

**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)**

For the three and nine months ended June 30, 2019 and June 30, 2018

(expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

**Bee Vectoring Technologies International Inc.**Condensed Interim Consolidated Statements of Financial Position (unaudited)  
(expressed in Canadian Dollars)

	<b>June 30, 2019</b>	September 30, 2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 407,335	\$ 2,701,982
Sales tax and other receivable	56,531	87,338
Prepaid expense and deposits	62,521	51,250
	<b>526,387</b>	2,840,570
Intangible assets (note 5)	1,452,785	1,041,973
Moulds and dies (note 6)	-	4,858
Property, plant and equipment (note 4)	219,972	265,224
	<b>\$ 2,199,144</b>	\$ 4,152,625
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 126,972	\$ 281,359
	<b>126,972</b>	281,359
<b>Shareholders' equity (deficit)</b>		
Share capital (note 8)	12,753,114	12,753,114
Warrants (note 8, 9)	949,148	1,382,817
Contributed surplus (note 10)	2,777,050	1,986,353
Accumulated other comprehensive income	51,862	58,672
Accumulated deficit	(14,459,002)	(12,309,690)
	<b>2,072,172</b>	3,871,266
	<b>\$ 2,199,144</b>	\$ 4,152,625

**NATURE OF OPERATIONS AND GOING CONCERN (Note 1)**  
**COMMITMENTS (Note 15)**

Approved by the Board of Directors

*"Michael Collinson"*

Director

*"Jim Molyneux"*

Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements

**Bee Vectoring Technologies International Inc.**

## Consolidated Statements of Loss and Comprehensive Loss

For the three and nine months ended March 31, 2019 and March 31 2018

(expressed in Canadian Dollars)

	Three months ended June 30,		Nine months ended June 30,	
	2019	2018	2019	2018
<b>Sales</b>	\$ -	\$ -	\$ 58,084	\$ -
<b>Cost of sales</b>	-	-	<b>45,149</b>	-
<b>Gross profit</b>	-	-	<b>12,935</b>	-
<b>Expenses</b>				
Office and general ( <i>note 14</i> )	\$ 158,278	\$ 399,644	\$ 1,034,369	\$ 1,166,661
Investor and public relations	26,060	38,576	77,325	264,839
Sales, advertising and marketing	143,440	98,425	437,015	186,119
Share based payments ( <i>note 10</i> )	302,916	66,496	357,028	296,625
Trials, research and development	26,822	107,634	263,305	374,947
	<b>657,516</b>	710,775	<b>2,169,042</b>	2,289,191
<b>Loss before other items</b>	<b>(657,516)</b>	(710,775)	<b>(2,156,107)</b>	(2,289,191)
Interest and other income	-	-	6,795	-
<b>Net loss</b>	\$ <b>(657,516)</b>	\$ (710,775)	\$ <b>(2,149,312)</b>	\$ (2,289,191)
<b>Weighted average number of common shares outstanding</b>				
- basic and diluted	77,599,271	62,209,271	77,599,271	60,427,774
<b>Basic and diluted loss per common share (note 11)</b>	\$ <b>(0.01)</b>	\$ <b>(0.01)</b>	\$ <b>(0.03)</b>	\$ (0.03)
<hr/>				
	Three months ended June 30,		Nine months ended June 30,	
	2019	2018	2019	2018
<b>Net loss</b>	\$ <b>(657,516)</b>	\$ (710,775)	\$ <b>(2,149,312)</b>	\$ (2,289,191)
<b>Other comprehensive income</b>				
Items that may be subsequently reclassified to earnings:				
Exchange differences on translating foreign operations	(7,275)	(21,288)	(6,810)	(18,301)
<b>Comprehensive loss</b>	\$ <b>(664,791)</b>	\$ (732,063)	\$ <b>(2,156,122)</b>	\$ (2,307,492)

The accompanying notes are an integral part of these interim condensed consolidated financial statements

