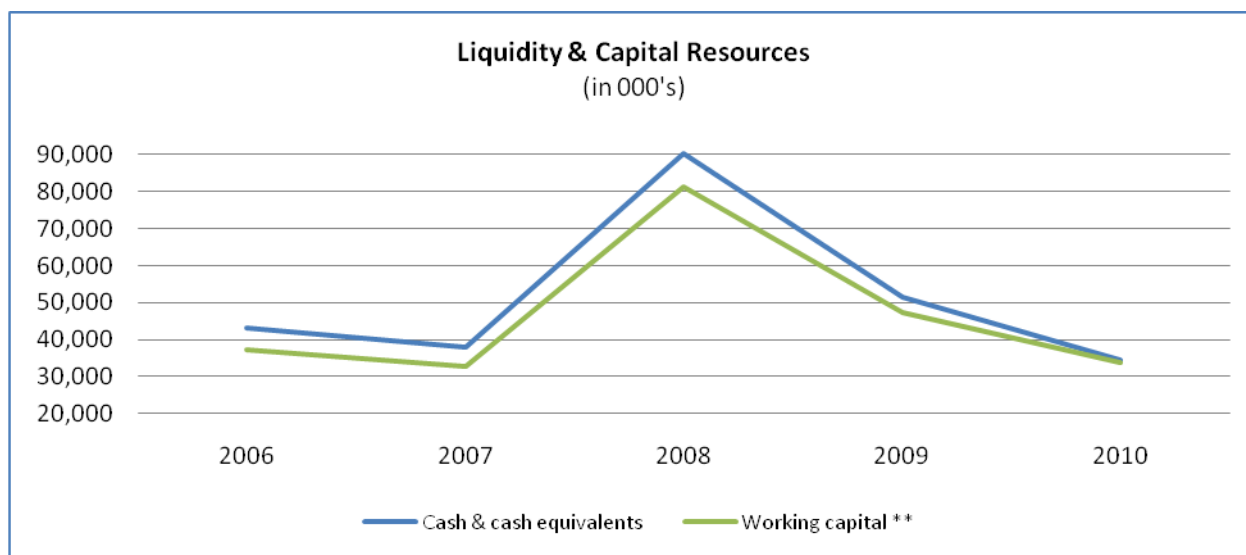
Operating, general and administrative

Operating, general and administrative expenses decreased to \$1.7 million for the three months ended March 31, 2010 from \$2.1 million in the three months ended March 31, 2009. The decrease is largely due to a reduction in investor relations, external consultants, and advertising and promotion.

Stock-based compensation

Stock-based compensation decreased to \$0.4 million for the three months ended March 31, 2010 from \$1.8 million in the three months ended March 31, 2009. The decrease of \$1.4 million was primarily the result of a decrease in the underlying stock price of \$3.23 per option awarded and a significant increase in volatility used in the calculation to reflect current market conditions as well as expected future volatility of the stock price. Volatility used in the three months ended March 31, 2010 increased to 107.37% from 47.30% in March 31, 2009.

Liquidity and Solvency



**Working capital is defined as current assets less current liabilities (excluding equity accounted investment which does not represent a cash obligation). The Corporation uses working capital as a supplemental financial measure of its liquidity and operational performance. Working capital is a non-GAAP measure.

From inception, the Corporation has financed its research and development programs, its operations and required capital expenditures from public and private sales of equity, the exercise of warrants and stock options, interest earned on cash and cash equivalents and short-term investments and up-front fees and milestone payments from a licensing partner.

To maximize value from its capital resources and ensure overall financial stability, the Corporation has developed financial planning, budgeting, monitoring and governance systems to ensure that the Corporation is fiscally responsible.

The Corporation’s capital needs consist of maintaining funds available for investment, meet its ongoing operating expenditures, operating activities, corporate administration, working capital and capital expenditures.

Adequacy of financial resources

At March 31, 2010, cash and cash equivalents and short-term investments totaled \$34.7 million as compared to \$51.4 million at December 31, 2009. At March 31, 2010, the Corporation had working capital of \$33.7 million as compared to \$47.5 million at December 31, 2009. The Corporation has sufficient working capital to meet its obligations.

The Corporation had a decrease in cash and cash equivalents of \$16.8 million for the three months ended March 31, 2010 as compared to a decrease of \$12.1 million in the three months ended March 31, 2009. The decrease in cash and cash equivalents in the three months ended March 31, 2010 is the net result of the \$12 million investment in Spectral and net expenses incurred in the operation of the Corporation. The decrease in 2009 was the net expenses incurred in the operation of the Corporation.

Cash used in investing activities

On February 26, 2010, the \$12 million equity investment into Spectral was completed. BioMS acquired 30,000,000 units (the “Units”) of Spectral at a price of \$0.40 per Unit.

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Each Unit consists of one common share of Spectral and one half of one common share purchase warrant (“Warrant”), each whole Warrant entitling the holder thereof to acquire one common share of Spectral at a price of \$0.60 per common share for a period of four years from closing of the Financing. The investment made by BioMS represented approximately 39.6% of the issued and outstanding common shares of Spectral. On a fully diluted basis, the investment represents approximately 40.55% of the potential voting securities of Spectral.

BioMS has implemented a disciplined approach to the management of liquidity, capital and overall stability. The Corporation invests its cash reserves primarily in liquid short term bank acceptances and Guaranteed Investment Certificates (“GIC”) with maturities of less than 1 year; however, the average term to maturity will be approximately 90 days. The interest rates carried on investments varies from 0.06% to 1.50% depending on length and amount of investment or carrying balance. Cash and cash equivalents and short-term investments are on deposit with Canadian chartered banks.

