



BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

**FORM 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS**

January 28, 2019

The following analysis concerns the financial situation, operating results and cash flows of Bee Vectoring Technologies International Inc. (formerly Unique Resources Corp.) ("BVT" or the "Company") for the years ended September 30, 2018, and 2017. The discussion should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended September 30, 2018 and 2017, and the related notes thereto. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All monetary amounts are reported in Canadian dollars unless otherwise noted. These documents, as well as additional information on the Company, are filed electronically through the System for Electronic Document Analysis and Retrieval (SEDAR) and are available online at www.sedar.com.

Forward-Looking Statements

This document may contain forward-looking statements relating to the Company's operations or to the environment in which it operates, which are based on the Company's operations, estimates, forecasts and projections. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict or are beyond the Company's control. A number of important factors including those set forth in other public filings could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they are made.

Forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions it believes to be not unreasonable in light of all of the circumstances. In some instances, material factors or assumptions are discussed in this MD&A in connection with statements containing forward-looking information. Such material factors and assumptions include, but are not limited to: the forecasted demand for the Company's imaging services; the Company's success in obtaining patents for key technologies; the Company's success in expanding its product offerings; the Company's success in building differentiated applications and products; the ability of the Company to achieve rapid incremental customer growth; the Company's ability to retain key members of its management and development teams; and the Company's ability to access the capital markets. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is made as of the date of this MD&A and, other than as required by law, the Company's disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

Business Overview

The common shares of the Company commenced trading on the Exchange under the stock symbol "BEE.V" on July 7, 2015.

BVT is a development stage company which owns the patent pending technology specifically designed to utilize bees as natural delivery mechanisms for a variety of powdered mixtures comprised of organic compounds or currently used products which inhibit or eliminate common crop diseases, while at the same time promoting the growth of the same crops. This application process is without the use of water which is beneficial to areas under strict water management practices. In addition, independent companies can deliver their biocontrol's through the BVT platform allowing a broad spectrum of applications.

The bees walk through the powder mixtures as they exit their hive and the mixture becomes temporarily attached to their legs en-route to the flowers containing the crops of interest. The BVT System consists of a dispenser tray that is incorporated into the lid of commercially reared bumblebee hives. The Company is developing a second system to be used with honeybee hives. The dispensers have a removable tray that can contain non-toxic, organic, pesticides and fertilizers in powdered form, including BVT's proprietary carrier Vectorite™. Vectorite allows the bees to effectively pick up the inoculums on their way out of the hive. Multiple inoculums for a variety of different pathogens can be mixed in the Vectorite™ in a process called "stacking". BVT has its own bio control organic inoculant fungi, BVT-CR7, used to inhibit and control pathogens in high value crops such as strawberries, blueberries, Tomatoes, Canola, Sunflowers.

The trays are changed approximately every three to nine days in order to replenish the depleted inoculum, ensure the freshness of the inoculant fungi, prevent infections to the bees which may result from bee waste, and avoid packing or clumping of the inoculum in the trays. No special skills are required to replace the trays and they take a minimal amount of time to put in place. Exact and predetermined amounts of inoculum are placed in the tray as well as other kinds of inoculum for certain applications. BVT has custom designed machinery to precisely fill these sealed trays called Vectorpaks™

Summary

BVT was established with a view to providing effective protection of crops against disease organisms and insect pests, which is critical for achieving high yield and quality in many pollinated crops. Inadequate protection of crops can lead to major losses in yield and quality of fruit and seed. BVT possesses a patented and patent pending organic crop control and delivery system that has numerous competitive advantages over commercial pesticides and their applications.

The current technology used for protecting the flowers of crops relies heavily on the use of chemical pesticides (fungicides and insecticides) applied as sprays while the crops are in bloom. Problems with current spray technology include:

- Limited effectiveness because many flowers may open and die during spray intervals and therefore remain untreated. Sprays generally protect flowers for only 3-4 days. As many as half of the flowers during the entire bloom period of a crop may remain untreated by spray programs.
- Most of the pesticide is deposited on non-targets, such as soil and leaves.
- Pesticide sprays often kill or inactivate many beneficial organisms present in crops.
- Pesticide use risks contamination of the environment, such as soil and water resources.
- Pesticides can contaminate foods and feeds, such as fruits and seeds.
- With many crops, such as greenhouse tomatoes, workers cannot re-enter the crop for hours or days after pesticides are applied, which is disruptive to crop production practices and labour use.
- Many pesticides lose their effectiveness with repeated use as disease organisms, as pests and plants become resistant and insensitive to the repeated use of certain chemicals.
- Many chemicals require substantial amounts of water to be used as part of the delivery system and result in issues of run-off to the water table.
- Current chemicals are suspected of killing insects and bees and other organisms long after application with possible long-term detrimental effects on the environment.

