BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended September 30, 2021 and September 30, 2020

(expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Bee Vectoring Technologies International Inc.

Opinion

We have audited the accompanying consolidated financial statements of Bee Vectoring Technologies International Inc. (the "Company"), which comprise the consolidated statement of financial position as at September 30, 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of $4,122,579 during the year ended September 30, 2021. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of Bee Vectoring Technologies International Inc. for the year ended September 30, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on January 26, 2021.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Alyson Neil.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

January 28, 2022

Bee Vectoring Technologies International Inc.
Consolidated Statements of Financial Position
(expressed in Canadian Dollars)
As at

		September 30, 2021		September 30, 2020
ASSETS				
Current assets				
Cash	**$**	**2,710,805**	$	303,241
Accounts receivable		**51,832**		27,318
Sales tax receivable		**55,222**		46,671
Inventory *(note 4)*		**31,650**		34,492
Prepaid expense and deposits		**75,750**		37,689
		2,925,259		449,411
Long-term assets				
Right of use asset (*note 5*)		**82,137**		-
Intangible assets *(note 7)*		**1,918,024**		1,839,292
Equipment *(note 6)*		**327,187**		181,674
	$	**5,252,607**	$	2,470,377
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**486,317**	$	889,460
Lease liability *(note 9)*		**78,508**		-
		564,825		889,460
Long-term liabilities				
Lease liability *(note 9)*		**6,851**		-
Loans payable *(note 10)*		**150,403**		80,629
		722,079		970,089
Shareholders' equity				
Share capital *(note 11)*		**22,800,545**		17,028,011
Shares to be issued		**-**		102,510
Warrants *(note 11, 12)*		**2,072,846**		1,646,411
Contributed surplus *(note 13)*		**5,717,131**		4,651,144
Accumulated other comprehensive loss		**(14,509)**		(4,882)
Accumulated deficit		**(26,045,485)**		(21,922,906)
		4,530,528		1,500,288
	$	**5,252,607**	$	2,470,377

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENT (Note 19)
SUBSEQUENT EVENTS (Note 22)

Approved by the Board of Directors

"Michael Collinson" — Director

"Jim Molyneux" — Director

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

Bee Vectoring Technologies International Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended September 30, 2021 and 2020
(expressed in Canadian Dollars)

		2021		2020
Sales *(note 17)*	**$**	**399,080**	$	288,868
Cost of sales		**232,578**		176,584
Gross profit		**166,502**		112,284
Expenses				
Office and general (*note 18*)		**2,405,136**		2,208,433
Investor and public relations		**407,518**		1,104,674
Sales, advertising and marketing		**587,145**		502,966
Share based payments (*note 13*)		**357,489**		2,601,262
Trials, research and development		**575,779**		349,834
Royalty payments		**2,677**		-
Loss before other items		**(4,169,242)**		(6,654,885)
Loss on foreign exchange		**(11,385)**		(23,383)
Write-off of abandoned patents (*note 7*)		**(1,181)**		(58,143)
Government grant (*note 10)*		**38,353**		-
Interest and other income		**20,876**		21,020
Net loss	**$**	**(4,122,579)**	$	(6,715,391)
Weighted average number of common shares outstanding – basic and diluted		**114,143,762**		85,695,970
Basic and diluted loss per common share (note 14)	**$**	**(0.04)**	$	(0.08)

		2021		2020
Net loss	**$**	**(4,122,579)**	$	(6,715,391)
Other comprehensive income				
Items that may be subsequently reclassified to earnings:				
Exchange differences on translating foreign operations		**(9,627)**		(825)
Comprehensive loss	**$**	**(4,132,206)**	$	(6,716,216)

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

Bee Vectoring Technologies International Inc.
Consolidated Statements of Cash Flows
For the years ended September 30, 2021 and 2020
(expressed in Canadian Dollars)

	2021	2020
Cash used in operating activities		
Net loss	**$ (4,122,579)**	$(6,715,391)
Items not affecting cash		
Share based payments (*note 13*)	**775,375**	1,986,512
Shares issued for services (*note 13*)	**-**	614,750
Loss on write-off of abandoned patents	**1,181**	58,143
Unrealized foreign exchange differences on translation of foreign operations	**-**	(825)
Lease interest	**9,635**	-
Government grant	**(38,653)**	-
Depreciation and amortization *(note 5, 6, and 7)*	**196,415**	116,450
Net changes in non-cash working capital items		
Sales tax and other receivables	**(33,065)**	45,791
Prepaid expenses and deposits	**261,939**	31,549
Inventory	**2,842**	(16,424)
Accounts payable and accrued liabilities	**96,856**	204,229
	(2,850,054)	(3,675,216)
Cash used in investing activities		
Additions to intangible assets *(note 7)*	**(160,580)**	(359,516)
Additions to property, plant and equipment *(note 6)*	**(191,399)**	(20,755)
	(351,979)	(380,271)
Cash flow from financing activities		
Proceeds from the issue of special warrants	**-**	1,806,741
Unit subscription funds received in advance	**-**	102,510
Proceeds from loans *(note 10)*	**108,427**	80,629
Loan repayments	**-**	(50,000)
Lease payments	**(75,911)**	-
Proceeds from the issue of shares and warrants	**4,027,525**	1,009,861
Share issue costs	**(204,895)**	(20,003)
Proceeds from exercise of options and warrants	**1,764,441**	1,116,126
	5,619,587	4,045,864
Decrease in cash	**2,417,554**	(9,623)
Effect of foreign exchange of on cash	**(9,990)**	-
Cash, beginning of year	**303,241**	312,864
Cash, end of year	**$ 2,710,805**	$ 303,241

Bee Vectoring Technologies International Inc.