The Corporation manages its interest rate risk by attempting to maximize the interest income earned on funds on deposit while maintaining the liquidity necessary to conduct operations on a day-to-day basis.

The Corporation has not invested in any asset-backed commercial paper or similar investment vehicles and there are no plans to invest in these types of investments.

Currency Risk and Foreign Exchange

The Corporation’s functional currency is the Canadian dollar. The Corporation recorded a foreign exchange loss of (\$0.2) million for the three months ended March 31, 2010, compared with a gain of \$0.01 million for the three months ended March 31, 2009. The foreign exchange loss was the result of an increase in the value of the US dollar and the EURO against the Canadian dollar. The Corporation expects to continue to experience fluctuating gains and losses on currency translations as costs are incurred in foreign currencies that are in constant movement in relation to the Canadian dollar.

At March 31, 2010 the Corporation had approximately US\$ 5.7 million included in cash and cash equivalents.

During the three months ended March 31, 2010 the Corporation did not enter into or use forward contracts or hedging instruments, although at any point in time, the Corporation may use forward contracts to mitigate the exposures associated with fluctuations in foreign currency exchange rates. As at May 14, 2010, the Corporation has not entered into any forward contracts or hedging instruments.

The Corporation believes that the results of operations and cash flows could be affected by a change in foreign currency exchange rates, but would not materially impair or enhance its ability to pay its foreign exchange obligations.

Off-Balance Sheet Arrangements

As of March 31, 2010, the Corporation did not have any off-balance sheet arrangements other than those listed and described under the Contractual Obligations and Commitments section and those disclosed in Note 12 to the audited consolidated financial statements for the year ended December 31, 2009.

Financial Instruments

The Corporation is required to identify and measure embedded derivatives that require separation from the related host contract and measure those embedded derivatives at fair value. Subsequent changes in fair value of embedded derivatives are recognized in the consolidated statement of loss in the period the change occurs.

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The Corporation does not enter into derivative financial instruments for speculative or trading purposes and has not identified or measured any embedded derivatives that require separation for the three months ended March 31, 2010 and 2009.

Classification

Financial instruments of a company are classified into one of five categories: “Held-for-trading”, “Held-to-maturity”, “Loans and receivables”, “Available-for-sale” Financial assets and “Other financial liabilities”. All financial instruments are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and accounting for changes in the value of these instruments will depend on their initial classification as follows: a) ”Held-for-trading” financial assets are measured at fair value with changes in fair value recognized in the statement of operations, and b) “Available-for-sale” financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the change in value is realized or the instrument is derecognized or permanently impaired.

The Corporation has classified its cash and cash equivalents as “Held-for-trading”. The accounting method for the Corporation’s investments under AcG-18 is consistent with a classification as “Held-for-trading”, as investments are accounted for at fair value with changes in fair value recognized in the statement of operations. Accounts receivable, amounts due from related parties and related party loans receivable are classified as ”Loans and receivables” and are initially measured at amortized cost with a subsequent measurement reduction for an allowance for doubtful accounts or a provision for impairment.

Fair value of financial instruments

The Corporation has determined the fair value of its financial instruments as follows:

- i. The carrying values of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities in the consolidated balance sheets approximate their fair values due to the short-term nature of these instruments.
- ii. Investments are carried at fair value in accordance with the Corporation’s accounting policies.
- iii. The Corporation does not have any “Other Comprehensive Income (Loss)” components and, as such, comprehensive income (loss) is equal to net income (loss).

The total amount of the change in fair value of the Corporation’s financial instruments and the total amount of unrecognized gains and losses on its financial instruments are reflected in the accompanying consolidated statements of operations. The following table presents the Corporation’s financial instruments, measured at fair value on the consolidated balance sheet as at March 31, 2010, categorized into levels of the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	
	Quoted market price	Valuation technique - observable market inputs	Valuation technique – non observable market inputs	Total
(expressed in thousands of Canadian dollars)				
Assets				
Investments at fair value	-	\$20,560	-	\$20,560

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due or to fund the investments and commitments that the Corporation has planned.

The Corporation's exposure to liquidity risk is dependent on operating results which may be adversely affected if the Corporation's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Corporation, or if the value of the Corporation's investments declines, resulting in lesser proceeds of disposition and losses upon disposition. The Corporation generates cash flow primarily from its financing activities and proceeds from the disposition of its investments, in addition to interest and dividend income earned on its investments. BioMS may invest in securities of private companies or "junior" issuers, which can at times be relatively illiquid, and if the Corporation decides to dispose of securities of a particular issuer it may not be able to do so at the time at favourable prices, or at all.

Overall, the Corporation has sufficient marketable securities which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions, such that absent overall market disruptions or extreme circumstances, liquidity risk can be minimized.

The Corporation manages its liquidity risk through the management of its capital structure, cash flows and the availability and sourcing of financing. The Board of Directors and/or the Audit Committee reviews and approves the Corporation's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

The following are the contractual maturities of financial liabilities as of March 31, 2010:

(expressed in thousands of Canadian dollars)	Carrying amount	Less than 1 year
	\$	\$
Accounts payable and accrued liabilities	1,345	1,345

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Corporation's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Corporation is exposed to market risk in trading its investments, and unfavourable market conditions could result in dispositions of investments at less than favourable prices. The Corporation's investments are primarily concentrated in the healthcare sector, which results in exposure to higher volatility than broader market investments and indexes. The Corporation's investments are accounted for at estimated fair values and are sensitive to changes in market bid prices, such that changes in market prices result in a proportionate change in the carrying value of the Corporation's investments. A 10% change in the fair values of the Corporation's investments at March 31, 2010 would have a \$2,065,000 impact on net income. The Corporation also has set thresholds on purchases of investments over which the approval of the Board of Directors is required.