BVT's patented and patent pending technology uses bumblebees and honey bees as a system to deliver naturally-occurring beneficial fungus and other beneficial microbes to flowering plants. BVT offers an organic means to control diseases and pests and provide plant enhancing properties while requiring zero water for delivery. The delivery method allows for delivery of BVT inoculums either individually or together with other bio controls. Multiple bio controls could be mixed together for delivery by bees to solve a range of problems. The platform can deliver many inoculums or pathogen controlling products effectively. The flower is an effective portal to deliver these controls to crops and bees are the ideal natural way to get to the majority of the blooms. Bees will touch almost all flowers that are in bloom thereby delivering inoculum consistently throughout a bloom period.

Prior to 1990 virtually no bees were used for pollination in greenhouses, however today greenhouses worldwide use bees to pollinate vegetable crops and fruits. The process of using bees as a delivery system is called "bee vectoring". BVT will employ these same bees to deliver inoculants on outbound trips to assist in crop pest control and to deliver a fertilizer or plant enhancer products in greenhouse crops and outdoor crops.

BVT currently targets two primary diseases with its own bio control BVT-CR7, Botrytis and Sclerotinia.

Botrytis

Strawberries, blueberries or raspberries often grow grey fuzz, which appears over time as the berries are stored or refrigerated resulting in waste. This is Botrytis and it becomes more active as the produce ripens in shipment or storage. The fungal pathogen, Botrytis cinerea, causes blossom blight and berry rot. It overwinters as mycelium in dead leaves and mummified berries of affected crops and as minute black bodies (sclerotia) such as on raspberry canes. Under humid conditions throughout the growing season, spores (conidia) are produced on minute tree-like structures (conidiophores) that grow on the dead foliage, old berries and on sclerotia. In mass they appear greyish hence the name "grey mold". The spores are dispersed in their millions by wind, rain, and overhead irrigation, many to new leaves, flowers and berries. Under favorable conditions of moisture and temperature the spores can germinate and infect these aerial parts of the crop.

The fungus can infect leaves of almost any age, but it remains quiescent and latent inside the leaves until they senesce and turn yellow. Young canes (primocanes) of raspberries can be infected via the leaf petioles and may wilt, die and be covered with grey mold. Flowers of all berry crops are highly susceptible to Botrytis infection. Germinating spores of the fungus can readily infect and colonize all flower parts throughout the bloom period, often turning the blossoms brown. It is from this important entry point that the fungus is able to grow and establish latent infections within the young fruit. Fruit infections generally remain quiescent and without symptoms until the berries are nearly ripe or have been harvested. In strawberries and raspberries, spores produced on unpicked, leaky, or overripe fruit may lead to further flower and fruit infections in the crop.

Sclerotinia

The soil borne pathogen Sclerotinia causes white mold diseases can seriously damage and in some cases quickly and completely destroy a crop. Numerous kinds of crops can be attacked, including canola, sunflowers, blueberries and strawberries.

Sclerotinia white mold is a significant risk in all fields of canola and sunflowers in Canada and in many other regions of the world. No viable solution exists for sunflowers as spraying is impractical due to height of the flowers and the frequency of applications needed for adequate control. In many areas, fungicides are no longer effective against Sclerotinia on account of pathogen resistance.

These two diseases, Botrytis and Sclerotinia, are very closely related and part of the reason BVT's patent pending biological control agent (bio-control) works on both pathogens. BVT's bio-control controls diseases by spatial occupation of plant tissues and preempting tissue invasion by pathogens. As soon as bees deliver BVT's patent pending bio to flowers, the fungus germinates and colonizes the flower tissues without causing any harm or symptoms. It colonizes earlier and faster than disease organisms and thereby occupies space the disease organisms would normally use while attacking the plant.

Principal Products

BVT has patents pending for the following technologies:

1. bio-control called “BVT-CR7”: a particular strain of fungus acting as a beneficial endophyte controlling targeted crop diseases and increasing crop yield;
2. Vectorite™: a recipe of ingredients that allows bees to carry BVT-CR7 and other beneficial fungi or bacteria in their outbound flights to the crops; and
3. An integrated dispenser and removable and sealable tray system in which the Vectorite containing BVT-CR7 is placed through which the bees pass and pick up the BVT-CR7.

BVT-CR7, is an organic strain of a natural occurring endophytic fungus. It has not been genetically modified or altered in any way. Bees and plants are well accustomed to this kind of fungus and it is harmless to humans. After delivery by the bees to the crops it dies out naturally within 24-48 hours if it is unable to find suitable host plants. BVT-CR7 is a selected strain of a fungus that is commonly found in a large diversity of plants and soils all around the world. It grows harmlessly in the inside of plant tissue. BVT-CR7 is able to control numerous diseases but is especially effective for controlling those caused by the fungal pathogens, such as Botrytis and Sclerotinia discussed above. BVT-CR7 is endophytic in flowers, fruits, leaves, stems, and roots of plant hosts. It does not cause disease or substances toxic to plant tissue. Other microbial agents are not endophytic or have very limited endophytic ability.