**Bee Vectoring Technologies International Inc.**

Condensed Interim Consolidated Statements of Cash Flows (unaudited)

For the three and nine months ended June 30, 2019 and June 30, 2018

(expressed in Canadian Dollars)

	<b>2019</b>	2018
<b>Cash used in operating activities</b>		
Net loss	\$ (2,149,312)	\$(2,289,191)
Items not affecting cash		
Share based payments	357,028	296,625
Foreign exchange differences	(6,810)	(18,301)
Depreciation and amortization	63,805	64,933
	<b>(1,735,289)</b>	(1,945,934)
<b>Net changes in non-cash working capital items</b>		
Sales tax and other receivables	30,807	30,897
Prepaid expenses and deposits	(11,271)	72,725
Accounts payable and accrued liabilities	(154,387)	(139,019)
	<b>(1,870,140)</b>	(1,981,331)
<b>Cash used in investing activities</b>		
Additions to intangibles	(424,507)	(171,260)
Additions to property, plant and equipment	-	(8,651)
	<b>(424,507)</b>	(179,911)
<b>Cash flow from financing activities</b>		
Proceeds from the issue of shares and units	-	4,700,000
Share issue costs	-	(139,186)
Proceeds from exercise of options and warrants	-	74,375
	-	4,635,189
<b>(Decrease) increase in cash</b>	<b>(2,294,647)</b>	2,473,947
<b>Cash, beginning of period</b>	<b>2,701,982</b>	824,312
<b>Cash, end of period</b>	<b>\$ 407,335</b>	\$ 3,298,259

The accompanying notes are an integral part of these condensed interim consolidated financial statements

**Bee Vectoring Technologies International Inc.**

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (unaudited)

For the nine months ended June 30, 2019 and June 30, 2018

(expressed in Canadian Dollars)

	Share Capital			Contributed Surplus	Accumulated other Comprehensive Income	Deficit	Total
	Number of shares	Amount	Warrants				
Balance, October 1, 2017	58,501,771	\$ 9,090,738	\$ 690,241	\$ 1,325,064	\$ 29,871	\$ (9,316,830)	\$ 1,819,084
Shares and units issued in connection with the private placement	18,800,000	4,700,000	-	-	-	-	4,700,000
Share issue costs related to the private placement - cash	-	(139,186)	-	-	-	-	(139,186)
Fair value of warrants issued in connection with the private placement	-	(1,069,698)	1,069,698	-	-	-	-
Fair value of finders warrants issued in connection with the private placement	-	(29,990)	29,990	-	-	-	-
Share based compensation	-	-	-	296,625	-	-	296,625
Shares issued on exercise of options	297,500	131,900	-	(57,525)	-	-	74,375
Expired warrants	-	-	(344,762)	344,762	-	-	-
Net loss and comprehensive loss	-	-	-	-	(18,301)	(2,289,191)	(2,307,492)
<b>Balance, June 30, 2018</b>	<b>77,599,271</b>	<b>\$ 12,683,764</b>	<b>\$ 1,445,167</b>	<b>\$ 1,908,926</b>	<b>\$ 11,570</b>	<b>\$ (11,606,021)</b>	<b>\$ 4,443,406</b>
Balance, October 1, 2018	77,599,271	\$ 12,753,114	\$ 1,382,817	\$ 1,986,353	\$ 58,672	\$ (12,309,690)	\$ 3,871,266
Share based compensation	-	-	-	357,028	-	-	357,028
Expired warrants	-	-	(433,669)	433,669	-	-	-
Net loss and comprehensive loss	-	-	-	-	(6,810)	(2,149,312)	(2,156,122)
<b>Balance, June 30, 2019</b>	<b>77,599,271</b>	<b>\$ 12,753,114</b>	<b>\$ 949,148</b>	<b>\$ 2,777,050</b>	<b>\$ 51,862</b>	<b>\$ (14,459,002)</b>	<b>\$ 2,072,172</b>

The accompanying notes are an integral part of these interim condensed consolidated financial statements

**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**  
**Notes to Condensed Interim Consolidated Financial Statements (unaudited)**  
For the three and nine months ended June 30, 2019 and June 30, 2018  
(expressed in Canadian dollars)

---

**1. Nature of operations and going concern**

Bee Vectoring Technologies International Inc. (the “Company”) was incorporated under the laws of the province of British Columbia, Canada on May 20, 2011. The Company is focused on the control of pests and enhancement of crops and ornamentals through the use of biological controls in a variety of application processes.