Currency risk

The Corporation is exposed to financial risk related to fluctuations in foreign currency exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The transaction amounts are not significant and there are no material foreign currency commitments. The currency risk is therefore manageable and not significant. The

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Corporation currently does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Corporation is exposed to interest rate risk arising from fluctuations in interest rates received on its cash and cash equivalents and short-term investments. The impact of interest rate fluctuations will vary as the amount of cash and cash equivalents and short-term investments the Corporation holds changes. The Corporation does not use derivative instruments to reduce its exposure to interest rate risk.

The Corporation manages its interest rate risk by attempting to maximize the interest income earned on funds on deposit while maintaining the liquidity necessary to conduct operations on a day-to-day basis. The Corporation's investment policy limits the investing of excess funds to liquid, short-term bank acceptances and/or Guaranteed Investment Certificates ("GIC") with maturities of less than 1 year; however the average term to maturity will be approximately 90 days.

Based on the net exposures as at March 31, 2010, and assuming that all other variables remain constant, a 1% appreciation or deterioration of the interest rate would result in a decrease/increase of \$215,000 in the Corporation's net income for the period ended March 31, 2010.

Accounts payable and accrued liabilities bear no interest.

Credit risk

Credit risk is the risk of a financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially expose the Corporation to significant concentrations of credit risk consist principally of cash, cash equivalents, short-term investments and accounts receivable.

The Corporation has investment policies to mitigate against the deterioration of principal, to enhance the Corporation's ability to meet its liquidity needs and to optimize yields within those parameters. Additionally the Corporation attempts to reduce the potential of significant concentrations of credit risk by diversifying the placement of the cash, cash equivalents and short-term investments. The Corporation has deposited the cash and cash equivalents and short-term investments with reputable Canadian financial institutions, from which management believes the risk of loss is minimized.

Credit risk from accounts receivable and loans receivable encompasses the default risk of the customers. Prior to accepting any service engagement or providing any loan, the Corporation assesses future recoverability by examining the entities' financial conditions, properties and assets, business development activities and management. The Corporation manages its exposure to credit risk by reviewing the outstanding balances on an ongoing basis, monitoring the amount attributable to each customer and the length of time taken for amounts to be settled. Where necessary, Management takes appropriate action to follow up on those balances considered overdue. The Corporation is also exposed, in the normal course of business, to credit risk from the sale of its investments and on amounts due from related parties. The maximum exposure to losses arising from accounts receivable amounts due from related parties and related party loans receivable are equal to their carrying amounts.

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Concentration Risk

The Corporation is subject to concentration risk due to the nature of the Corporation's operations as an investment company and the number of investments held in the portfolio. The Corporation invests primarily in healthcare companies and their related technologies. As a result, the investment portfolio is directly exposed to the risks associated with companies operating in this industry sector.

Additionally, as at March 31, 2010, the fair value of the Corporation's investment portfolio consisted of one investment.

Related Party Transactions

During the three months ended March 31, 2010 and 2009, the Corporation paid management services, professional fees, office rent and general administration amounts to companies controlled by directors and officers of the Corporation and professional firms in which certain directors or officers have interests.

	For the three months ended	
		March 31,
(expressed in thousands of Canadian dollars)	2010	2009
	\$	\$
Management services	169	169
Office rent	86	59
General administration	3	27
Legal fees	20	25
	<u>278</u>	<u>280</u>

The lease for the office space is on a month to month basis with the lease cost fixed until December 31, 2013 with early termination available upon six (6) months written notice by either party. During the three months ended March 31, 2010 the Corporation provided six months notice to reduce the office space currently being used. The reduction in space becomes effective in September 2010.

All transactions with related parties have occurred 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.

Contractual Obligations and Commitments

In continuing operations, the Corporation has periodically entered into short and long-term contractual arrangements for office facilities and equipment. The following table presents commitments arising from these arrangements currently in force over the next five years:

Description	Total	< 1 year	1-3 years	> 3 years
Lease for Office Space	\$301,263	\$301,263	\$ -	\$ -
Equipment Lease	\$49,700	\$14,000	\$35,700	\$ -
Total Contractual Obligations	\$350,963	\$315,263	\$35,700	\$ -

The Corporation has entered into development and supply agreements with third parties to produce and supply a pharmaceutical product. Payment obligations are estimated to be as much as US\$1.0 million in 2010 before additional development costs.

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On August 1, 2000, the Corporation entered into a licensing agreement granting the Corporation worldwide exclusivity with respect to certain patents and patent applications in the field of injection to non-mucosal sites for the treatment of multiple sclerosis. The patents address and describe technology related to dirucotide. The licensing agreement requires a payment of a monthly maintenance fee of US\$15,000 plus royalties on an escalating scale, based on net sales of the licensed products. The royalty obligations continue on a country-by-country basis until there is no longer any valid claim from a licensed patent in the country. The last licensed patent expires on March 21, 2017 at which time no further maintenance fees will be payable or required. To support a potential compassionate access and research program for dirucotide the Corporation will continue to meet its requirements under the agreement. As at March 31, 2010 no sales of the licensed products have yet occurred that would have resulted in a royalty payment.