Consolidated Statements of Cash Flows (continued)
For the years ended September 30, 2021 and 2020
(expressed in Canadian Dollars)

Supplemental cash flow information

	2021	2020
Cash paid for interest	$ 9,971	$ -
Cash paid for income taxes	$ -	$ -
Non-cash transactions		
Stock option and RSU grants for compensation	$ 658,325	$ 2,601,262
Warrants issued on private placements	$1,238,347	$ 306,341
Broker warrants issued	$ 132,267	$ 37,461
Recognition of Right-of-use asset and liability	$ 151,635	$ -
Shares for debt settlement	$ 800,000	$ -

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

Bee Vectoring Technologies International Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended September 30, 2021 and 2020
(expressed in Canadian Dollars)

	Share Capital								
	Number of shares	Amount	Shares to be issued	Special Warrants	Warrants	Contributed Surplus	Accumulated other Comprehensive Income	Deficit	Total
Balance, September 30, 2019	78,327,329	$ 12,850,546	$ 250,000	$ -	$ 980,756	$ 2,730,277	$ (4,057)	$ (15,207,515)	$ 1,600,007
Share based compensation	-	-	-	-	-	2,601,262	-	-	2,601,262
Special warrants issued	-	-	(250,000)	2,056,741	-	-	-	-	1,806,741
Broker warrants issued on issuance of special war	-	-	-	(33,704)	33,704	-	-	-	-
Issue of shares from private placement	3,110,687	737,223	-	-	272,637	-	-	-	1,009,860
Subscription funds received in advance	-	-	102,510						102,510
Share issue costs - cash	-	(14,602)	-	-	(5,400)	-	-	-	(20,002)
Share issue costs - broker warrants	-	(3,757)	-	-	3,757	-	-	-	-
Expiry of warrants	-	-	-	-	(50,801)	50,801	-	-	-
Conversion of special warrants	7,289,751	1,418,319	-	(2,023,037)	604,718	-	-	-	-
Exercise of warrants	2,763,500	1,160,185	-	-	(192,960)	-	-	-	967,225
Exercise of options	563,336	265,347	-	-	-	(116,446)	-	-	148,901
Exercise of RSUs	1,550,000	614,750	-	-	-	(614,750)	-	-	-
Net loss	-	-	-	-	-	-	(825)	(6,715,391)	(6,716,216)
Balance, September 30, 2020	**93,604,603**	**$ 17,028,011**	**$ 102,510**	**$ -**	**$ 1,646,411**	**$ 4,651,144**	**$ (4,882)**	**$ (21,922,906)**	**$ 1,500,288**
Balance, September 30, 2020	93,604,603	17,028,011	102,510	-	1,646,411	4,651,144	(4,882)	(21,922,906)	1,500,288
Share based compensation (note 13)	-	-	-	-	-	137,075	-	-	137,075
RSU grants	-	-	-	-	-	638,300	-	-	638,300
Issue of units from private placement (note 11)	13,849,977	2,891,688	(102,510)	-	1,238,347	-	-	-	4,027,525
Share issue costs - cash (note 11)	-	(204,895)	-	-	-	-	-	-	(204,895)
Share issue costs - broker warrants (note 11)	-	(132,267)	-	-	132,267	-	-	-	-
Settlement of debt	3,000,000	800,000	-	-	-	-	-	-	800,000
Exercise of options (note 11)	533,031	177,899	-	-	-	(73,958)	-	-	103,941
Exercise of warrants (note 11)	4,710,000	1,986,989	-	-	(326,489)	-	-	-	1,660,500
Exercise of RSUs (note 11)	802,000	253,120	-	-	-	(253,120)	-	-	-
Exipiry of warrants	-	-	-	-	(617,690)	617,690	-	-	-
Net loss	-	-	-	-	-	-	(9,627)	(4,122,579)	(4,132,206)
Balance, September 30, 2021	**116,499,611**	**$ 22,800,545**	**$ -**	**$ -**	**$ 2,072,846**	**$ 5,717,131**	**$ (14,509)**	**$ (26,045,485)**	**$ 4,530,528**

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

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 and records office is 4160 Sladeview Cres. #7, Mississauga, Ontario. During year ended September 30, 2020, the Company chose to change the exchange on which its stock was listed. As a result, the Company's shares stopped trading on the TSX Venture on August 20th, 2020 and commenced trading on the Canadian Stock Exchange (CSE) on August 21st, 2020 under the symbol "BEE.C".

These consolidated financial statements were approved for issuance by the Board of Directors on January 27, 2022.

Going concern assumption

These 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. On August 28, 2019 the Company received approval from the Environmental Protection Agency to sell its BioControl in the United States. To date the Company has not yet obtained regulatory approval to sell its BioControl from other regulatory bodies outside the US. The Company is currently also seeking regulatory approval in Mexico and Switzerland. During the year ended September 30, 2021, the Company incurred a net loss of $4,122,579 (2020 – $6,715,391), and as of that date, the Company's deficit was $26,045,485 (September 30, 2020 – $21,922,906). At September 30, 2021, the Company has current assets of $2,925,259 (September 30, 2020 - $449,411) and current liabilities of $564,825 (September 30, 2020 – $889,460) resulting in working capital (deficiency) of $2,360,434 (September 30, 2020 – ($440,049)).

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 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 consolidated financial statements.

The World Health Organization declared coronavirus and COVID-19 a global health emergency on January 30, 2020. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. The agriculture industry is considered essential (for food supply), and while the Company is still able to service its customers, to date, the Company has been impacted as follows:

- New sales impacted as travel restrictions have made it difficult to conduct demonstrations to growers.
- Product registration process has slowed; and
- R&D activities negatively impacted by travel and access to researchers and labs.

1. Nature of operations and going concern (continued)

The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. The impact of COVID-19 on the Company continues to result in material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern in the foreseeable future.

2. Basis of presentation

a) Statement of compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

b) Basis of measurement

The consolidated financial statements have been prepared on an accrual basis, except for cash flow information, 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.

c) Significant accounting estimates and judgments

The preparation of these 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 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 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

Impairment of long lived assets
The assessment of any of impairment equipment, right-of-use asset and intangible assets is dependent upon estimates of recoverable amounts. As the recoverable amount is the higher of fair value less costs of disposal and value in use, management must consider factors such as economic and market conditions, estimated future cash flows, discount rates and asset specific risks.

2. Basis of presentation (continued)

Determination of CGUs
Management is required to use judgement in determining which assets or group of assets make up appropriate CGUs for the level at which goodwill and intangible assets with indefinite lives are tested for impairment. A CGU is defined as the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

Useful life of equipment, right-of-use asset and intangible assets
Depreciation and amortization of equipment, right-of-use asset and intangible assets with finite lives are dependent upon estimates of useful lives and when the asset is available for use, which are determined through the exercise of judgment and are dependent upon estimates that take into account factors such as economic and market conditions, frequency of use, anticipated changes in laws and technological improvements.