The Company commenced trading on the TSX Venture Exchange under the symbol BEE on July 7, 2015. The address of the Company’s registered office is 4160 Sladeview Cres. #7, Mississauga, Ontario.

These condensed interim consolidated financial statements were approved for issuance by the Board of Directors on August 29, 2019.

*Going concern assumption*

These condensed interim consolidated financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company’s ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to discharge its liabilities as they become due and generate positive cash flows from operations. To date the Company has not obtained its license under the Pest Management Regulatory Agency and the Environmental Protection Agency to sell its BioControl in Canada and the United States, and has not generated revenue from operations. During the nine months ended June 30, 2019, the Company incurred a net loss of \$2,149,312 (nine months ended June 30, 2018 – \$2,289,191), and as of that date, the Company’s deficit was \$14,459,002 (September 30, 2018 – \$12,309,690). At June 30, 2019, the Company has current assets of \$526,387 (September 30, 2018 - \$2,840,570) and current liabilities of \$126,972 (September 30, 2018 – \$281,359) resulting in working capital of \$399,415 (September 30, 2018 – \$2,559,211).

These conditions have resulted in material uncertainties that may cast significant doubt about the Company’s ability continue as a going concern in the foreseeable future. The condensed interim consolidated financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report the Company’s assets and liabilities at liquidation values could be material to these condensed interim consolidated financial statements.

**2. Basis of presentation**

a) Statement of compliance

These condensed interim consolidated financial statements are prepared and reported in Canadian dollars and have been prepared in accordance with IFRS applicable to the presentation of interim financial statements and International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as the accounting policies applied in these condensed interim consolidated financial statements are based on IFRS as issued, outstanding and effective on June 30, 2019.

b) Basis of measurement

The condensed interim consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities. The consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**  
**Notes to Condensed Interim Consolidated Financial Statements (unaudited)**  
For the three and nine months ended June 30, 2019 and June 30, 2018  
(expressed in Canadian dollars)

---

**2. Basis of presentation (continued)**

c) Significant accounting estimates and judgments (continued)

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The condensed interim consolidated financial statements include judgments and estimates which, by their nature, are uncertain.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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:

Estimates

*Intangible assets valuation for impairment purposes*

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. 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.

*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 of stock options and of common share purchase warrants issued. The model requires the input of subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

Judgments

*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.



**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**  
**Notes to Condensed Interim Consolidated Financial Statements (unaudited)**  
For the three and nine months ended June 30, 2019 and June 30, 2018  
(expressed in Canadian dollars)

---

**2. Basis of presentation (continued)**

*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.

d) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and those of its wholly-owned legal subsidiaries Bee Vectoring Technology Inc. (Canadian), and Bee Vectoring Technology USA Corp (United States) (“BVT USA”).

The functional currency of the Company is the Canadian Dollar, which is the presentation currency of the consolidated financial statements. The functional currency of BVT USA is the United States dollar.

All intercompany transactions and balances have been eliminated in preparing the condensed interim consolidated financial statements.

**3. Significant accounting policies**

The same accounting policies and methods of computation were followed in the preparation of these condensed interim consolidated financial statements as were followed in the preparation and described in Note 3 of the annual consolidated financial statements as at and for the year ended September 30, 2018, with the exception of new and revised standards along with any consequential amendments, effective October 1, 2018. Accordingly, these condensed interim consolidated financial statements for the three and nine-month periods ended June 30, 2019 and 2018 should be read together with the annual consolidated financial statements as at and for the year ended September 30, 2018.