Share Information

As at May 14, 2010, the following class of shares and equity securities potentially convertible into common shares were outstanding:

	May 14, 2010	March 31, 2010	December 31, 2009
Class A common shares	91,008,923	91,008,923	91,008,923
Convertible equity securities			
Warrants	14,234,028	14,234,028	14,234,028
Stock options	11,946,500	11,946,500	10,436,500

On January 12, 2010, the Corporation granted 1,510,000 options to purchase common shares at an exercise price of \$0.37 per share to certain employees, directors, and consultants. The options vested immediately on the date of grant and expire on January 11, 2020.

The fair value of stock options awarded to employees, directors and consultants of \$431,899 is being recorded to stock-based compensation expense and contributed surplus in the vesting period and was recorded in the three-months ended March 31, 2010. The fair value was estimated on the date of award using the Black-Scholes option pricing model with the following assumptions:

Dividend yield	0.00%
Volatility	107.37%
Risk-free interest rate	2.68%
Expected life of the options	60 months
Closing market price of Corporations common shares on date of grant	\$0.365
Fair value per option	\$0.286

The Black-Scholes option valuation model used by the Corporation to determine fair values was developed for use in estimating the fair value of freely traded options that are fully transferable and have no vesting restrictions. This model requires the use of assumptions, including future stock price volatility and expected time until exercise. The Corporation uses historical volatility of its common shares to estimate its future stock price volatility.

The risk-free interest rate for the expected life of the options was based on the yield available on government benchmark bonds, with an approximate equivalent remaining term at the time of the grant.

The expected time until exercise is based upon the contractual term, taking into account expected employee exercise and expected post-vesting employment termination behavior.

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Discussion of Discontinued Operations

On July 27, 2009, the Corporation announced the results of MAESTRO-01, a pivotal Phase II/III clinical trial in Canada and Western Europe, evaluating the safety and efficacy of dirucotide for the treatment of secondary progressive multiple sclerosis (“SPMS”). The results showed that the drug did not meet the primary or secondary endpoints in the trial. The Corporation discontinued the other dirucotide clinical trials, MAESTRO-02 and MAESTRO-03, and completed final collection of data and records. On September 2, 2009, the exclusive license and collaboration agreement between BioMS and Lilly was terminated with the effect that all commercial rights to dirucotide have been returned to BioMS. All milestones related to the payments received during the licence and collaboration agreement were achieved with no further service obligations required.

The following table summarizes the balance sheets as of March 31, 2010 and December 31, 2009, statements of operations and comprehensive income (loss) and statements of cash flows for the three months ended March 31, 2010 and 2009 of the discontinued operation included in the unaudited interim consolidated financial statements.

(expressed in thousands of Canadian dollars)	March 31, 2010	December 31, 2009
	\$	\$
<u>Balance Sheets</u>		
<u>Assets</u>		
Goods and services tax recoverable	-	314
Recoverable expense	-	424
Other prepaid expenses	-	33
	<u>-</u>	<u>771</u>
 <u>Liabilities</u>		
Accounts payable and accrued payable	1,000	4,464
	<u>1,000</u>	<u>4,464</u>
 <u>Statements of Operations</u>		
Revenue earned from collaboration partner	-	13,057
Less: Research and development expenses	(104)	(10,172)
	<u>(104)</u>	<u>2,885</u>
General and administrative expenses	(119)	(265)
Amortization of licensing costs	-	(368)
	<u>(223)</u>	<u>2,252</u>
Income (loss) from discontinued operations	(223)	2,252
Foreign exchange gain	-	126
Net income (loss) discontinued operations	<u>(223)</u>	<u>2,378</u>
 <u>Statements of Cash Flows</u>		
Cash flow provided by (used in) operating activities	(2,694)	(12,517)

Critical Accounting Estimates

The interim consolidated financial statements were prepared with the same critical accounting estimates and methods as fiscal year 2009. Please see pages 14-15 of BioMS's annual MD&A for the year ended December 31, 2009 dated March 16, 2010 for a discussion of these estimates. The financial statements are available on the SEDAR website at www.sedar.com.

Changes in or Adoption of Accounting Policies

During the period, the Corporation changed its strategy and is considered an investment company under the guidelines set out in the CICA Accounting Guideline 18, Investment Companies and has therefore adopted the following policies related to accounting for investments.

a) Investments

At the end of each financial reporting period, the Corporation's management estimates the fair value of its investments based on the criteria below and records such valuations in the consolidated financial statements.

(i) Public Investments

Investments in publicly traded companies listed on an active stock exchange are recorded at fair value based upon the closing bid price at the balance sheet date. If an active market does not exist, the investments are recorded at fair value using a valuation technique based upon Management's estimates which consider reliable, observable market inputs.

The amounts at which investments in publicly traded companies could be disposed of may differ from fair value as a result of a number of factors including, but not limited to, premiums paid for large blocks of shares or discounts due to a lack of liquidity.

Warrants and options not traded on a recognized securities exchange are recorded at fair value using a valuation technique that considers the exercise price, the closing bid price of the underlying shares, time value adjustment, volatility and liquidity.

The fair value of any options or warrants that the Corporation holds is calculated each reporting period using the Black-Scholes pricing model.

b) Financial instruments – Disclosures (CICA Handbook Section 3862)

In June 2009, the Canadian Accounting Standards Board ("AcSB") issued an amendment to CICA Handbook Section 3862, Financial Instruments - Disclosures, which reflects the corresponding amendment made by the International Accounting Standards Board to IFRS 7, Financial Instruments: Disclosures, in March 2009.

The amendment requires that all financial instruments that are required to be measured at fair value be classified into one of three hierarchy levels set forth below for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair value of assets and liabilities.

