IBEX TECHNOLOGIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL 2020

THREE MONTHS ENDED
OCTOBER 31, 2019

As at December 11, 2019

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MANAGEMENT DISCUSSION AND ANALYSIS

December 11, 2019

1 PREAMBLE

The following Management Discussion and Analysis ("MD&A") and the unaudited condensed interim consolidated financial statements ("interim financial statements") of IBEX Technologies Inc. (the "Company") were approved by the Audit Committee and the Board of Directors on December 11, 2019. This MD&A provides a review of the developments and results of operations of the Company during the first quarter ended October 31, 2019 compared with the first quarter ended October 31, 2018.

This MD&A should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the years ended July 31, 2019 and 2018.

The Company's interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information relating to the Company, including the Company's Proxy Circular, can be found on SEDAR at www.sedar.com.

Where "IBEX" or "the Company" is used, it refers to IBEX Technologies Inc. and its wholly owned subsidiaries, unless otherwise indicated. All amounts are in Canadian dollars, unless otherwise indicated.

2 FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that reflect the Company's current expectations regarding future events. Any such statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected in these forward-looking statements. For more information on the Company's risks and uncertainties relating to these forward-looking statements, please refer to the risks and uncertainties section of the MD&A.

3 INTRODUCTION TO IBEX

3.1 Enzymes

The Company, through its wholly owned subsidiary, IBEX Pharmaceuticals Inc., manufactures and markets enzymes for biomedical use.

Up to July 31, 2019, IBEX produced its enzymes at its sites in Montreal, Quebec, and in North Liberty, Iowa, as well as at a third party manufacturing facility monitored by IBEX personnel. As of July 31, 2019, the Iowa facility was closed and production of products produced at that site was transferred to the Montreal site.

The Company's products are sold directly by the Company to manufacturers of medical devices, quality control labs and academic research institutions.

Heparinase I is the most important of the IBEX enzymes. Its potential lies in its ability to cleave heparin and low molecular weight heparins and thereby neutralize the effects of heparin and heparinoids, which are drugs commonly used in hospitals and which interfere with haemostasis tests. Heparinase I recognizes and cleaves a pentasaccharide sequence which occurs in both unfractionated heparin and the low molecular weight heparins, thereby neutralizing their anticoagulant activity and thus facilitating the accurate measurement of haemostasis.

IBEX heparinase I is made via a proprietary process and is the only heparinase I approved for use in clinical diagnostics in North America and Europe.

In addition to making and selling enzymes, IBEX also provides lyophilization services for the making of disposable medical device components used in the hemostasis point-of-care market.

3.2 Arthritis Assays

IBEX develops, manufactures and sells arthritis assay kits which enable the study of both the synthesis and degradation of cartilage components. These assays are powerful tools in the study of osteo and rheumatoid arthritis. These assays are a result of both internal research and development, and the in-licensing of technology from academic research institutions.

IBEX arthritis diagnostic kits and services are marketed and sold for research use only ("RUO") to pharmaceutical companies, clinical research organizations and academic institutions. These diagnostic kits are marketed through distributors in Europe and Japan, and directly by IBEX in North America and the rest of the world. The kits are produced in IBEX facilities.

4 RESULTS OF OPERATIONS: Q1 FISCAL 2020

4.1 Summary of Quarterly Results

The following table is a summary of selected quarterly consolidated financial information of the Company for each of the eight most recently completed quarters.

(in thousands of dollars, excluding per share amounts)	October 31		July 31		April 30		January 31		Full Year	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
- Revenues	1,079	1,039	1,167	1,265	669	1,389	1,433	893	4,348	4,586
- Net (loss) earnings	64	(209)	(583)	(19)	(519)	210	43	(416)	(995)	(434)
- (Loss) earnings per common share	-	(0.01)	(0.02)	-	(0.02)	0.01	-	(0.02)	(0.04)	(0.02)
- Comprehensive (loss) income	64	(202)	(588)	(8)	(508)	238	44	(447)	(988)	(419)

Net Earnings for the Quarter

The Company recorded a net earnings of $64,463 during the first quarter ended October 31, 2019 compared to net loss of $208,741 for the same period year ago. This positive change of $273,204 is related mainly to a decrease in expenses of $233,937 (see section 4.4), and an increase in revenues of $39,267 (see section 4.3).