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. Estimates are used for valuing RSUs granted for determining vesting dates when RSU's are granted with vesting conditions that are based on non-market performance conditions and milestones.

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.

Income taxes and recoverability of potential deferred tax assets

Income taxes and tax exposures recognized in the consolidated financial statements reflect management's best estimate based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to take into account certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

Going concern

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

2. Basis of presentation (continued)

d) Basis of consolidation

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

The functional currency of the Company and its Canadian subsidiary 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 consolidated financial statements.

3. Significant accounting policies

Intangible Assets
The Company has intangible assets consisting of legal costs related to the application of patents, costs associated with Regulatory (including Environmental Protection Agency ("EPA")) applications and costs of developing the Company's technology. Intangible assets acquired separately are measured on initial recognition at cost, when they have the following attributes: are identifiable, controlled by the Company, and from which future benefits are expected. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there are indications that the intangible asset may be impaired. Intangible assets which are not yet available for use are tested annually for impairment regardless of whether impairment indicators exist. The amortization method and amortization period of an intangible asset with a finite life is reviewed at least annually. Changes in the expected useful life (based on expiry of patents) or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization is recognized in the statement of comprehensive loss on a straight-line basis over the estimated useful lives of intangible assets from the date the patent is granted and is available for use (20 years). Amortization of regulatory costs are amortized once approvals are received, and are amortized over their estimated useful life (20 years), being the term of the approval.

Property, Plant and Equipment
Equipment and furniture are recorded initially at cost and subsequently at cost less accumulated amortization and accumulated impairment losses (if any). Amortization is provided over an asset's expected useful life using the following methods and annual rates:

Equipment	20 years	straight line
Computer	3 years	straight line
Office furniture	20 %	declining balance
Site equipment	20 %	declining balance
Telephone equipment	20 %	declining balance
Vehicle	30 %	declining balance

Residual values, useful lives and methods of amortization are reviewed at each financial year end and adjusted prospectively (if needed).

3. Significant accounting policies (continued)

Income Taxes
Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Share Capital
Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. For unit offerings, the Company has adopted the relative fair value method with respect to the measurement of shares and warrants issued as equity units. The relative fair value method requires an allocation of the net proceeds received based on the pro rata relative fair values of the components. If and when the warrants are ultimately exercised, the applicable amounts are transferred from warrants to share capital. If the warrants expire unexercised, the applicable amount is transferred to contributed surplus. The fair value adjustment resulting from a modification to the terms of a warrant is recognized in share capital.

Financial Instruments
Financial assets
Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit and loss (“FVPL”) or fair value through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – Financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of income.

Subsequent measurement – Financial assets at amortized cost
Financial assets are measured at amortized cost if both the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company’s business model for these financial assets is to collect their contractual cash flows; and 2) the asset’s contractual cash flows represent "solely payments of principal and interest".

3. Significant accounting policies (continued)

Subsequent measurement – Financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial assets subject to impairment are accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities
Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities and loans payable, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

Financial assets:	**Classification IFRS 9**
Cash	FVPL
Accounts receivable	Amortized cost
Financial liabilities:	**Classification IFRS 9**
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

3. Significant accounting policies (continued)

Impairment of non-financial assets
Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. Finite life intangible assets not yet available for use are tested annually for impairment. Other non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit (the Company's technology, inoculum dispensing system) to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. An impairment loss is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized in profit or loss for the period, although such reversals are not applicable to goodwill.

Share based payment transactions
The Company has a stock option plan and a restricted share unit plan which are discussed in note 13. Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby they render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity cannot be specifically measured, the equity instruments are measured at fair value of the equity instrument. The fair value of the equity instruments is recognized together with a corresponding increase in equity over the period that services are provided or goods are received.

The costs of equity settled transactions with employees are measured by reference to the fair value at the date on which they are granted. The costs of equity settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative cost is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in contributed surplus. Upon exercise of the stock options, the consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital. No expense is recognized for awards that do not ultimately vest. The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

The Company determines the fair value of restricted stock units issued with market-based performance conditions by using the market price of the Company's stock at the date of grant adjusted downward for the probability of units not vesting; the Company multiplies this by the number of restricted stock units granted. The Company then recognizes the associated share based compensation with an increase in share capital over the vesting period related to the market-based performance condition. Upon vesting, the Company will reconcile the share-based compensation and share capital to account for the number of units that ultimately vested.

3. Significant accounting policies (continued)

The Company determines the fair value of restricted stock units issued with non-market based performance conditions by using the market price of the Company's stock at the date of grant; the Company multiplies this by the number of restricted stock units it expects to ultimately vest. The Company then recognizes the associated share based compensation with an increase in share capital over the estimated vesting period related to the non-market based performance condition. Upon vesting, the Company will reconcile the share-based compensation and share capital to account for the number of units that ultimately vested.

Foreign operations and currency translation
Within each entity, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in the consolidated statements of loss. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

The accounts of the Company are presented in Canadian dollars. The financial statements of foreign subsidiaries for which the functional currency is not the Canadian dollar are translated into Canadian dollars using the exchange rate in effect at the end of the reporting period for assets and liabilities and the average exchange rates for the period for revenue, expenses and cash flows. Foreign exchange differences arising on translation are recognized in other comprehensive income and in accumulated other comprehensive loss in shareholders' equity.

Loss per share
The calculation of loss per common share is based on the reported net loss divided by the weighted average number of shares.

Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options, warrants and vesting of restricted share units, if dilutive. As the potentially dilutive equity instruments are anti-dilutive, basic and diluted earnings per share are the same.

Provisions
A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions at September 30, 2021 and September 30, 2020.

Revenue recognition
Revenue is recognized at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

3. Significant accounting policies (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

Rendering of services - Revenue from a contract to provide services is recognized over time as the services are rendered based on a per acre basis. This revenue is generated (and performance obligation met) by providing a service to growers (installing and maintaining the Company's inoculum dispenser system) over the growers farming season. Sale of goods - Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery (ie performance obligation is met upon the shipment of the Hives).