- (i) Level 1: Inputs are unadjusted quoted prices of identical instruments in active markets.
- (ii) Level 2: Valuation models which utilize predominately observable market inputs.
- (iii) Level 3: Valuation models which utilize predominately non-observable market inputs.

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The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The amendments to Section 3862 also require additional disclosure relating to the liquidity risk associated with financial instruments (see note 11). The amendments improve disclosure of financial instruments specifically as it relates to fair value measurements and liquidity risk.

Future accounting pronouncements

a) Convergence to International Financial Reporting Standards (“IFRS”)

The Canadian Accounting Standards Board (AcSB) announced in 2006 that for fiscal years commencing on or after January 1, 2011, all publicly accountable enterprises are required to report their financial results using International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). IFRS uses a conceptual framework similar to Canadian GAAP, but there are some differences in recognition, measurement and disclosures. The Corporation is required to prepare interim and annual financial statements that are compliant with IFRS with comparative numbers for the prior year. The Corporation’s transition date is January 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Corporation for the year ended December 31, 2010.

The conversion to IFRS from Canadian GAAP is a significant undertaking. The implementation project consists of three primary phases.

1. The initial diagnostic phase involves performing a high-level impact assessment to identify key areas that may be impacted by the transition to IFRS. Each potential impact identified during this phase is ranked as having a high, moderate or low impact on financial reporting.
2. The impact analysis, evaluation and solution development phase involves the selection of IFRS accounting policies by senior management and the review by the audit committee; the quantification of the impact of the changes to existing policies on the opening balance sheet; and the development of the draft IFRS financial statements. This phase will also include the development of IFRS training programs and the identification of the changes to internal controls over financial reporting and business processes and procedures.
3. The implementation and review phase involves the delivery of training programs to key personnel and the board members and the implementation of the required changes to information systems and business policies and procedures identified in the previous phase of the project.

Status of the IFRS Changeover Plan

IFRS is premised on a conceptual framework similar to Canadian GAAP; however, significant differences exist in certain areas of recognition, measurement and disclosure. This discussion has been prepared using the standards and interpretations currently issued and expected to be effective for the Corporation’s first annual reporting period under IFRS for the year ended December 31, 2011. Certain accounting policies currently expected to be adopted under IFRS, and the application of such policies to certain transactions or circumstances may be modified and, as a result, the impact may be different than the Corporation’s current expectations. Further, the IASB is currently in the process of amending, or expects to amend, numerous accounting standards that will be applicable to the Corporation. As these IFRS standards are amended, and as the Corporation continues to evaluate the impact of adoption on its processes and accounting policies, the Corporation will provide updated disclosure where appropriate.

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The following is a summary of the status of the key activities in the Corporation's IFRS changeover plan as at March 31, 2010. At this time we cannot quantify the impact that the future adoption of IFRS will have on our financial statements. Additional information will be provided as we progress towards the changeover date.

IFRS Impact Area	Key Activities	Current Status
Initial diagnostic and analysis of key areas for which changes to accounting policies may be required.	Perform a high-level scoping analysis and identify potential areas of difference.	Completed – initial key areas identified include IFRS 1, <i>First-time Adoption of IFRS</i> ; IFRS 2, <i>Share-based Payments</i> ; IAS 37, <i>Provisions, Contingent Liabilities and Contingent Assets</i> ; and IAS 28, <i>Investments in Associates</i> .
Assessment of first-time adoption requirements and alternatives.	Selection of IFRS 1 accounting policy choices.	Completed – see summary below.
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives.	Identify differences between Canadian GAAP and IFRS accounting policies that impact the Corporation.	The review is ongoing and expected to be completed by June 30, 2010. No significant quantitative differences have been identified to date.
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.	Finalize and obtain approval of policy conclusions by the Audit Committee.	In progress and expect to be completed by September 30, 2010.
Information technology and data systems.	Any changes made to accounting policies for recognition, measurement and disclosure requirements of IFRS may necessitate system changes to accurately support these new requirements.	In progress and expect to be completed by September 30, 2010. No significant changes have been identified to date.
Internal control over financial reporting (“ICFR”)/Disclosure controls and procedures (“DC&P”).	As the review of accounting policies is completed, appropriate changes to ensure the integrity of internal control over financial reporting and disclosure controls and procedures will be made. For example, any changes in accounting policies could result in additional controls and procedures being required to address reporting of first-time adoption as well as ongoing IFRS reporting requirements.	At this point, the Corporation has selected its IFRS 1 exemptions to ease the transitional changes upon adoption of IFRS. The Corporation continues to review the remaining relevant accounting policy alternatives and where new policies differ significantly from the existing policies, additional controls will need to be designed and implemented to ensure that the recorded balance is fairly stated at each reporting period. No significant accounting policy

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		<p>differences have been identified to date.</p> <p>The certifying officers plan to complete the design, and initially evaluate the effectiveness of these controls in the third quarter of 2010 to prepare for certification under IFRS in 2011.</p> <p>The Corporation will also ensure that its key stakeholders are informed about the anticipated effects of the IFRS transition during the second and third quarters of 2010.</p>
<p>Financial reporting expertise.</p>	<p>Technical training of the Corporation's board, management and employees.</p>	<p>The Corporation has established a project management team consisting of both internal and external consultants, and has commenced the mobilization of organizational support for the changeover plan. During the first quarter of 2010, the Corporation's management attended an IFRS information session facilitated by external consultants. The Corporation expects to provide the Audit Committee and the Board with a summary of the implications of the IFRS standards to the business and an overview of the impact to the consolidated financial statements during the second and third quarter of 2010.</p> <p>The Audit Committee members expect to review the Audit Committee Charter during the second and third quarter of 2010 and will make the necessary changes to reflect the requirements for IFRS financial expertise.</p> <p>The Audit Committee will receive quarterly presentations and project status updates throughout 2010.</p>