**Accounting Standards Issued But Not Yet Applied**

The Company has reviewed changes to accounting standards that become effective in future periods. Standards issued but not yet effective up to the date of issuance of the Company’s consolidated financial statements are listed below:

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 expected to be material.

The Company is in the process of evaluating the impact that new policies may have on the condensed interim consolidated financial statements.

**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**  
**Notes to Condensed Interim Consolidated Financial Statements (unaudited)**  
For the three and nine months ended June 30, 2019 and June 30, 2018  
(expresses in Canadian dollars)

**4. Property, plant and equipment**

	<b>Equipment</b>	<b>Computer</b>	<b>Office furniture</b>	<b>Site equipment</b>	<b>Leasehold improvements</b>	<b>Telephone Equipment</b>	<b>Total</b>
<b>Cost</b>							
As at September 30, 2017	\$ 6,299	\$ 4,674	\$ 12,467	\$ 343,260	\$ 38,617	\$ 16,280	\$ 421,597
Additions	-	10,812	-	65,637	-	8,651	85,100
As at September 30, 2018	6,299	15,486	12,467	408,897	38,617	24,931	506,697
Additions	-	-	-	-	-	-	-
As at June 30, 2019	\$ 6,299	\$ 15,486	\$ 12,467	\$ 408,897	\$ 38,617	\$ 24,931	\$ 506,697
<b>Accumulated depreciation</b>							
As at September 30, 2017	\$ 1,510	\$ 3,464	\$ 4,484	\$ 134,566	\$ 26,080	\$ 7,597	\$ 177,701
Additions	315	3,000	1,597	48,319	7,723	2,818	63,772
As at September 30, 2018	1,825	6,464	6,081	182,885	33,803	10,415	241,473
Additions	168	2,255	958	34,880	4,814	2,177	45,252
As at June 30, 2019	\$ 1,993	\$ 8,719	\$ 7,039	\$ 217,766	\$ 38,617	\$ 12,592	\$ 286,725
<b>Net book value</b>							
As at September 30, 2018	\$ 4,474	\$ 9,022	\$ 6,386	\$ 226,012	\$ 4,814	\$ 14,516	\$ 265,224
As at June 30, 2019	\$ 4,306	\$ 6,767	\$ 5,428	\$ 191,132	\$ -	\$ 12,339	\$ 219,972

**5. Intangible assets**

Intangible assets consist of legal fees incurred towards the registration of various patents, regulatory and development costs as follows:  
(amortization commences once the asset is available for use)

<b>Cost</b>	<b>Available-for-use</b>	<b>Work-in-progress</b>	<b>Total</b>
As at September 30, 2017	\$ 222,733	\$ 556,523	\$ 779,256
Additions	59,694	234,406	294,100
Write-off of abandoned patents	-	(3,820)	(3,820)
As at September 30, 2018	282,427	787,109	\$ 1,069,536
Additions	-	424,507	424,507
As at June 30, 2019	\$ 282,427	\$ 1,211,616	\$ 1,494,043
<b>Accumulated Amortization</b>			
As at September 30, 2017	\$ 10,655	\$ -	\$ 10,655
Additions	16,908	-	16,908
As at September 30, 2018	27,563	-	27,563
Additions	13,695	-	13,695
As at June 30, 2019	\$ 41,258	\$ -	\$ 41,258
<b>Net book value</b>			
As at September 30, 2018	\$ 254,864	\$ 787,109	\$ 1,041,973
As at June 30, 2019	\$ 241,169	\$ 1,211,616	\$ 1,452,785

**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**  
**Notes to Condensed Interim Consolidated Financial Statements (unaudited)**  
For the three and nine months ended June 30, 2019 and June 30, 2018  
(expresses in Canadian dollars)