As an endophyte, BVT-CR7 also enhances plant growth by organically increasing nutritional uptake, improving root size and structure, improving vegetative growth and size of plants, increasing the number of flowers and flower size, increasing resistance to diseases and environmental stresses, and preventing Botrytis and Sclerotinia development. BVT-CR7 has no re-entry issues (i.e. the time workers have to be excluded from the greenhouse to allow conventional pesticides to dissipate), it can be used up to the day of harvest, it's organic, and its beneficial effects last longer than traditional chemical fungicides.

Berries developing from BVT-CR7 treated flowers have natural built-in protection against diseases and consequently last longer and have a longer shelf life. This gives growers additional valuable time to get the fruit to market and consumers more time to enjoy the fruit. Blueberries, for example, sometimes require 14 days just to get to market.

Vectorite is a formulation of different ingredients including the BVT-CR7 bio-control, as well as other future bio-controls, specially formulated to allow the powder to attach to the legs and bodies of the bees and thus be carried by the bees towards the flowering crops as they leave the hives. One of the significant benefits to this system is the fact that several bio controls can be used together to cover more diseases and pests than just those targeted by BVT-CR7, thereby reducing costs and making this system more effective. For example, Thrips are present in almost all greenhouses in the world and a significant issue to the grower. Several bio-controls are already registered and produced by third parties for use in spraying applications to control Thrips. BVT will evaluate these bio-controls for suitability in its system and compatibility with BVT-CR7. One such bio-control is Beauveria, a fungus already registered and produced by third parties. Beauveria is used to control Thrips which either spread a virus that kills crops or lays their eggs in fruit like strawberries rendering them useless. Most if not all greenhouses, including flowering or ornamental greenhouses, in the world, suffer from Thrips.

BVT has developed an inoculum dispenser system that is incorporated into the lid of the commercial bumble bee hive. In the dispenser is a removable tray that contains, in powder form, the inoculant fungi and a mixture of products (being, Vectorite) that allows the bees to effectively pick up the product on their way out of the hive. Vectorite allows the inoculant to get attached to the bee's hairy legs and bodies as they walk through the tray on their way out of the hive.

Bumblebees are used because of their efficiency and effectiveness in distributing BVT-CR7. Bumble bee hives are produced commercially and are approximately 14 x14 x10 inches in dimension. Each hive holds up to 300 bumble bees and the bees live for live for approximately 5-6 weeks then die out naturally. At the end of this cycle, the hives are destroyed. Bumble bees are natural pollinators making thousands of trips a day each and visiting approximately 10 flowers per minute.

The Company is developing a similar system to work with honeybee hives. This system would open up additional opportunities in crops such as almonds and sunflowers where honeybees are used to pollinate crops more commonly.

Factors Concerning the Company's Financial Performance and Results of Operations

The key performance indicators for the Company are revenue growth, EBITDA and net income.

The success of the Company to expand will be measured by revenue growth. Revenue growth will be dependent on the Company being able to penetrate new markets, acquire new customers, and continued development of its technologies.

Management believes that net income is a measure of how efficiently and effectively the business is running. The Company is in a period of expansion and growth. Therefore, selling and general administration costs will increase over the next twelve months. To achieve an acceptable net income, management will need to balance the increase in selling and general administration costs and revenue growth. Net income is also viewed as an important measure for determining the value created for shareholders.

Management believes that in addition to revenue and net income, earnings from continuing operations before interest and finance costs, taxes, depreciation and amortization, other non-cash items and one-time gains and losses (for the purposes of the Company's MD&A, EBITDA) as derived from information reported in the statements of operations and comprehensive income is a useful supplemental measure as it provides an indication of the results generated by the Company's principal operating segments but also factors in the administrative expenses incurred during the period. It is believed that EBITDA will become a more meaningful metric in the future when it has had a chance to benefit from the planned marketing and development activities and the building of the required infrastructure to support recurring sales.

Strategic Positioning

The Company is focusing on two key strategic priorities:

1. **Commercialization:** continue to gain grower acceptance through trials and demos, and secure regulatory approvals which will drive revenue in the prioritized crops. The focus is initially in berry crops in the Southeastern US;
2. **Selective Market Expansion:** expand its accessible market by developing additional crops in the US (e.g. indoor tomatoes, sunflowers), and by submitting for regulatory approval in additional countries.

To drive these priorities and build a sustainable business, the company is working on initiatives covering 4 areas of activity:

1. **Commercialization/Marketing** – the Company has proven the fit of its technology as a value-creating tool for growers in multiple crops and is aggressively pursuing commercialization. Activities in this area include market development and expansion, refining the product offer, establishing value proposition and positioning in prioritized crops, generating demand with growers, marketing and generating revenue.
2. **Product Development & Innovation** – the Company is creating a new category in the crop protection area, and excellence in product development and innovation are critical for sustainable long-term success. Activities include field trials in prioritized crops from proof of concept through commercial demonstrations, portfolio expansion projects and building a competitive advantage through intellectual property.
3. **Regulatory & Approvals** – regulatory approvals will give the Company complete license to operate and allow it to capture full value for its technology. Secured approvals and licenses represent competitive barriers and enable discussions with third party partners to accelerate commercialization and market expansion. Activities include completing studies to prove the technology's efficacy and safety, submitting and pursuing regulatory

approvals in select markets by using a network of regulatory subject experts who understand and are connected to the relevant authorities.