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Business activities.	Identify impact of changeover on contractual arrangements, employee compensation plans, and risk management practices.	The Corporation has completed its review of current contracts and employee compensation plans and no impact is anticipated. New contracts entered into will accommodate IFRS changes.
Quantification of the financial statement impact of changes in accounting policies.	Determine the quantitative impact, if any.	At this time the Corporation cannot quantify the impact of the adoption of IFRS standards on its financial statements and operating performance measures, however, the impact is not expected to be material.

Initial Elections under adoption of IFRS

IFRS 1, First-Time Adoption of International Financial Reporting Standards (“IFRS 1”), provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions in certain areas to the general requirement for full retrospective application of IFRS. Management is analyzing the various accounting policy choices available and will implement those determined to be the most appropriate.

IFRS 1 allows for certain optional exemptions; and the Corporation expects to adopt the following IFRS optional exemptions on conversion of its Canadian GAAP results to IFRS. References to our “Transition Date” below are to January 1, 2010.

1. **Fair Value as Deemed Cost** - IFRS 1 provides an entity a choice between measuring property, plant and equipment at its fair value at the date of transition and using those amounts as deemed cost or IAS 16, *Property, Plant and Equipment* (“IAS 16”) retrospectively. We will continue to apply the historical cost model for property, plant and equipment and will not restate property, plant and equipment to fair value under IFRS. We will use the historical bases under Canadian GAAP, which is in compliance with the requirements of IAS 16, as cost under IFRS at the Transition Date.
2. **Leases** - IFRS 1 provides an entity a choice to elect to not apply IFRIC 4, *Determining Whether an Arrangement Contains a Lease* (“IFRIC 4”) retrospectively. IFRIC 4 provides guidance as to how to determine whether an arrangement contains a lease. The IFRS requirement is to be applied retrospectively to all contracts outstanding as at transition date, with no grandfathering date.

The IFRS 1 optional exemption permits the Corporation to elect to not apply IFRIC 4 retrospectively. A first-time adopter may determine whether an arrangement existing at the date of transition contains a lease based on the facts and circumstances existing at transition date. The Corporation will adopt the election to not apply IFRIC 4 retrospectively at the Transition Date.

3. **Share-based Payments** - IFRS 1 provides an entity a choice to elect prospective application for options granted on or after November 7, 2002 that vested before the date of transition to IFRSs. The Corporation will apply the exemption as all options granted are vested at the Transition Date.
4. **Designation of Previously Recognized Financial Instruments** – IFRS 1 provides an entity a choice to elect to designate a financial asset as available-for-sale or to designate a financial asset or liability at fair value through net earnings, provided certain criteria are met at the Transition Date. Given the nature of

the Corporations' financial instruments, there is no apparent advantage to re-designate its financial instruments; therefore no exemption will be made.

IFRS Mandatory Exceptions

1. **Estimates** – Hindsight is not used to create or revise estimates. The estimates we previously made under Canadian GAAP cannot be revised for application of IFRS except where necessary to reflect any difference in accounting policies. The Corporation is currently reviewing its contractual arrangements to determine if there are any onerous contracts or other provision that should be recognized at the Transition Date as required by IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The Corporation expects to complete its analysis by September 30, 2010.
- b) Business Combinations (CICA Handbook Section 1582)

In January 2009, the CICA issued new Handbook Section 1582, Business Combinations, replacing Handbook Section 1581, Business Combinations. This new Section establishes the standards for the accounting of business combinations and provides the Canadian equivalent to the IFRS standard, IFRS 3 (Revised), Business Combinations.

This Section provides that all assets and liabilities of an acquired business, obligations for contingent consideration and contingencies will be recorded at fair value at the acquisition date. Acquisition-related costs will be expensed as incurred and restructuring charges will be expensed in the periods after the acquisition date. This Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Early adoption is permitted.

- c) Consolidated Financial Statements (CICA Handbook Section 1601) and Non-controlling Interests (CICA Handbook Section 1602)

In January 2009, the CICA issued two new CICA standards, Section 1601, Consolidated Financial Statements and Section 1602, Non-controlling Interests, which together replace Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements.

Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, IAS 27 (Revised), Consolidated and Separate Financial Statements.

The Sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. The Corporation is currently evaluating the impact of the adoption of these new Sections on the consolidated financial statements.

Risks and Uncertainties

The Corporation's operations involve certain risks and uncertainties that are inherent to the Corporation's industry. The most significant additional risks and uncertainties faced by the Corporation are described below. The Annual Information Form ("2009 AIF") for the fiscal year ended December 31, 2009 dated March 15, 2010, pages 5-11 provides further description of risks associated with the Corporation. The 2009 AIF is available on the SEDAR website at www.sedar.com.