**6. Moulds and dies**

<b>Cost</b>	
As at September 30, 2017	\$ 81,296
Additions	-
As at September 30, 2018	81,296
Additions	-
As at June 30, 2019	\$ 81,296
<b>Accumulated depreciation</b>	
As at September 30, 2017	\$ 60,178
Additions	16,260
As at September 30, 2018	76,438
Additions	4,858
As at June 30, 2019	\$ 81,296
<b>Net book value</b>	
As at September 30, 2018	\$ 4,858
As at June 30, 2019	\$ -

**7. Related party balances and 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 nine months ended June 30, 2019 and June 30, 2018:

	<b>2019</b>	2018
CEO fees (i)	<b>\$ 206,174</b>	\$ 287,155
CFO fees (ii)	<b>22,500</b>	22,500
Consulting fees charged by a Chelsian Sales & Service (iii)	<b>30,000</b>	41,000
Consulting fees charged Flueckiger Consulting (iv)	<b>59,574</b>	74,081
Share based payments	<b>255,321</b>	154,000
	<b>\$ 573,569</b>	\$ 578,736

- (i) Salary and/or consulting fees paid to the CEO for services rendered.
- (ii) Consulting fees charged by CFO Advantage Inc, a corporation owned 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.
- (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 March 31, 2019 \$nil (September 30, 2018 - \$6,826) was owed to Flueckiger consulting.
- (v) \$13,500 (2018 - \$13,500) 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 nine months ended June 30, 2019, the employee earned a salary and benefits of \$66,500 (2018 - \$58,200).
- (vii) See note 10 for issuances of options and restricted share units to officers and directors.

**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**  
**Notes to Condensed Interim Consolidated Financial Statements (unaudited)**  
For the three and nine months ended June 30, 2019 and June 30, 2018  
(expressed in Canadian dollars)

**8. Share capital**

Authorized - Unlimited number of common shares without par value  
Issued and outstanding

	Share capital	Value
<b>Common shares</b>		
Balance September 30, 2017	58,501,771	\$9,090,738
Shares issued in connection with the private placement (i)(ii)(iii)	18,800,000	4,700,000
Fair value of warrants issued in connection of the private placement (i)(ii)(iii)	-	(1,026,038)
Share issued costs related to the private placement – cash (i)(ii)	-	(117,873)
Fair value of finder’s warrants issued in connection with the private placement (i)(ii)	-	(25,613)
Common shares issued on the exercise of options (iv)	297,500	131,900
<b>Balance September 30, 2018 and June 30, 2019</b>	<b>77,599,271</b>	<b>\$12,753,114</b>

- (i) On February 16, 2018, the Company closed a non-brokered private placement of 6,300,000 Units (“Units”) of the Company at a price of \$0.25 per Unit for gross proceeds of \$1,575,000, of which \$1,404,458 was allocated to share capital and \$170,541 was allocated to warrants using the relative fair value.

Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant (“Warrant”) entitles the holder to purchase one additional common share at a price of C\$0.30 per common share until February 16, 2019. The Warrants were valued using the Black-Scholes option pricing model using the following assumptions: Term – 1 years; Volatility – 66%; Interest rate – 1.78%.

The Company paid commissions to finders under the private placement consisting of cash fees of \$132,187 and the issue of 422,400 finder's warrants. Each finder's warrant entitles the holder to purchase one share of the Company at a price of \$0.30 per share until February 16, 2019. The finder’s warrants were valued at \$29,990 using the Black-Scholes option pricing model using the following assumptions: Term – 1 years; Volatility – 66%; Interest rate – 1.78%.

- (ii) On March 28, 2018, the Company closed a non-brokered private placement of 12,000,000 Units (“Units”) of the Company at a price of \$0.25 per Unit for gross proceeds of \$3,000,000, of which \$2,179,177 was allocated to share capital and \$820,823 was allocated to warrants using the relative fair value.