4. **Corporate Development including Partnerships** – the Company has unique technology that it believes will create a new category in crop protection and enhancement. The Company intends to build a strong internal foundational asset base and exploit partnerships to accelerate and expand its business. These partnerships will bring various strategic benefits, such as preferred supply arrangements (eg for bees), in-licensing of additional bio-control agents, go-to-market partnerships or strategic technology collaborations. Activities include building a high profile as an industry leader, a network of potential partners, and negotiating agreements that fill strategic needs and accelerate the business.

Milestones achieved in during the year ended September 30, 2018 and to the date of this MD&A:

Commercialization / Marketing activities:

- **Commercialization plan:** The Company is focused on the winter Florida strawberry market for its commercialization efforts. Five notable, Florida-based strawberry growers used BVT's proprietary crop production system starting in late December 2017 through March 2018 across 13 fields and covering a total of over 170 acres. Abnormally difficult weather in the month of January, and conditions favouring development of disease at levels not seen in almost a decade made it hard for the growers to manage their crop whether they were using conventional practices, organic practices or the BVT system. Despite the difficult 2017/18 growing season, the BVT system was discussed favorably in the grower community, and the Company was able to solidify long-term partnerships with key growers.

For the 2018/19 season the Company has shown an increase in the number of growers that committed to using the system from five in the previous season to eight. The Company has invoiced five of these growers for the 2018/19 season, representing the first commercial revenue for the company. Revenue for this test launch are modest – the growers have been participating in field trials and, until now, have used the system for free. As growers adopt the BVT system and can quantify their own crop improvements, the Company anticipates more treated acreage and converting additional growers into paying customers.

In support of its commercialization plan, the Company also secured supply arrangements including preferred pricing with multiple commercial bumble bee suppliers

- **Marketing plan:** The Company hired a sales representative based in Florida who will represent the company along the Atlantic seaboard with an initial focus in Florida and Southern Georgia. Supply of bees to support the upcoming activities in was secured, and the offer to the grower for the 2018/2019 season in strawberries and blueberries was finalized. Marketing materials to support launch activities in both those crops were generated, and the main tradeshows in the region were attended.
- **Market expansions:** The Company has started the registration process and market development activities in Mexico. For assistance with the registration process in Mexico, BVT has contracted with a regulatory consultant, and started building relationships with large honey beekeepers as well as the two largest suppliers of bumble bees for pollination, which BVT intends to leverage for the Mexican market.

The Company has hired a technical manager based in Mexico who has started development activities to introduce growers to its product delivery platform that uses both honey and bumble bees to efficiently deliver disease control products to plants. The Company is planning to conduct trials and demonstrations in high-value crops where growers are familiar with using bees as part of a sustainable growing process, as well as proof of concept trials in crops such as greenhouse-grown peppers, avocados, and mangoes.

The Company has also started market development activities in Europe and has submitted for regulatory approval in Switzerland. Increasing restrictions on use of chemicals in Europe positions BVT favourably in this significant market. Industry partners, as well as farmers, need crop disease management alternatives that appeal

to the environment conscious consumer. BVT is in active discussions with potential partners and is working on multiple testing and go-to-market agreements.

Product Development / Innovation activities

- Field trials: The Company continued its program of validating the fit and developing additional opportunities in targeted crops through its field trial program. The Company completed its first replicated trials on blueberries, in Nova Scotia, Canada. The trial was conducted with the Company's new honeybee dispenser system, representing the first time the new system was tested in a replicated R&D study. Results showed a reduction in incidence of *Monilinia* blight (mummy berry) by 21% and an increase in number of marketable berries per stem of 50% compared with chemical standard.

The Company completed three years of replicated trials in sunflowers with North Dakota State University (NDSU) using bumblebees. It is common practice to have multiple seasons of trials before a solution is commercialized in the agricultural inputs industry to fully refine its value proposition given the inherent fluctuations in external conditions. Several factors, including weather, can affect the severity of fungal diseases that attack a crop in any given year and so repeating the crop studies allows to best characterize a product's effectiveness, in a variety of conditions, to ensure the grower optimizes their crop treatment plan.

In the second year (summer/fall 2017) the BVT system delivered a 47% reduction in incidence and a 20% reduction in the severity of *Sclerotinia* head rot on average across three different observations. Similar levels of reductions in disease were seen in the trials conducted in 2016. Yield differences could not be quantified due to collection issues during the harvest. Full results for the third year (summer/fall 2018) will be discussed with the collaborators during meetings planned for Jan/Feb 2019.

Additionally, a commercial demonstration with the new honeybee dispenser system was conducted on portions of a 200-acre field that is part of a large farming operation in the Munich, North Dakota area. There was generally low disease pressure in the field this year, but the crop in areas within the range of the flight of bees showed further disease suppression, and yield increases.