Portfolio Exposure

Given the nature of our activities, our results of operations and financial condition are dependant upon the market value of the securities that comprise our portfolio. Market value can be reflective of the actual or anticipated operating results of our portfolio companies and/or the general market conditions that affect the sectors in which we invest. Our investment activities are currently concentrated primarily in the healthcare industry. This sector has performed well recently, there are various factors which could have a negative impact on our portfolio companies and thereby have an adverse affect on our business. Additionally, as at March 31, 2010 our investment portfolio consisted of one investment which we believe exhibits potential for growth and positive cash flows but which may not ever mature or generate the returns we expect or may require a number of years to do so. Biotechnology, healthcare and technology companies may never achieve commercial discoveries and production. This may create an irregular pattern in our revenues (if any) and an investment in our securities may only be suitable for investors who are prepared to hold their investment for a long period of time. Macro factors such as fluctuations in commodity prices and global political and economical conditions could have an adverse effect on one or more investments to which we are exposed, thereby negatively impacting one or more of our portfolio companies concurrently. Company-specific risks, such as the risks associated with clinical operations generally, could have an adverse affect on one or more of our portfolio companies at any point in time. Company-specific and industry-specific risks which materially adversely affect our portfolio investments may have a materially adverse impact on our operating results.

Concentration of Investments

We may participate in a limited number of investments and, as a consequence, our financial results may be substantially adversely affected by the unfavourable performance of a single investment, or sector. Completion of one or more investments may result in a highly concentrated investment by us in a particular company, business, industry or sector.

Private Issuers and Illiquid Securities

In addition to our portfolio investments in public issuers, we intend to invest in securities of private issuers. Investments in private issuers cannot be resold without a prospectus, an available exemption or an appropriate ruling under relevant securities legislation and there may not be any market for such securities. These limitations may impair our ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private issuers may offer relatively high potential returns, but will also be subject to a relatively high degree of risk. There can be no assurance that a public market will develop for any of our private company investments or that we will otherwise be able to realize a return on such investments.

The value attributed to securities of private issuers will be the cost thereof, subject to adjustment in certain circumstances, and therefore may not reflect the amount for which they can actually be sold. Because valuations, and in particular valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate within a short period of time and may be based on estimates, determinations of fair value may differ materially from the values that would have resulted if a ready market had existed for the investments.

We may also invest in illiquid securities of public issuers. A considerable period of time may elapse between the time a decision is made to sell such securities and the time we are able to do so, and the value of such securities could decline during such period. Illiquid investments are subject to various risks, particularly the risk that we will be unable to realize our investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy. In some cases, we may be prohibited by contract or by law from selling such securities for a period of time or otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate.

We may also make direct investments in publicly-traded securities that have low trading volumes. Accordingly, it may be difficult for us to make trades in these securities without adversely affecting the price of such securities.

Trading Price of Common Shares Relative to Profit and/or Net Asset Value

We are neither a mutual fund nor an investment fund and due to the nature of our business and investment strategy and the composition of our investment portfolio, the market price of our common shares, at any time, may vary significantly from our profit and/or net asset value per share. This risk is separate and distinct from the risk that the market price of our common shares may decrease.

Available Opportunities and Competition for Investments

The success of our operations will depend upon: (i) the availability of appropriate investment opportunities; (ii) our ability to identify, select, acquire, grow and exit those investments; and (iii) our ability to generate funds for future investments. We can expect to encounter competition from other entities having investment objectives similar to ours, including institutional investors and strategic investors. These groups may compete for the same investments as us, may be better capitalized, have more personnel, have a longer operating history and have different return targets than us. As a result, we may not be able to compete successfully for investments. In addition, competition for investments may lead to the price of such investments increasing which may further limit our ability to generate desired returns. There can be no assurance that there will be a sufficient number of suitable investment opportunities available to us to invest in or that such investments can be made within a reasonable period of time. There can be no assurance that we will be able to identify suitable investment opportunities, acquire them at a reasonable cost or achieve an appropriate rate of return. Identifying attractive opportunities is difficult, highly competitive and involves a high degree of uncertainty. Potential returns from investments will be diminished to the extent that we are unable to find and make a sufficient number of investments.

Share Prices of Investments

Our investments in securities of public companies are subject to volatility in the share prices of the companies. There can be no assurance that an active trading market for any of the subject shares is sustainable. The trading prices of the subject shares could be subject to wide fluctuations in response to various factors beyond our control, including, quarterly variations in the subject companies' results of operations, changes in earnings (if any), estimates by analysts, conditions in the industry of the subject companies and general market or economic conditions. In recent years equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of the specific companies. Such market fluctuations could adversely affect the market price of our investments.

Dependence on Management

We are dependent upon the efforts, skill and business contacts of key members of management, for among other things, the information and deal flow they generate during the normal course of their activities and the synergies which exist amongst their various fields of expertise and knowledge. Accordingly, our continued success will depend upon the continued service of these individuals who are not obligated to remain employed with us. The loss of the services of any of these individuals could have a material adverse effect on our revenues, net income and cash flows and could harm our ability to maintain or grow our existing assets and raise additional funds in the future.

No Guaranteed Return

There is no guarantee that an investment in our securities will earn any positive return in the short term or long term. The task of identifying investment opportunities, monitoring such investments and realizing a significant return is difficult.

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Many organizations operated by persons of competence and integrity have been unable to make, manage and realize a return on such investments successfully. Our past performance provides no assurance of our future success.

Due Diligence

The due diligence process that we undertake in connection with investments may not reveal all facts that may be relevant in connection with an investment. Before making investments, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we rely on the resources available to us, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that we will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

History of operating losses

Since inception, the Corporation has incurred significant losses each year. The accumulated deficit from inception to March 31, 2010 is \$132.5 million. Unless the Corporation is able to generate sufficient revenue or capital appreciation on its investments, it will continue to incur losses from operations and may not achieve or maintain profitability.