The Company recognizes revenue based on the following criteria: when a contract exists with a customer, the contract identifies the performance obligation, performance obligation has been met, the transaction price is determinable and collectability is reasonably assured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Cash-generating unit
A cash-generating unit ("CGU") is the smallest identifiable group of assets that generate cash flows that are independent of the cash inflows from other assets or groups of assets. Impairment of CGUs is performed at the CGU level. The recoverable amount of each CGU is determined based on the higher of the CGU's fair value less costs to sell ("FVLCS") and its value in use ("VIU"). The Company used FVLCS to determine the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. CGUs shall be identified consistently from period to period for the same asset or types of asset, unless a change is justified. Management evaluates and identifies CGUs at each financial statement date. Management has identified there to be one CGU, being the Company's technology, inoculum dispensing system.

Inventory
Inventory is stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method using the standard costing method which is updated regularly to reflect current conditions and approximate cost. The cost of finished goods inventory comprises raw materials, direct labour, other direct costs and related production overhead expenditure. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory is reviewed monthly to determine if the carrying value exceeds net realizable value. If so, impairment is recognized. The impairment may be reversed if the circumstances which caused it no longer exist.

(expressed in Canadian dollars)

3. Significant accounting policies (continued)

Lease and Right of Use Assets
A lease is recognized as a right-of-use asset and a corresponding lease obligation liability at the date of which the leased asset is available for use by the Company. The right-of-use asset is measured initially at cost, and subsequently at cost less any accumulated depreciation and impairment losses. The initial cost recognized includes the lease liability, any lease prepayments made, less any lease incentives, and any direct costs incurred by the lessee. The right-of-use asset is amortized over the term of the lease. Lease payments are allocated between the liability and finance cost. The finance cost is charged to the statement of income over the lease period.

The lease liability upon initial measurement includes the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable;
- Variable lease payments that are based on an index or rate;
- Expected payments by the lessee under residual value guarantees;
- The exercise price of a purchase option of the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate.

Payments for short-term leases or leases of low-value assets are recognized on a straight-line basis as an expense in the statement of income. Short-term leases are leases with a lease term of twelve months or less. Low-value assets compromise of small items of office equipment.

4. Inventory

	2021	2020
Raw materials	$ 31,650	$ 34,492
Total	$ 31,650	$ 34,492

During the year ended September 30, 2021, $232,578 (2020 - $176,584) of inventory was recognized as cost of sales. There was no inventory write downs in 2021 and 2020. No inventory was pledged as collateral.

5. Right of use asset

	Office Lease
Balance, September 30, 2020	$ -
Additions - leases	151,635
Depreciation	(69,498)
Balance, September 30, 2021	$ 82,137

Leases are depreciated over their term, being 2 years.

(expressed in Canadian dollars)

6. Equipment

	Equipment	Computer	Furniture	Site equipment	Telehpone Equipment	Vehicle	Total
Cost							
As at September 30, 2019	$ 6,299	$ 15,486	$ 12,467	$ 408,897	$ 24,931	$ -	$ 468,080
Additions	9,610	2,337	-	8,808	-	-	20,755
Allowances	-	-	-	-	-	-	-
As at September 30, 2020	15,909	17,823	12,467	417,705	24,931	-	488,835
Additions	-	11,561	-	114,006	-	65,832	191,399
Foreign currency adjustment	-	642	-	-	-	-	642
As at September 30, 2021	$ 15,909	$ 30,026	$ 12,467	$ 531,711	$ 24,931	$ 65,832	$ 680,876
Accumulated depreciation							
As at September 30, 2019	$ 2,139	$ 11,626	$ 7,358	$ 228,087	$ 13,318	$ -	$ 262,528
Additions	435	4,251	1,021	36,604	2,322	-	44,633
As at September 30, 2020	2,574	15,877	8,379	264,691	15,640	-	307,161
Additions	1,530	3,013	817	32,727	1,858	6,583	46,528
As at September 30, 2021	$ 4,104	$ 18,890	$ 9,196	$ 297,418	$ 17,498	$ 6,583	$ 353,689
				-			
Net book value							
As at September 30, 2020	$ 13,335	$ 1,946	$ 4,088	$ 153,014	$ 9,291	$ -	$ 181,674
As at September 30, 2021	$ 11,805	$ 11,136	$ 3,271	$ 234,293	$ 7,433	$ 59,249	$ 327,187

During the year ended September 30, 2021, $3,913 (2020 - $7,138) of depreciation was capitalized to inventory as overhead and subsequently recognized as cost of sales.

(expressed in Canadian dollars)

7. Intangible assets

	Available-for-use			Work-in-process			Total
	Patents	Regulatory cost	Development	Patents	Regulatory cost	Development	
Cost							
As at September 30, 2019	$ 526,398	$ 348,570	$ 143,775	$642,859	$ 21,094	$ -	$1,682,696
Additions	-	55,477	172,550	89,634	41,856	-	359,517
Re-class to available for use	12,026	-	-	(12,026)	-	-	-
Write-off of abandoned patents	(15,173)	-	-	(44,141)			(59,314)
As at September 30, 2020	523,251	404,047	316,325	676,326	62,950	-	1,982,899
Additions	-	-	-	109,407	51,173	-	160,580
Re-class to available for use	147,675			(147,675)			
Write-off of abandoned patents	(1,350)	-	-	-	-	-	(1,350)
Foreign currency adjustment	-	-	-	-	(277)	-	(277)
As at September 30, 2021	$ 669,576	$ 404,047	$ 316,325	$638,058	$ 113,846	$ -	$2,141,852
Accumulated amortization							
As at September 30, 2019	$ 61,409	$ 1,452	$ 7,190	$ -	$ -	$ -	$ 70,051
Additions	39,446	$ 19,465	$ 15,816				74,727
Write-off of abandoned patents	(1,170)	-	-	-	-	-	(1,170)
As at September 30, 2020	99,685	20,917	23,006	-	-	-	143,608
Additions	44,370	20,202	15,817	-	-	-	80,389
Write-off of abandoned patents	(169)	-	-	-	-	-	(169)
As at September 30, 2021	$ 143,886	$ 41,119	$ 38,823	$ -	$ -	$ -	$ 223,828
Net book value							
As at September 30, 2020	$ 423,566	$ 383,130	$ 293,319	$676,326	$ 62,950	$ -	$1,839,292
As at September 30, 2021	$ 525,690	$ 362,928	$ 277,502	$638,058	$ 113,846	**$** -	$1,918,024