Each Unit consists of one common share and one whole one common share purchase warrant. Each whole common share purchase warrant (“Warrant”) entitles the holder to purchase one additional common share at a price of C\$0.35 per common share until March 28, 2020. The Warrants were valued using the Black-Scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 76%; Interest rate – 1.80%.

**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**  
**Notes to Condensed Interim Consolidated Financial Statements (unaudited)**  
For the three and nine months ended June 30, 2019 and June 30, 2018  
(expresses in Canadian dollars)

**8. Share capital (continued)**

No finders fees were payable on this private placement.

- (iii) On May 2, 2018, the Company closed a non-brokered private placement of 500,000 Units (“Units”) of the Company at a price of \$0.25 per Unit for gross proceeds of \$125,000, of which \$90,326 was allocated to share capital and \$34,674 was allocated to warrants using the relative fair value.

Each Unit consists of one common share and one whole one common share purchase warrant. Each whole common share purchase warrant (“Warrant”) entitles the holder to purchase one additional common share at a price of C\$0.35 per common share until May 2, 2020. The Warrants were valued using the Black-Scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 76%; Interest rate – 1.94%.

No finder’s fees were payable on this private placement.

- (iv) No options were exercised during the nine months ended June 30, 2019. The following summarizes the options exercised during the year ended September 30, 2018:

Date	Price	Fair value on date of exercise of common shares	Shares issued	Cash proceeds	Fair value
10/31/2017	\$0.25	\$0.31	100,000	\$ 25,000	\$ 19,336
11/07/2017	\$0.25	\$0.28	150,000	37,500	29,004
11/24/2017	\$0.25	\$0.28	47,500	11,875	9,185
			297,500	\$ 74,375	\$ 57,525

- (v) No warrants were exercised in during the nine months ended June 30, 2019 or the year ended September 30, 2018.

**9. Warrants**

The warrants issued and outstanding as at June 30, 2019 are as follows:

	Number of warrants	Weighted average strike price
Balance, September 30, 2017	7,274,220	\$ 0.46
Warrants granted (note 8(iv)(v)(vi))	16,072,400	\$ 0.34
Warrants expired	(2,127,000)	\$ 0.65
Balance, September 30, 2018	21,219,620	\$ 0.35
Warrants expired	(6,668,920)	\$ 0.30
Balance, June 30, 2019	14,550,700	\$ 0.35

**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**  
**Notes to Condensed Interim Consolidated Financial Statements (unaudited)**  
For the three and nine months ended June 30, 2019 and June 30, 2018  
(expresses in Canadian dollars)

---

**9. Warrants (continued)**

All warrants issued during the year ended September 30, 2018 and year ended September 30, 2017 vested on the grant date. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date. At June 30, 2019, the following warrants were outstanding:

Strike price	Number	Weighted average remaining contractual life (in years)	Expiry date
\$ 0.35	2,050,700	0.06	9/19/2019
\$ 0.35	12,000,000	0.82	3/28/2020
\$ 0.35	500,000	0.04	5/2/2020
	14,550,700	0.92	

**10. Stock options and restricted share units**

On March 22, 2019 the Board of Directors has approved a restricted share unit plan (the "RSU Plan") and a 20% fixed stock option plan (the "Option Plan") to grant restricted share units ("RSU's") and incentive stock options ("Options") to directors, officers, key employees and consultants of the Company. Pursuant to the RSU Plan and the Option Plan, the Company may reserve up to an aggregate of 15,519,854 common shares pursuant to awards granted under the plans. Previously, the Company had a rolling stock option plan in 2011, which authorized the Board of Directors to grant stock options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company.