Cash flow/ Revenue

The Corporation generates revenue and cash flow primarily from our proceeds from the disposition of investments, interest earned on cash and cash equivalents, consulting fees, financing and licensing activities. The availability of these sources of income and the amounts generated from these sources are dependent upon various factors, many of which are outside of our direct control. Our liquidity and operating results may be adversely affected if our access to the capital markets is hindered, whether as a result of a downturn in the market conditions generally or to matters specific to us, or if the value of our investment declines, resulting in capital losses for us upon disposition. The ability to generate revenue from consulting fees depends on a variety of factors, some of which may be beyond the control of the corporation, including a weak biotech sector, and revenues may not be sufficient to meet ongoing operating costs. In the event that the Corporation should directly or indirectly market a product there can be no assurance that it can do so profitably.

Volatility of share price

The market price of our common shares has been and may continue to be subject to wide fluctuations in response to factors such as actual or anticipated variations in our consolidated results of operations, changes in financial estimates by securities analysts, general market conditions and other factors.

Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of our common shares. The purchase of our common shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Our common shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in our common shares should not constitute a major portion of an investor's portfolio.

Licenses and Patents

The Corporation's success may, to the extent it in-licenses or invests in certain technology depend in part on an ability to obtain licenses and patents, protect its trade secrets and operate without infringing the exclusive rights of other parties. There is no guarantee that any license and patent that will be granted to the Corporation or entity it invests in ("Technology Holder") will bring any competitive advantage to the Technology Holder, that its license and patent protection will not be contested by third parties, or that the licenses and patents of competitors will not be detrimental to the Technology Holder's commercial activities. It cannot be assured that competitors will not independently develop products similar to the Technology Holder's products, that they will not imitate the Technology Holder's products or that they will not circumvent licenses and patents granted to the Technology Holder.

Need for additional capital and access to capital markets

The Corporation anticipates that it will have sufficient resources to meet its obligations. The development or investment into additional technologies by the Corporation may require a significant infusion of additional funds. Further financing may dilute the current holdings of shareholders and may thereby result in a loss for shareholders.

There can be no assurance that the Corporation will be able to obtain adequate financing, or financing on terms that are reasonable or acceptable for these or other purposes, or to fulfill the Corporation's obligations. Failure to obtain such additional financing could result in delay or indefinite postponement of further investment or development on the Corporation's technologies and investments.

Non-controlling Interests

Our investments include equity securities of a company that we do not control. These securities may be acquired by us in the secondary market or through purchases of securities from the issuer. Any such investment is subject to the risk that the company in which the investment is made may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve our interests. If any of the foregoing were to occur, the values of our investments could decrease and our financial condition, results of operations and cash flow could suffer as a result.

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Eight Quarter Review

Financial Information – Quarterly

(expressed in thousands of Canadian dollars except per share amounts)

	2010	2009				2008		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue								
Unrealized gain on investments, net	\$8,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contract Revenue	250	-	-	-	-	-	-	-
Interest Income	32	27	40	96	170	559	554	594
Expenses								
Operating, general & administration	1,701	2,102	1,912	1,782	2,075	3,072	2,137	2,292
Stock-based Compensation	432	-	-	-	1,845	24	7	264
Amortization of property and equipment	37	37	42	42	43	44	38	31
Foreign exchange loss (gain)	164	69	546	215	(16)	(3,777)	(1,413)	796
Net income (loss) continuing operations	6,508	(2,181)	(2,460)	(1,943)	(3,777)	1,196	(215)	(2,789)
Net income (loss) discontinued operations	(223)	(5,003)	12,408	3,447	2,378	(885)	6,528	2,387
Net (loss) income	\$6,285	\$(7,184)	\$9,948	\$1,504	\$(1,399)	\$311	\$6,313	\$(402)
Earnings (loss) per common share – continuing operations	\$0.07	\$(0.02)	\$(0.03)	\$(0.02)	\$(0.04)	\$0.01	\$0.01	\$(0.02)
Earnings (loss) per common share – discontinued operations	\$(0.01)	\$(0.06)	\$0.14	\$0.04	\$0.02	\$(0.01)	\$0.06	\$0.02
Earnings (loss) Per common share	\$0.07	\$(0.08)	\$0.11	\$0.02	\$(0.02)	\$0.01	\$0.07	0.00

The quarterly results of the Corporation have fluctuated primarily as a result of the timing of research and development activities.

Internal Control Over Financial Reporting

Management's Annual Report on Internal Control over Financial Reporting

The management of the Corporation is responsible for establishing and maintaining adequate internal control over financial reporting, and has designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

Management has used the Internal Control – Integrated Framework to evaluate the effectiveness of internal control over financial reporting, which is a recognized and suitable framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has evaluated the design and operation of the Corporation's internal control over financial reporting as of March 31, 2010, and has concluded that such internal control over financial reporting is effective. There are no material weaknesses that have been identified by management in this regard.

Disclosure Controls and Procedures

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Corporation's disclosure controls and procedures (as defined in the rules of the Canadian Securities Administrators) and concluded that the Corporation's disclosure controls and procedures were effective as of December 31, 2009 and in respect of the 2009 year end reporting period.

For the year ended December 31, 2009, the Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Corporation's internal disclosure controls and procedures and have concluded that the Corporation's disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in the Corporation's internal controls over financial reporting that occurred during the three months ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, these controls.

Additional Corporate Information

Additional information on BioMS Medical Corp. may be obtained in its regulatory filings including its Annual Information Form, Information Circular, annual and quarterly reports and proxy circulars filed with the various provincial security commissions in Canada through SEDAR at www.sedar.com or at the Corporation's web site at www.biomsmedical.com.