8. 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 years ended September 30, 2021 and September 30, 2020:

	2021	2020
*CEO fees (i)	**$ 308,501**	$ 428,437
*CFO fees (ii)	**5,000**	30,000
*Consulting fees charged by a Chelsian Sales & Service (iii)	**40,000**	60,000
*Consulting fees charged Flueckiger Consulting (iv)	**22,079**	58,995
*Consulting fees charged Exelerate Inc. (vii)	**20,000**	**-**
Shares based payments - Options	**53,350**	999,600
Share based payments - RSUs	**263,200**	**-**
	$ 712,131	$ 1,577,032

**represents key management remuneration*

(i) Salary and/or consulting fees paid to the CEO for services rendered. As at September 30, 2021, $20,438 (September 30, 2020 - $65,620) is owed to the CEO for past fees. The CEO also received RSUs that vested with a fair value of $124,000 which is included in share based payments.

(ii) Consulting fees charged by CFO Advantage Inc, a corporation owed by the CFO of the Company, for services of the Chief Financial Officer. As at September 30, 2021 $325 (2020 –$5,650) was owed to CFO Advantage Inc. The CFO also received RSUs that vested with a fair value of $37,200 which is included in share based payments.

(expressed in Canadian dollars)

8. Related party balances and transactions (continued)

(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, 2021 $1,300 (2020 –$12,600) was owed to Chelsian Sales and Service Inc. The director also received RSUs that vested with a fair value of $31,000 which is included in share based payments.

(iv) Consulting fees charged by Flueckiger Consulting, a corporation owned by a former director of the Company, for reviewing product development and marketing plans, reviewing data from trials, and other services as required. As at September 30, 2021 $nil (2020 - $8,211) was owed to Flueckiger consulting. The former director also received RSUs that vested with a fair value of $31,000 which is included in share based payments.

(v) $nil (2020 - $3,000) 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 sales manager. During the year ended September 30, 2021, the employee earned a salary and benefits of $109,798 (2020 - $96,000).

(vii) Consulting fees charged by Exelerate Inc, a corporation owned by a director of the Company, for governance and business development services. The director also received RSUs that vested with a fair value of $40,000 which is included in share based payments.

9. Lease liability

Balance, September 30, 2020	$	-
Additions		151,635
Interest expense		9,635
Lease payments		(75,911)
Balance, September 30, 2021	$	85,359

Allocated as:		**September 30, 2021**
Current	$	78,508
Long Term	$	6,851

The Company entered into a two-year extension on the lease of its office and production facility. The lease commenced on November 1, 2020 for a period of two years until October 31, 2022, with no further options to renew at the current terms. Under the lease, the Company is required to pay a monthly base rent of $6,901. At the commencement of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 8.62%, which is the Company's incremental borrowing rate in Canada. Nil (2020 - $74,707) of rent was expensed for short term leases in the fiscal year.

10. Loans payable

(i) On May 1, 2020, the Company received a $40,000 Canada Emergency Business Account loan. Up to $10,000 of that amount will be eligible for loan forgiveness if $30,000 is fully repaid on or before December 31, 2022. As at September 30, 2021, none of the loan has been repaid. If the loan is not repaid by December 31, 2022, it will be extended for an additional 3-year term bearing an interest rate of 5% per annum. The loan can be repaid at any time without penalty and no principal payments are required until December 31, 2025 when the full amount of the loan is due. Monthly interest must be paid during the additional 3-year term. An additional, $20,000 was receive in January, 2021 under the same terms and conditions.

(ii) On May 5, 2020, the Company received a U.S Small Business Administration ("SBA") paycheque loan of $40,629. The loan bears an interest rate of 1%, and matures 2 years from the date of issuance (but can be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities). An additional $23,999, was received in March 2021 under the same terms. The Company has submitted a loan forgiveness application related to this loan.

(iii) In June 2021, the Company received a US$50,000 loan to finance a vehicle. The loan bears interest at 2.15% and has a 5-year term with interest only payments.

10. Loans payable (continued)

Pursuant to IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, the benefit of a government loan at below - market rate is treated as a government grant and measured in accordance with IFRS 9, Financial Instruments. The benefit of below - market rate shall be measured as the difference between the initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. The Company has estimated the initial carrying value of each initial CEBA and SBA loan at a total of $96,138 using a discount rate of 2.15%, which was the estimated rate for a similar loan without the interest - free component (ie the vehicle loan in (iii) above). The difference will be accreted to each CEBA loan liability over the term of the CEBA Loan and offset to other income on the statements of loss and comprehensive loss.

11. Share capital

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

(i) On May 19, 2020, the Company closed a non-brokered private placement of 1,999,576 units ("Units") at a price of $0.33 per Unit for gross aggregate proceeds of $659,860. Each Unit consisted of one common share (a "Share") and one transferable common Share purchase warrant (a "Warrant"). Each Warrant entitles the holder, on exercise, to purchase one additional Share for a period of 24 months following the closing, at an exercise price of CAD$0.5375 per Share. The Warrants were valued at $180,833 using relative fair value method with the warrants fair value determined by the black scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 86%; Interest rate – 0.28%.

On June 30, 2020, the Company closed a non-brokered private placement of 1,111,111 units ("Units") at a price of $0.315 per Unit for gross aggregate proceeds of $350,000. Each Unit consisted of one common share (a "Share") and one transferable common Share purchase warrant (a "Warrant"). Each Warrant entitles the holder, on exercise, to purchase one additional Share for a period of 24 months following the closing, at an exercise price of CAD$0.525 per Share. The Warrants were valued at $91,803 using relative fair value method with the warrants fair value determined by using the black scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 86%; Interest rate – 0.28%.