4.2 Foreign Exchange

The tables below show the fluctuation in the Canadian/US dollar exchange rates which can have a significant impact on the Company's results. Average rates are used to translate revenues and expenses for the period mentioned; closing rates are used to translate assets and liabilities of foreign operations, as well as monetary assets and liabilities at the end of the reporting period.

Consolidated foreign exchange loss (gain)		
Quarter ended	**October 31, 2019**	October 31, 2018
Balance sheet revaluation		
• US cash	**$2,522**	($10,853)
• US Trade receivables	**($3,605)**	($7,750)
• Other US accounts	**$4,149**	($4,404)
Total loss (gain) on revaluation	**$3,066**	($23,007)

Canadian/US dollar		
Quarter ended	**October 31, 2019**	October 31, 2018
Average rate	**1.3236**	1.3029
Closing rate	**1.3160**	1.3142

4.3 Revenues for the Quarter

Note: While the Company reports in Canadian dollars, the US dollar is the Company's selling currency. As such, fluctuations in the Canadian/US dollar exchange rate can have a significant impact on the reported revenue figures.

Revenues for the quarter ended October 31, 2019 totaled $1,078,740, an increase of $39,267 (4%) compared to the same period year ago.

The net increase of $39,267 in revenues vs. the same period year ago can be attributed to an actual increase in revenues of $22,606 (US$17,079) and a positive variance of $16,661 due to the impact of currency exchange.

The positive variance of US$17,079 vs. the same quarter in the previous year can be attributed to product mix of $120,523, offset by a negative variance in volume of US$103,444.

Revenues Variations – Quarter ended	October 31, 2019 vs. October 31, 2018
Volume/mix/new products impact:	
• Decrease due to volume USD	($103,444)
• Increase due to product mix USD	$120,523
Total increase due to volume/mix USD	$17,079
Currency impact:	
• Total increase due to volume/mix CAD	$22,606
• Currency positive effects in CAD	$16,661
• Total increase in CAD	$39,267

During first quarter ended October 31, 2019, the average currency rate was 1.3236 compared to 1.3029 in the same quarter last year. This translates to a gain for the Company since it sells in US dollars and reports in Canadian dollars.

4.4 Total Expenses for the Quarter

Total expenses in the first quarter of fiscal 2020 decreased to $1,014,227 compared to $1,248,214 in the same quarter year ago. The decrease of $233,937 is related mainly to the closing of the North Liberty, Iowa production facility on July 31, 2019 for $224,482.

Expense details		
Quarter ended	**October 31, 2019**	October 31, 2018
Cost of sales[1]	**$417,409**	$685,487
R&D expenses[1]	**$63,049**	$58,748
SG&A expenses[1]	**$418,351**	$460,773
Depreciation of PPE[2]	**$58,439**	$71,167
Depreciation of right-of-use assets	**$42,212**	-
Foreign exchange loss (gain)	**$3,066**	($23,007)
Financial expenses - net	**$11,751**	$5,046
Total expenses before other gains	**$1,014,277**	$1,258,214
Other gains	**-**	($10,000)
Total expenses	**$1,014,277**	$1,248,214

1- Excludes related depreciation expense for the purposes of this presentation.
2- PPE = Property, plant and equipment and intangible assets.

4.4.1 Cost of Sales

The Company uses the actual-cost method of recording its production costs rather than a standard-cost method (because of the practicalities of the Company's production, the standard-cost method is unsuitable). While the actual-cost method is most suitable to the Company's processes, it does result in wide swings from quarter to quarter in the cost of sales due to the "inventory allocation" effect (if more goods are produced in a quarter than are sold, there is a positive effect on the results; the reverse is true if more goods are sold than are produced).

Cost of sales consists principally of the costs of supplies, royalties, manufacturing labour and the allocation of fixed overheads.

Cost of sales		
Quarter ended	**October 31, 2019**	October 31, 2018
Revenues	**$1,078,740**	$1,039,473
Cost of sales[3]	**$465,093**	$745,578
Gross margin %	**57%**	28%

3- Includes related depreciation expense for the purposes of this presentation.

The increase in gross margin traces to cost allocation (the level of transfer of salaries, supplies, royalties and overhead to inventory) rather than to a decrease in the costs of materials or labour.

The increase of gross margin also reflects a decrease in the cost of sales related to the closing of the North Liberty, Iowa production facility on July 31, 2019.