**Options**

Below is a summary of transactions for the nine months ended June 30, 2019 and the year ended September 30, 2018:

Transaction	Date	# Options
Balance September 30, 2017		4,529,100
Granted	03/01/2018	365,000
Granted	03/28/2018	600,000
Granted	04/25/2018	200,000
Granted	06/01/2018	100,000
Expired		(440,000)
Exercised		(297,500)
Balance September 30, 2018		5,056,600
Granted	02/07/2019	25,000
Granted	03/22/2019	1,828,418
Balance, June 30, 2019		6,910,018

**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**  
**Notes to Condensed Interim Consolidated Financial Statements (unaudited)**  
For the three and nine months ended June 30, 2019 and June 30, 2018  
(expresses in Canadian dollars)

**10. Stock options and restricted share units (continued)**

As at June 30, 2019 the Company had the following stock options outstanding:

<b>Date Issued</b>	<b># Options</b>	<b># Exercisable</b>	<b>Value</b>	<b>Exercise Price</b>	<b>Expiry date</b>
6/30/2015	50,000	50,000	\$ 6,534	\$ 0.25	6/30/2020
7/6/2015	1,580,000	1,580,000	\$ 300,200	\$ 0.25	7/6/2020
8/8/2015	1,600	1,600	\$ 371	\$ 0.30	8/8/2020
9/07/2015	100,000	100,000	\$ 24,862	\$ 0.31	9/07/2020
11/16/2015	275,000	275,000	\$ 91,575	\$ 0.43	11/16/2020
6/23/2016	225,000	225,000	\$ 115,050	\$ 0.50	6/23/2021
8/30/2016	1,000,000	624,994	\$ 310,000	\$ 0.32	8/30/2026
10/21/2016	100,000	100,000	\$ 23,400	\$ 0.32	10/21/2021
12/5/2016	100,000	100,000	\$ 16,500	\$ 0.24	12/5/2021
4/21/2017	360,000	360,000	\$ 76,680	\$ 0.25	4/21/2022
3/1/2018	365,000	365,000	\$ 77,015	\$ 0.25	3/1/2023
3/28/2018	600,000	600,000	\$ 149,400	\$ 0.25	3/28/2023
4/25/2018	200,000	200,000	\$ 52,600	\$ 0.25	4/25/2023
6/1/2018	100,000	75,000	\$ 16,500	\$ 0.28	6/1/2021
02/07/2019	25,000	25,000	\$ 3,650	\$ 0.16	02/07/2024
03/22/2019	1,828,418	1,828,418	\$ 327,287	\$ 0.195	03/22/2024
	<b>6,910,018</b>	<b>6,510,012</b>			

The weighted average expiry date of the options is 3.53 years. The weighted average exercise price of the options is \$0.27.

- (i) On March 1, 2018, the Company issued 365,000 options to consultants of the Company. 75,000 of these options were issued to a related party. These options were valued at \$77,015 using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 116.06%; Interest rate – 1.99%; Dividend yield – nil; Forfeiture rate – nil, stock price – \$0.26.
- (ii) On March 28, 2018, the Company issued 600,000 options to directors of the Company. These options were valued at \$149,400 using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 115.34%; Interest rate – 2.00%; Dividend yield – nil; Forfeiture rate – nil, stock price - \$0.30.
- (iii) On April 25, 2018, the Company issued 200,000 options to a director of the Company. These options were valued at \$52,600 using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 115.31%; Interest rate – 2.18%; Dividend yield – nil; Forfeiture rate – nil, stock price - \$0.32.
- (iv) On June 1, 2018, the Company issued 100,000 options to a consultant of the Company. These options were valued at \$16,500 using the Black-Scholes option pricing model using the following assumptions: Expected life – 3 years; Volatility – 104.05%; Interest rate – 2.00%; Dividend yield – nil; Forfeiture rate – nil, stock price - \$0.28.
- (v) On February 7, 2019, the Company issued 25,000 options to an employee of the Company. These options were valued at \$3,650 using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 155%; Interest rate – 1.48%; Dividend yield – nil; Forfeiture rate – nil, stock price - \$0.16. Volatility was based on the historical volatility of BVT and other comparable listed companies.