The Company paid commissions to finders under the private placements consisting of cash fees of $20,003 and the issue of 29,750 finder's warrants. Each finder's warrant entitles the holder to purchase one share of the Company at a price of $0.5375 for two year. The finder's warrants were valued at $5,147 using the Black-Scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 95%; Interest rate – 0.28%.

(ii) During the year ended September 30, 2020, 1,550,000 RSUs were exercised. The RSUs had a fair value of $614,750.

(iii) During the year ended September 30, 2020, 2,763,500 warrants were exercised for proceeds of $1,083,375. The warrants had a fair value of $76,810. The weighted average fair value of the shares on the date exercised was $0.42)

(iv) During the year ended September 30, 2020, 563,336 options were exercised for proceeds of $148,900. The options had a fair value of $116,446.

11. Share capital (continued)

(v) On October 7, 2020, the Company closed a non-brokered private placement of 2,661,366 units ("Units") at a price of $0.24 per Unit for gross aggregate proceeds of $638,727. Each Unit consisted of one common share (a "Share") and one transferable common Share purchase warrant (a "Warrant"). Each Warrant entitles the holder, on exercise, to purchase one additional Share for a period of 24 months following the closing, at an exercise price of CAD$0.40 per Share. Should the 10-day volume weight average price of the Shares, as traded on the CSE, be equal to or greater than a 100% premium to the Warrant exercise price prior to the expiry date of the applicable Warrants, the Company may accelerate the expiry date ("Accelerated Expiry Date") of the Warrants by providing the Warrant holders with notice (the "Acceleration Notice") of its election to do so. The Accelerated Expiry Date referenced in an Acceleration Notice may be no earlier than the 30th day from the date on which such Accelerated Expiry Date is delivered to the warrant holders. For greater certainty, the Acceleration Notice may not be delivered to the subscribers prior to the Warrant exercise date. The Warrants were valued at $184,656 using relative fair value method with the warrants fair value determined by using the black scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 92%; Interest rate – 0.28%.

The Company paid commissions to finders under the private placements consisting of cash fees of $1,025 and the issue of 4,270 finder's warrants (with the same terms as noted above). The finder's warrants were valued at $520 using the Black-Scholes option pricing model. Other legal issue costs amounted to $4,565.

(vi) On December 17, 2020, the Company closed a non-brokered private placement of 1,111,111 units ("Units") at a price of $0.24 per Unit for gross aggregate proceeds of $266,666. This financing is on the same terms as the October 7, 2020 private placement. The Warrants were valued at $74,721 using relative fair value method with the warrants fair value determined by using the black scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 92%; Interest rate – 0.28%.

Legal issue costs on the financing amounted to $4,534.

(vii) On February 4, 2021, the Company closed a non-brokered private placement of 7,306,625 units at a price of $0.32 per unit for gross aggregate proceeds of $2,338,120. Each unit consists of one common share and one transferable common Share purchase warrant. Each warrant entitles the holder, on exercise, to purchase one additional share for a period of 24 months following the closing, at an exercise price of $0.525 per Share. The Warrants were valued at $716,928 using relative fair value method with the warrants fair value determined by using the black scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 92%; Interest rate – 0.28%.

(viii) On February 26, 2021, the Company closed the second tranche of the February 4, 2021 private placement issuing 2,770,875 units at a price of $0.32 per unit for gross aggregate proceeds of $886,522. The Warrants were valued at $262,042 using relative fair value method with the warrants fair value determined by using the black scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 91%; Interest rate – 0.28%.

Finders fees for the February 4, 2021 and February 26, 2021 tranches totaled $194,771 cash and 608,036 warrants exercisable to purchase one additional share per warrant with an exercise price of $0.425 for a period of 2 years from issuance. The Finders warrants were valued at $79,652, using the black scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 91%; Interest rate – 0.28%.

(ix) During the year ended September 30, 2021, 802,000 RSUs were exercised. The RSUs had a fair value of $253,120.

(x) On December 17, 2020, the Company reached agreements with arms-length parties to settle outstanding accounts payable of $800,000 (of which $400,000 was outstanding as at September 30, 2020) for consulting services provided to the Company, in consideration for the issuance of 3,000,000 shares.

11. Share capital (continued)

(xi) During the year ended September 30, 2021, 4,710,000 warrants were exercised for proceeds of $1,660,500. The warrants had a fair value of $326,489.

(xii) During the year ended September 30, 2021, 533,031 options were exercised for proceeds of $103,941. The options had a fair value of $73,958.

Special Warrants

On October 23, 2019, the Company closed a non-brokered private placement of 4,242,104 special warrants ("Special Warrants") at a price of $0.25 per Special Warrant for gross aggregate proceeds of $1,060,526 (the "Offering"). $250,000 of this Offering was collected in the 2019 fiscal year, and was recorded as shares to be issued. Each Special Warrant represents the right of the holder to receive, without payment of any additional consideration or need for further action, subject to customary anti-dilution provisions, one unit ("Unit") four months and one day after closing. Each Unit will consist of one common share (a "Share") and one transferable common Share purchase warrant (a "Warrant"). Each Warrant will entitle the holder, on exercise, to purchase one additional Share for a period of 18 months following the closing, at an exercise price of CAD$0.40 per Share. The Company has the right to accelerate the expiry date of the Warrants if the closing market price of the Shares of the Company on the TSX Venture Exchange is equal to or exceeds C$0.55 for a period of 15 consecutive trading days commencing with the date the Warrants are issued. On February 24, 2020, the 4,242,104 special warrants were converted to Units. On conversion, the Warrants were valued at $350,928 using relative fair value method with the warrants fair value determined by the black scholes option pricing model using the following assumptions: Term – 1.17 years; Volatility – 95%; Interest rate – 1.37%.