- Intellectual property: The Company secured its first patent in South America (Chile), its first patents in Japan and Israel, and its first patent for its proprietary fungal strain *Clonostachys rosea* strain BVT CR-7 for use as a biological control agent. The Company also secured a second US patent for its unique Vectorite™ carrier formulation that allows beneficial microbes to be carried by bees.

Chile and Japan are significant anchor countries for the agricultural markets of South America and Asia respectively and both are amongst the largest crop protection markets in the world. Israel is a significant innovation hub in agriculture and is widely considered to have the most extensive Ag start-up ecosystem outside of the US.

The first patent for its fungal strain granted in the United States validates the unique properties of the Company's proprietary beneficial microbe which make it a valuable tool for biological control of various plant diseases. The patent will also allow the company to develop additional application methods for the strain beyond vectoring by bees, including foliar sprays and seed treatments. This patent application is under review in several additional countries around the world.

The second US patent on Vectorite will expand protection of the formulation to include third party microbes allowing the Company to evaluate third party microbes for delivery through its bee delivery system for crop protection and/or growth enhancement, thus increasing the value-capture opportunity per acre of crop production.

The Company is pursuing an aggressive intellectual property strategy which gives it a competitive advantage as it starts pursuing third party partnerships and market expansion opportunities. With these patents the Company now has over 20 allowed patents across 5 continents - North America, South America, Europe, Asia and Australia.

Regulatory / Approvals activities

- Organic certification obtained - BVT received official organic certification in the US, and its proprietary formulation of VECTORITE™ with CR-7 now listed by the Organic Materials Review Institute (OMRI). The listing means the product meets the US Department of Agriculture's (USDA) guidelines under the National Organic Program standard and is allowed for use in certified organic crops.
- Plant amendment licenses gained - BVT has received plant amendment licenses from five states in the US, including Florida, which allows BVT to sell its system on a limited basis.
- US EPA progressing - VECTORITE with CR-7™, delivered by bees, has thus far passed all completed review by the US Environmental Protection Agency's (EPA) reviews without issue. The EPA is appropriately increasing the data requirements to confirm safety to pollinators and has asked for additional data to show safety in honey bee brood larva. This was not a requirement when the submission was made.

The Company completed and submitted results from the EPA's requested honey bee larval safety study along with a weight of evidence document in support of its regulatory approval process with the EPA. The regulatory approval review process includes performing a risk assessment of the technology by the EPA. This includes looking at the exposure risk to workers and the environment (including bees), along with any potential toxicity. Since this is the first time a product that is being applied by bees is being evaluated by the EPA, BVT provided additional information in the form of a "weight of evidence" document discussing in particular the exposure risk to honey bee brood to help in EPA's review of the regulatory submission.

- California regulatory submission - BVT had submitted application for pesticidal use in California in 2017. California which is the largest market opportunity in the US, requires its own approval over and above that of the EPA. This is under review by the authorities in California.
- Submission in Switzerland - BVT has submitted its Swiss pesticidal registration application which is now under review.

Corporate Development / Partnering activities:

- Partnerships and product range extensions: BVT has entered into several third-party testing agreements of its proprietary beneficial microbe *Clonostachys rosea* strain CR-7 for use as a foliar spray and/or as a seed treatment. These product range extensions would open significant new markets. BVT has also entered into multiple agreements to evaluate third-party microbial products for delivery through its bumble bee and honey bee delivery systems.

BVT entered into a global technology sharing agreement with Biobest Group NV of Belgium, a leading player in pollination and biological control with presence in 60 countries on 5 continents. The agreement provides reciprocal access to certain patents of each company and represents BVT's first partnership with a significant industry player. The agreement enables both companies to accelerate efforts to bring best in class bee vectoring solutions to growers worldwide and ensuring leading positions in the market.

- Industry exposure: The Company continues to generate high levels of interest within the Agricultural industry and with the media. The Company was selected to present at two major industry events in October 2017: BVT Business Manager for EAME (Europe, Africa, Middle East), Christoph Lehnen, presented successful development results at the ABIM 2017 in Basel, Switzerland. BVT Marketing Manager, Ian Collinson, presented to an attending crowd of growers and crop consultants at the Biocontrols East trade conference in Orlando, Florida.

The Company was also selected to present and participated at 2 leading conferences during the summer of 2018: BVT CEO Ashish Malik presented at AgBio Innovate 2018 held in San Francisco with over 80 senior

industry executives providing a forum to showcase the latest technological innovations in the agricultural industry. In addition, Malik also presented and participated at Crops and Chemicals USA 2018 held in Raleigh, North Carolina. Over 250 attendees including senior executives from industry as well as senior staff from the US regulatory agencies – the EPA, the USDA and the FDA – were in attendance.

Amongst other news stories on the Company, the CEO was interviewed by the BBC World Service for a story that aired across all regions of the world.