## 10. Stock options and restricted share units (continued)

(vi) On March 22, 2019, the Company issued 1,828,418 options to directors, officers, consultants and employees of the Company. 1,426,377 of these options were issued to directors and officers. These options were valued at \$327,287 using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 155%; Interest rate – 1.48%; Dividend yield – nil; Forfeiture rate – nil, stock price - \$0.16.

Volatility was based on the historical volatility of BVT and other comparable listed companies.

### Restricted share units (“RSU’s”)

On March 22, 2019, the Company granted 728,058 RSU's to certain directors, officers, key employees and consultants (487,921 to directors and officers). The RSU's vest only upon US Environmental Protection Agency's approval of the Company's VECTORITE with CR-7TM (delivered by bees) product. The RSU's expire the earlier of (i) March 22, 2029 and (ii) five years from the date of vesting.

## 11. Loss per share

The warrants and options outstanding were excluded from the computation of diluted loss per share for the three and nine months ended June 30, 2019 and June 30, 2018 because their impact was anti-dilutive.

## 12. Financial instruments

### Fair Value

Financial instruments of the Company as at June 30, 2019 and September 30, 2018 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 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.



**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**  
**Notes to Condensed Interim Consolidated Financial Statements (unaudited)**  
For the three and nine months ended June 30, 2019 and June 30, 2018  
(expresses in Canadian dollars)

---

**12. Financial instruments (continued)**

*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 2019 and 2018. At June 30, 2019, the Company has current assets of \$526,387 (September 30, 2018 - \$2,840,570) and current liabilities of \$126,972 (September 30, 2018 - \$281,359) resulting in working capital of \$399,415 (September 30, 2018 - \$2,559,211).

**13. Capital management**

The Company's objectives when managing capital are: to safeguard the Company's ability to continue as a going concern; to maintain an optimal capital structure, while ensuring the Company's strategic objectives are met and to provide an appropriate return to shareholders relative to the risk of the Company's underlying assets. The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, stock options, warrants, contributed surplus and deficit. The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, selling and/or acquiring assets, and controlling its capital expenditures program.

The Company is operating at a loss. As such, the Company is dependent on external financing to fund its activities. In order to pay for its operating expenses, the Company will spend its existing working capital and raise additional amounts as needed and if available.

As at June 30, 2019, managed capital was \$2,072,172 (September 30, 2018 - \$3,871,266). Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

**14. Office and general**

	Three months ended March 31,		Six months ended March 31,	
	2019	2018	2019	2018
Accounting and audit	\$ 12,871	\$ 13,620	\$ 47,031	\$ 44,020
Amortization and depreciation	19,649	24,141	60,336	64,934
Consulting	24,350	61,816	108,222	186,306
Insurance	2,127	1,800	18,636	13,817
Legal and regulatory	(128,926)	30,375	48,591	96,908
Occupancy costs	41,207	25,125	98,163	76,062
Office and general	21,377	23,408	78,574	76,319
Salaries and benefits	118,423	185,056	462,706	484,983
Warehouse supplies	1,323	1,477	6,299	4,599
Transfer agent	22,757	17,248	38,281	39,331
Travel	23,120	15,578	67,530	79,382
	\$ 158,278	\$ 399,644	\$ 1,034,369	\$ 1,166,661

**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**  
**Notes to Condensed Interim Consolidated Financial Statements (unaudited)**  
For the three and nine months ended June 30, 2019 and June 30, 2018  
(expressed in Canadian dollars)

---

**15. Commitments**

Effective November 1, 2015, the Company has a lease commitment for premises, which expires October 31, 2020, requiring the following approximate annual payments:

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

**16. Subsequent events**

On August 28, 2019 the Company received U.S. Environmental Protection Agency (EPA) approval for its first active ingredient, *Clonostachys rosea* CR-7.

On August 12, 2019 the Company extended the term of 1,961,000 common share purchase warrants set to expire on September 19, 2019 (the "Warrants") to September 19, 2020. The Warrants were originally issued pursuant to a private placement of units completed by the Company on September 19, 2017. The exercise price of the Warrants will remain at \$0.35.