On November 28, 2019, the Company closed a non-brokered private placement of 3,047,647 special warrants ("Nov Special Warrants") at a price of $0.35 per Nov Special Warrant for gross aggregate proceeds of $1,066,677. Each Nov Special Warrant represents the right of the holder to receive, without payment of any additional consideration or need for further action, subject to customary anti-dilution provisions, one unit ("Nov Unit") four months and one day after closing. Each Nov Unit will consist of one common share (a "Nov Share") and one transferable common Share purchase warrant (a "Nov Warrant"). Each Nov Warrant will entitle the holder, on exercise, to purchase one additional Nov Share for a period of 18 months following the closing, at an exercise price of CAD$0.45 per Share. The Company has the right to accelerate the expiry date of the Nov Warrants if the closing market price of the shares of the Company on the TSX Venture Exchange is equal to or exceeds C$0.60 for a period of 15 consecutive trading days commencing with the date the Warrants are issued. On March 30, 2020, the 3,047,647 special warrants were converted to Units. On conversion, the Warrants were valued at $263,322 using relative fair value method with the warrants fair value determined by the black scholes option pricing model using the following assumptions: Term – 1.17 years; Volatility – 95%; Interest rate – 0.66%.

Total cash finders fees and other issue costs related to the Special Warrants and Nov Special Warrants totaled $70,462 for net cash proceeds of $2,056,741. The Company also issued 167,957 finders warrants exercisable at $0.35 - $0.45 with a term of 1.5 years. The finders warrants were valued at $33,704 using the Black-Scholes option pricing model using the following assumptions: Term – 1.5 years; Volatility – 95%; Interest rate – 1.49%.

(expressed in Canadian dollars)

12. Warrants

The warrants issued and outstanding as at September 30, 2021 and September 30, 2020 are as follows:

	Number of warrants		Weighted average strike price
Balance, September 30, 2019	14,461,000	$	0.35
Issued on issue of special warrants (note 11(i))	167,957	$	0.40
Issued on conversion of special warrants (note 11(i))	4,242,104	$	0.40
Issued on conversion of special warrants (note (11(ii))	3,047,647	$	0.45
Issued with private placement (note 11(i))	3,140,437	$	0.54
Warrants exercised (note 11(iii))	(2,763,500)	$	0.35
Warrants expired	(713,500)	$	0.35
Balance, September 30, 2020	21,582,145	$	0.40
Issued with private placement (Note 11(v) & (vi))	3,776,747	$	0.40
Issued with private placement (Note 11(vii) & (viii))	10,077,500	$	0.525
Issued with private placement (Note 11(viii))	608,036	$	0.425
Exercised	(4,710,000)	$	0.35
Expired	(13,731,708)	$	0.39
Balance, September 30, 2021	17,602,720	$	0.50

The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date.

At September 30, 2021, the following warrants were outstanding and exercisable:

Strike price		Number	Weighted average remaining contractual life (in years)	Expiry date
$	0.54	2,029,326	0.62	05/19/2022
$	0.55	1,111,111	0.75	06/30/2022
$	0.40	2,665,636	1.02	10/07/2022
$	0.40	1,111,111	1.21	12/17/2022
$	0.525	7,306,625	1.35	02/04/2023
$	0.425	419,676	1.35	02/04/2023
$	0.525	2,770,875	1.40	02/26/2023
$	0.425	188,360	1.40	02/26/2023
		17,602,720	1.18	

(expressed in Canadian dollars)

13. Stock options and restricted share units

In 2020 the Board of Directors approved a restricted share unit plan (the "RSU Plan") and a 20% rolling 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 a maximum of 20% of the issued and outstanding common shares pursuant to awards granted under the plans. The vesting of the options and RSU's are determined by the board when granted, and can have a maximum term of 10 years. The plans were approved by the shareholders on October 23, 2020. Previously, the Company had a fixed option plan, which authorized the Board of Directors to grant stock options to directors, officers, employees and consultants to acquire up to an aggregate 15,519,854 common shares of the Company.

Options

Below is a summary of transactions for the year ended September 30, 2021 and the year ended September 30, 2020:

Transaction	# Options	Weighted Average Strike Price
Balance, September 30, 2019	6,960,018	$0.27
Exercised*	(563,336)	$0.26
Granted	5,900,000	$0.31
Balance, September 30, 2020	12,296,682	$0.29
Expired	(1,201,600)	$0.38
Exercised	(533,031)	$0.20
Granted	680,000	$0.36
Balance, September 30, 2021	11,242,051	$0.29

As at September 30, 2021 the Company had the following stock options outstanding:

Date Issued	# Options	# Exercisable	Value	Exercise Price	Expiry date
6/30/2015	50,000	50,000	$ 15,900	$0.285	6/30/2025
7/6/2015	1,580,000	1,580,000	$502,440	$0.285	7/6/2025
8/30/2016	1,000,000	1,000,000	$310,000	$0.32	8/30/2026
10/21/2016	100,000	100,000	$23,400	$0.32	*10/21/2021
4/21/2017	200,000	200,000	$42,600	$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
2/27/2019	25,000	25,000	$3,125	$0.16	2/7/2024
3/22/2019	1,242,051	1,242,051	$172,335	$0.20	3/22/2024
9/16/2019	50,000	50,000	$9,800	$0.24	9/16/2024
10/30/2019	5,350,000	5,350,000	$1,455,200	$0.31	10/30/2024
11/24/2020	275,000	275,000	$53,350	$0.29	11/24/2025
02/05/2021	155,000	155,000	$42,625	$0.41	02/05/2026
03/11/2021	150,000	150,000	$41,100	$0.41	03/11/2026
04/29/2021	100,000	50,000	$27,400	$0.365	04/29/2026
	11,242,051	11,192,051			

Subsequent to the year end, these options expired unexercised

(expressed in Canadian dollars)

13. Stock options and restricted share units (continued)

The fair values of the stock options granted were calculated using the Black-Scholes Option Pricing Model using the weighted average assumptions below. The weighted average expiry date of the options is 3.14 years. The weighted average exercise price of the options is $0.28.

	2021	2020
Risk-free interest rate	0.40%	1.24%
Expected life of options	5 years	5 years
Annualized volatility	86%	105%
Dividend rate	0%	0%
Weighted average fair value per options	$0.24	$0.29

Restricted share units ("RSU's")

Below is a summary of transactions for the year ended September 30, 2021 and the year ended September 30, 2020:

Transaction	**# RSUs**
Balance, September 30, 2019	-
Granted	1,600,000
Exercised	(1,550,000)
Balance, September 30, 2020	50,000
Granted	2,705,000
Exercised	(802,000)
Balance, September 30, 2021	1,953,000

As at September 30, 2021, the Company had the following RSUs outstanding:

Date Issued	**# RSUs**	**# Vested**	**Value per RSU**
04/24/2020	1,828,000	1,690,500	$0.31
06/18/2021	125,000	125,000	$0.32
	1,953,000	1,815,500	

The grant date fair value of the RSU equals the fair market value of the corresponding shares at the grant date. The fair value of these equity-settled awards is recognized as compensation expense with a corresponding increase in equity. The total amount expensed is recognized over the vesting period, which is the period over which all the specified vesting conditions should be satisfied.