- Awards: BVT was named by the Swiss State of Fribourg as one of its Agri & Co Challenge winners. BVT and 15 other companies beat out more than 150 other ag-tech companies from 53 different countries for the award. The Agri & Co Challenge was established in an effort to foster collaboration and enable technology innovation among organizations within the agriculture, food and biomass industries. As a “relocation program” winner, BVT will receive CHF 30,000 and will have two-years of free access to lab space at the Agri & Co Innovation Center located in Saint-Aubin, Fribourg, an area with a flourishing ag-biotech community.

The award validates that top global organizations and influencers see the value that BVT’s technology offers to growers and its fit within European sustainable agriculture practices. The partnership with the Agri & Co Innovation Center will accelerate developments aimed at commercialization in Europe, including Switzerland where the company has already submitted for regulatory approval.

In addition to being one of the ten relocation program winners, BVT was singled out as the COREB Award winner, with an additional cash prize of CHF 5,000. COREB is an association of communities within the Broye region of Switzerland that supports technology companies and encourages them to establish a presence in the region. The COREB Award is voted on by the public and is based on the perceived viability of technology, likelihood of success, and mission of the organization.

- Private placement: The Company successfully completed a non-brokered private placement for gross proceeds of \$1.57 million on February 16, 2018, a second larger one for gross proceeds of \$3 million which closed on March 28, 2018. An additional smaller private placement for \$125,000 was completed on May 4, 2018. The proceeds are being used to continue the path to commercialization and on select market expansion projects.

As the Company has no revenue, its ability to fund its operations is dependent upon its securing financing through the sale of equity or assets. See “Risk Factors” below.

Results of Operations

	Year ended September 30, 2018	Year ended September 30, 2017	Year ended September 30, 2016
Total revenues	nil	nil	nil
Total loss ⁽¹⁾⁽²⁾	\$(2,992,860)	\$(3,101,915)	\$(2,611,504)
Net loss per share – basic ⁽³⁾⁽⁴⁾	\$(0.04)	\$(0.06)	\$(0.06)
Net loss per share – diluted ⁽³⁾⁽⁴⁾	\$(0.04)	\$(0.06)	\$(0.06)
	As at September 30, 2018	As at September 30, 2017	As at September 30, 2016
Total assets	\$4,152,625	\$2,117,819	\$2,589,328
Total non-current financial liabilities	Nil	Nil	Nil
Distribution or cash dividends ⁽⁵⁾	Nil	Nil	Nil

- (1) Loss from continuing operations, in total;
- (2) Net loss from operations, in total;
- (3) Loss from continuing operations, on a per-share and diluted per share basis;
- (4) Net loss from operations, on a per-share and diluted per-share basis; and
- (5) Declared per-share for each class of share.

Results of Operations

The following discussion of the Company's financial performance is based on the financial statements for years ended September 30, 2018 and 2017.

As at September 30, 2018 the Company had a cash and cash equivalents balance of \$2,701,982 (September 30, 2017 - \$824,312) and total current assets of \$2,840,570 (September 30, 2017 - \$1,084,204) (consisting of cash, sales tax receivable and prepaid expenses and deposits). During the period, long term assets increased to \$1,312,055 from \$1,033,615 mainly due to the registration of patents (included in intangible assets). Liabilities (all current) at September 30, 2018 totalled \$281,359 (September 30, 2017 - \$298,735) and comprised of trade payables and accruals.

Working capital, which is comprised of current assets less current liabilities, is \$2,559,211 at September 30, 2018 compared to \$785,469 at September 30, 2017.

For the year ended September 30, 2018, the Company had a net loss of \$2,992,860 compared to a net loss of \$3,101,915 for the year ended September 30, 2017. During the year the Company continued to conduct trials and research to prove the benefits of the Company's technology, bring awareness of the Company and technology to growers and the public through various initiatives, and continued general corporate activities.

Revenue:

The Company has been in the development stage and did not report any revenues for the year ended September 30, 2018 and September 30, 2017.

Expenses:

A summary of the expenses for the years ended September 30, 2018 and September 30, 2017 is as follows:

	2018	2017
Expenses		
Office and general	\$ 1,646,260	\$ 1,536,602
Investor and public relations	292,432	437,191
Sales, advertising and marketing	303,818	271,840
Share based payments	374,052	288,843
Trials, research and development	343,411	512,371
Loss before other items	(2,959,973)	(3,046,847)
Loss on foreign exchange	(29,067)	(26,501)
Loss on write-off of abandoned patents	(3,820)	(33,389)
Interest and other income	-	4,822
Net loss	\$ (2,992,860)	\$ (3,101,915)

Office and general:

Below is a breakdown of what comprised office and general:

	2018	2017
Accounting and audit	\$ 67,575	\$ 72,526
Amortization and depreciation	96,924	92,899
Consulting	238,806	393,483
Insurance	20,377	28,224
Legal	134,366	141,542
Occupancy costs	131,991	128,410
Office and general	111,277	94,150
Salaries and benefits	675,843	425,670
Warehouse supplies	8,355	9,451
Transfer agent	45,366	49,096
Travel	116,382	101,151
	\$ 1,646,260	\$ 1,536,602

Investor and public relations: The Company undertakes various initiatives in order to market and communicate with investors and to educate the public on the Company and its products. Less funds were allocated to this expense during the year.