4.4.2 Research and Development Expenses

Research and development (R&D) expenses consisted primarily of personnel expenses, laboratory supplies and external service providers. During the quarter ended October 31, 2019, research and development expenses totaled $63,049 compared to $58,748 in the same period year ago.

4.4.3 Selling, General and Administrative Expenses

During the quarter ended October 31, 2019, selling, general and administrative (SG&A) expenses totaled $418,351 compared to $460,773 in the same period year ago. The decrease of $42,422 traces mainly to a decrease in salaries and benefits expenses and recruiting expenses, partially offset by other administrative expenses.

5 LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the potential risk that the Company will not be able to meet its financial liabilities when due. The Company's financial liabilities include its accounts payable and accrued liabilities presented on the consolidated statement of financial position, which are due within the next 12 months. The Company manages liquidity risk by maintaining adequate cash balances to discharge its liabilities when due.

As at October 31, 2019, the Company had net working capital of $2,779,996 compared to net working capital of $2,838,173 as at July 31, 2019. Cash and cash equivalents decreased by $80,317 during the quarter to $2,499,542.

As at:	**October 31, 2019**	July 31, 2019	April 30, 2019	January 31, 2019	October 31, 2018
Cash and cash equivalents	**$2,499,542**	$2,579,859	$2,980,584	$3,327,402	$2,858,008
Net working capital	**$2,779,996**	$2,838,173	$3,068,584	$3,556,616	$3,447,689

Management believes that the Company has sufficient funds to meet its obligations and planned expenditures for the ensuing twelve months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

6 LOOKING FORWARD

As always, the future financial results of the Company are difficult to predict as the Company's customers have significant variations in their purchasing patterns.

We expect to see revenues in Fiscal 2020 to be roughly equivalent with Fiscal 2019, however, with the closure of the Iowa facility, there will be a substantial reduction in expenses, and we are projecting a small positive EBITDA for the year.

It should be noted that Earnings Before Interest, Tax, Depreciation & Amortization ("EBITDA") is not a performance measure defined by IFRS, but IBEX, as well as investors and analysts, consider that this performance measure facilitates the evaluation of our ongoing operations and our ability to generate cash flows to fund our cash requirements, including our capital expenditures program. Note that other public companies may use alternative definitions. The elements include in the Company's EBITDA are: Net earnings (loss), Depreciation of property, plant, equipment and intangible assets, Depreciation of right-of-use assets, Interest-Net, Income tax expense (recovery).

7 RISKS AND UNCERTAINTIES

The results of operations and financial condition of the Company are subject to a number of risks and uncertainties and are affected by a number of factors outside the control of Management.

For more information, and for a complete description of the risk factors that could materially affect the business, please refer to the corresponding sections in the Company's July 31, 2019 MD&A, as they are the same for the three months ended October 31, 2019.

8 RELATED PARTY TRANSACTIONS

During the three months ended October 31, 2019 and 2018, other than the transactions and amounts described in *Note 10* in our interim financial statements, the Company did not have any other related party transactions.

9 CRITICAL ACCOUNTING ESTIMATES

Please refer to *Note 2* of the Company's July 31, 2019 audited consolidated financial statements and the corresponding section of the July 31, 2019 MD&A to review the Company's critical accounting estimates. They were the same as those used in the interim financial statements for the three months ended October 31, 2019, with the exception of new judgments involved with IFRS 16 adoption as describe in *Note 2* of the interim financial statements.

10 ACCOUNTING STANDARDS AND AMENDMENTS

On August 1, 2019, the Company adopted IFRS 16 "Leases" using the modified retrospective approach measuring the right-of-use asset at an amount equal to the lease liability. This approach does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively.

The cumulative effect of initially applying IFRS 16 was recognized as a $678,171 right-of-use assets with a corresponding lease liabilities.

Please refer to *Note 2* of the Company's October 31, 2019 interim financial statements.

11 OUTSTANDING SHARE DATA

11.1 Common Shares

As at December 11, 2019, the Company has 24,773,244 common shares outstanding.

11.2 Stock options

As at December 11, 2019, the Company has 1,645,000 stock options outstanding with exercise prices ranging from $0.05 to $0.24 and expiry dates ranging from December 2019 to December 2028.

As at December 11, 2019, on an if-converted basis, these stock options would result in the issuance of 1,645,000 additional common shares at an aggregate exercise price of $321,150.

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