13. Stock options and restricted share units (continued)

Option and RSU expense reconciliation for the year ended September 30, 2021:
As per the statement of changes in shareholders' equity

Share based compensation	$ 137,075
RSU grants	638,300
Total	$ 775,375

As per the statement of loss

Share based compensation – options portion	$ 137,075
Shares based compensation – RSU portion	220,414
Research and development	73,886
Investor and public relations	35,000
Office and general (consulting)	144,000
Sales and marketing	165,000
Total	$ 775,375

14. Loss per share

The warrants and options outstanding were excluded from the computation of diluted loss per share for the years ended September 30, 2021 and 2020 because their impact was anti-dilutive.

15. Financial instruments

Fair Value
Financial instruments of the Company as at September 30, 2021 and September 30, 2020 consist of cash, other receivables, accounts payable and accrued liabilities, and loans payable. There are no significant differences between the carrying amounts of the cash, other receivables and accounts payables and accrued liabilities reported on the consolidated statements of financial position and their estimated fair values because of the short-term maturities of these items. Loans payable are recognized initially and subsequently at amortized cost.

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 currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of a change in foreign exchange rates. The Company is exposed to foreign currency risk on cash, other receivables and accounts payable and loans denominated in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at September 30, 2021, the Company had $(35,561) of net financial instruments denominated in U.S. dollars. The effect on loss before income tax of a 10% change in the foreign currency against the Canadian dollar on the above-mentioned net monetary assets and liabilities of the Company is estimated to be an increase/decrease of $3,556, assuming that all other variables remained constant.

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.

15. Financial instruments (continued)

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 and accounts receivable). Cash is held with both financial institutions in Canada and the United States, and management believes that exposure to credit risk is not significant. The Company manages its credit risk related to trade and other receivables by establishing procedures to establish payment terms and approval policies of customers. In the opinion of management, the credit risk is moderate and no credit losses are expected.

Price risk
The Company is exposed to price risk. Price risk is the risk that the commodity prices that the Company charges are significantly influenced by its competitors and the commodity prices that the Company must charge to meet its competitors may not be sufficient to meet its expenses. The Company reduces the price risk by ensuring that it obtains information regarding the prices set by its competitors to ensure that its prices are appropriate to the unique attributes of its product and services. In the opinion of management, the price risk is low and is not material.

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 2021 and 2020.

At September 30, 2021, the Company has current assets of $2,925,259 (September 30, 2020 - $449,411) and current liabilities of $564,825 (September 30, 2020 – $889,460) resulting in working capital of $2,360,434 (September 30, 2020 – working capital deficiency ($440,049)).

16. 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 September 30, 2021, managed capital was $4,530,528 (September 30, 2020 - $1,500,288). Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach to capital management during the year ended September 30, 2021. The Company is not exposed to externally imposed capital requirements.

(expressed in Canadian dollars)

17. Sales

Revenue from contracts with customers		2021		2020
Rendering of services over time	$	**386,185**	$	259,801
Sales of good		**12,895**		29,067
	$	**399,080**	$	288,868

All revenue was earned in the United States.

18. Office and general

		2021		2020
Accounting and audit	$	**107,637**	$	105,815
Amortization and depreciation		**192,502**		109,313
Consulting		**769,810**		670,953
Insurance		**24,431**		25,936
Legal and regulatory		**94,336**		128,571
Occupancy costs		**55,517**		120,128
Office and general		**237,672**		134,911
Salaries and benefits		**740,034**		710,058
Warehouse supplies		**16,056**		18,937
Transfer agent		**59,334**		73,438
Travel		**107,807**		110,373
	$	**2,405,136**	$	2,208,433

19. Commitment

Effective November 1, 2015, the Company has a lease commitment for premises, requiring the following approximate annual payments:

Year	Minimum lease payment	
2022	$	82,812
2023	$	6,901

(expressed in Canadian dollars)

20. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2021	2020
Loss before income taxes	**$ 4,122,579**	$ 2,897,825
Tax rate	**26.5%**	26.5%
Calculated income tax recovery	**(1,092,000)**	(767,924)
Non-deductible expense	**214,000**	92,834
Share issue costs	**(76,000)**	-
Difference in tax rates in foreign jurisdictions and other	**(222,000)**	36,483
Change in deferred taxes not recognized	**1,176,000**	638,607
Income tax expense	**$ -**	$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2021	**Expiry dates**	**2020**	**Expiry dates**
Non-Capital losses	$		$	
Canada	16,256,000	2030 – 2041	12,769,777	2030 - 2040
United States	2,915,000	2037 - indefinite	2,545,647	2037 – indefinite
Property and equipment	709,000	No expiry	837,966	No expiry
SRED Pool and Federal ITC	434,000	No expiry	309,031	No expiry
Share issue costs	266,000	2042 – 2045	-	N/A

21. Segmented information

The Company's business consists of a single reportable segment. Details on a geographic basis are as follows:

Total long term assets	2021	2020
Canada	$ 2,259,185	$ 2,010,851
United States of America	68,163	10,115
	$ 2,327,348	$ 2,020,966

Revenues	2021	2020
Canada	$ -	$ -
United States of America	399,080	288,868
	$ 399,080	$ 288,868

22. Subsequent events

Subsequent to year end, the Company issued 275,000 common shares upon the conversion of 275,000 RSUs, and 200,000 common shares on the exercise of 200,000 stock options.

On October 5, 2021, the Company granted 900,000 stock options to consultants with an exercise price of $.27, expiring on October 5, 2026 and vesting on grant.

On October 5, 2021, the Company granted 100,000 RSUs to a consultant, vesting quarterly over one year starting on December 1 2021.