Sales advertising and marketing: There was increase in this expense category compared to last year as the company worked towards commercialization of the Company's delivery system. As such, the Company targeted various business opportunities through these marketing initiatives.

Share based payments:

This expense relates to the value of stock options that vested during the period. This is a non-cash expense.

Research and development:

This expense relates to lab research, trials and demonstrations of BVT's crop inoculation products and bee delivery platform.

Summary of quarterly results

Three Months Ended	Net Revenues (\$)	Net Loss	
		Total (\$)	Basic and Diluted Income (Loss) Per Share (\$)
30-Sept-18		(703,669)	(0.01)
30-June-18	-	(710,775)	(0.01)
31-Mar-18	-	(882,814)	(0.01)
31-Dec-17	-	(695,602)	(0.01)
30-Sep-17	-	(904,476)	(0.02)
30-Jun-17	-	(695,163)	(0.01)
31-Mar-17	-	(781,801)	(0.02)
31-Dec-16	-	(720,475)	(0.01)
30-Sep-16	-	(663,935)	(0.02)

Liquidity and Capital Resources

	September 30, 2018	September 30, 2017
	\$	\$
Cash	2,701,982	824,312
Working capital	2,559,211	785,469

For the year ended September 30:	2018	2017
	\$	\$
Cash used in operating activities	(2,385,355)	(2,699,901)
Cash used in investing activities	(379,184)	(214,855)
Cash from in financing activities	4,642,189	2,255,562

Cash used in operating activities

Cash used in operating activities for the years ended September 30, 2018 and 2017 were as follows:

Cash used in operating activities

Net loss	\$ (2,992,860)	\$(3,101,915)
Items not affecting cash		
Share based payments	374,052	288,843
Loss on write-off of abandoned patents	3,820	33,389
Foreign exchange differences	29,067	29,871
Depreciation and amortization	96,924	92,899
	(2,488,997)	(2,656,913)
Net changes in non-cash working capital items		
Sales tax and other receivables	29,422	(70,479)
Prepaid expenses and deposits	91,882	(28,640)
Accounts payable and accrued liabilities	(17,642)	56,131
	(2,385,335)	(2,699,901)

Cash flows used in investing activities

Major components of this period included funds spent on intangible assets (\$170,047 on patent registrations, \$114,851 on regulatory costs and \$9,202 on development costs), and on equipment (\$85,084 spend on production and computer equipment).

Cash flows from financing activities

Cash generated from financing activities included net proceeds from private placements in the amount of \$4,567,814 (2017 - \$2,109,136) and proceeds of \$74,375 (2017 - \$146,922) received from exercise of options.

Future Financing

Notwithstanding its cash position at September 30, 2018, the Company will need additional financing for costs related to operations, conducting trials and its growth strategy. Management recognizes the need for improved cash flow and liquidity for future operations and growth. Management closely monitors the Company's current cash position and the short-term and long-term cash requirements. The Company may be required to obtain additional funding to take advantage of the market opportunities. If additional funding is required, an issuance of common shares or a commitment to issue common shares will most likely be a component of the funding.

The Company's operations currently generate negative cash flow and may depend on future equity issuances or other means of financing to assist in financing its operations, cover administrative costs, conduct research and finance growth.

The ability of the Company to continue operations will be dependent upon obtaining additional financing as required. The timing and ability to do so will depend on the liquidity of the financial markets as well as the acceptance of investors to small cap companies, in addition to the results of the Company's operation. There can be no guarantee that the Company will be able to secure any required financing.

Commitments

The Company leases office space for their headquarters in Mississauga Ontario. The lease is for five years with annual minimum lease payments as follows:

Year	Minimum lease payment
2019	56,789
2020	58,515
thereafter	<u>4,888</u>
Total	\$ 120,192

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of BVT including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Related Party Transactions

Key management includes members of the board, the Chief Executive Officer and the Chief Financial Officer. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows for the years ended September 30, 2018 and September 30, 2017:

	2018	2017
CEO fees (i)	\$ 352,990	\$ 362,136
CFO fees (ii)	30,000	30,000
Consulting fees charged by a Chelsian Sales & Service (iii)	56,000	83,875
Consulting fees charged Flueckiger Consulting (iv)	97,068	48,398
Share based payments	291,880	176,646
	\$ 827,938	\$ 701,055

- (i) Salary and/or consulting fees paid to the CEO for services rendered.
- (ii) Consulting fees charged by CFO Advantage Inc, a corporation owed by the CFO of the Company, for services of the Chief Financial Officer.
- (iii) Consulting fees charged by Chelsian Sales & Service Inc, a corporation owned by a director, for assisting with day-to-day operations. As at September 30, 2018 \$nil (2017 -\$25,593) was owed to Chelsian Sales and Service Inc.
- (iv) Consulting fees charged by Flueckiger Consulting, a corporation owned by a director of the Company, for reviewing product development and marketing plans, reviewing data from trials, and other services as required. As at September 30, 2018 \$6,826 was owed to Flueckiger consulting.
- (v) \$18,000 (2017 - \$18,000) was charged by a relative of a director of the Company for marketing services.
- (vi) The Company employs a relative of a director of the Company as project manager. During the year ended September 30, 2018, the employee earned a salary and benefits of \$82,200 (2017 - \$67,200).
- (vii) The Company was charged \$9,555 (2017 - \$nil) in tax preparation fees by a company in which a director of the Company is partner. As at September 30, 2018, \$5,339 (2017 - \$nil) was owed to the aforementioned company.
- (viii) For shares issued to related parties, please see Note 10 point (iv), (v) and (vi) on the consolidated financial statements for the year ended September 30, 2018.

Proposed Transactions

As at the date of this MD&A there are no proposed transactions.

Accounting Estimates and judgements

The preparation of these consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The consolidated financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Intangible assets valuation

These estimates and assumptions could affect the Company's future results if the current estimates of future performance and fair values change. These determinations will affect the amount of amortization expense on definite life intangible assets recognized in future periods. The Company assesses impairment by comparing the recoverable amount of an intangible asset with its carrying value. The recoverable amount is defined as the higher of value in use, or fair value less cost to sell. The determination of the recoverable amount involves management estimates.

Useful life of property plant and equipment

Significant estimates are made as to the useful lives of property, plant and equipment.

Valuation of Share-based payments

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value stock options and of common share purchase warrants issued. The model requires the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

Judgements

Capitalization of development costs

Initial capitalization of development costs is based on management's judgment that technological and economic feasibility is confirmed, usually when the product development project has reached a defined milestone according to an established project management model.

Capitalization of regulatory costs

Initial capitalization of regulatory costs is based on management's judgment that future economic benefits attributable to the Companies assets will flow to the Company.

Functional currency

In concluding on the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences sales and the cost of providing goods and services in each jurisdiction in which the Company operates. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated, the currency in which funds are retained and whether the activities of the subsidiaries are carried out as an extension of the Company or if they are carried out with a degree of autonomy.

Going concern

The company applies judgement in assessing whether material uncertainties exist that would cause doubt as to whether the company could continue as a going concern.

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2018 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9, Financial Instruments ("IFRS 9") was updated and re-issued by the IASB on July 24, 2014 and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of consolidated financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The standard is effective for period's beginning on or after January 1, 2018. There was no impact from this policy as there was no revenue in the current year.

IFRS 2 Share based payments, the amendments, which were developed through the IFRS Interpretations Committee, provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The effective date is for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

IFRS 16 – Leases sets out a new model for lease accounting, replacing IAS 17. “Leases” and related interpretations. Under this new standard which provides a single model for leases abolishing the current distinction between finance leases and operating leases, most leases will be recognized in the consolidated statement of financial position. Certain exemptions will apply for short-term leases and leases of low-value assets. IFRS 16 will be effective for accounting years beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. Based on the leases in the current year, the impact of IFRS 16 is not material.

Financial Instruments

Fair Value

Financial instruments of the Company as at September 30, 2018 and September 30, 2017 consist of cash and cash equivalents and accounts payable and accrued liabilities. There are no significant differences between the carrying amounts of the items reported on the condensed interim consolidated statements of financial position and their estimated fair values because of the short-term maturities of these items.

The Company's risk exposures and their impact on the Company's financial instruments are summarized below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, foreign exchange risk, commodity price risk and other price risk, such as equity risk. Financial instruments affected by market risk include cash deposits.

Foreign currency risk

Foreign exchange risk arises from the changes in foreign exchange rates that may affect the fair value or future cash flows of the Company's financial assets or liabilities. The Company's exposure to this risk is insignificant.

Interest rate risk

The Company is exposed to insignificant 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. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short-term nature of interest bearing cash.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at the end of the reporting period is the carrying value of its financial assets (i.e. cash). Cash is held with both financial institutions in Canada and the United States, and management believes that exposure to credit risk is not significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising

financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. See note 1 for further disclosure on the going concern assumption.

The Company's accounts payable and accrued liabilities are subject to normal trade terms and have contractual maturities payable within 30 days for 2018 and 2017. At September 30, 2018, the Company has current assets of \$2,840,570 (September 30, 2017 - \$1,084,204) and current liabilities of \$281,359 (September 30, 2017 - \$298,735) resulting in working capital of \$2,559,211 (September 30, 2017 - \$785,469).

Disclosure of Share Capital

As at the date of this report the Company had 77,599,271 common shares issued and outstanding.

As at the date of this report the Company had 21,219,620 share purchase warrants outstanding.

As at the date of this report the Company 5,056,600 stock options outstanding.

Risks

See risk section detailed in the Company's filing statement as filed on SEDAR on June 1st, 2015.