

FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: Bee Vectoring Technologies International Inc. (the "Issuer").

Trading Symbol: BEE

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

First Quarter (three-month period) ended December 31, 2020.

Unaudited condensed interim consolidated financial statements of the Issuer for the three-month period ended December 31, 2020, as filed with securities regulatory authorities, are attached to this Form 5 - Quarterly Listing Statement as Appendix "A".

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

With respect to related party transactions for information supplementary to that contained in the notes to the unaudited condensed interim consolidated financial statements, which are attached hereto, please refer to Management's Discussion & Analysis for the three-month period ended December 31, 2020, as filed with securities regulatory authorities and attached to this Form 5 - Quarterly Listing Statement as Appendix "B".

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

As at August 14, 2020, the Issuer's Form 2A - Listing Statement, 93,604,603 Common shares in the capital of the Issuer were issued and outstanding.

(a) summary of securities issued during the period,

The following securities were issued during the period of October 1, 2020 to December 31, 2020:

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
October 7, 2020	Units comprised of Common shares and Warrants ⁽¹⁾	Private placement offering	2,661,366	\$0.24	638,727.84	Cash	Arm's length party	\$1,024.80 cash and 4,270 warrants ⁽¹⁾
December 2, 2020	Common shares	RSU conversion into Common shares	50,000	N/A	N/A	N/A	Arm's length party	N/A
December 4, 2020	Common shares	RSU conversion into Common shares	24,000	N/A	N/A	N/A	Arm's length party	N/A
December 17, 2020	Units comprised of Common shares and Warrants ⁽¹⁾	Private placement offering	1,111,111	\$0.24	\$266,666.64	Cash	Arm's length party	N/A
December 17, 2020	Common shares	Debt settlement	3,000,000	\$0.26666	N/A	Settlement of \$800,000 in debt	Arm's length party	N/A
December 29, 2020	Common shares	RSU conversion into Common shares	25,000	N/A	N/A	N/A	Arm's length party	N/A
December 30, 2020	Common shares	RSU conversion into Common shares n	11,500	N/A	N/A	N/A	Arm's length party	N/A

(1) Each warrant is exercisable to acquire one additional common share at a price of \$0.40 for a period of two years from the date of issuance.

(b) summary of options granted during the period of October 1, 2020 to December 31, 2020:

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
November 24, 2020	320,000 RSUs	N/A	Consultant	N/A	Nov 24, 2025	\$0.29
November 24, 2020	130,000 RSUs	Claude Flueckiger Director	N/A	N/A	November 24, 2025	\$0.29
November 24, 2020	480,000 RSUs	N/A	Consultant	N/A	November 24, 2025	\$0.29
November 24, 2020	130,000 RSUs	Michael Collinson Director & Officer	N/A	N/A	November 24, 2025	\$0.29
November 24, 2020	96,000 RSUs	N/A	Consultant	N/A	November 24, 2025	\$0.29
November 24, 2020	96,000 RSUs	N/A	Consultant	N/A	November 24, 2025	\$0.29
November 24, 2020	120,000 RSUs	N/A	Consultant	N/A	November 24, 2025	\$0.29
November 24, 2020	120,000 RSUs	N/A	Consultant	N/A	November 24, 2025	\$0.29
November 24, 2020	198,000 RSUs	N/A	Consultant	N/A	November 24, 2025	\$0.29
November 24, 2020	60,000 RSUs	N/A	Consultant	N/A	November 24, 2025	\$0.29
November 24, 2020	140,000 RSUs	N/A	Consultant	N/A	November 24, 2025	\$0.29
November 24, 2020	530,000 RSUs	Ashish Malik Officer	N/A	N/A	November 24, 2025	\$0.29
November 24, 2020	160,000 RSUs	Kyle Appleby Officer	N/A	N/A	November 24, 2025	\$0.29
November 24, 2020	200,000 stock options	Claude Flueckiger Director	N/A	\$0.29	November 24, 2025	\$0.29
November 24, 2020	75,000 stock options	Kyle Appleby Officer	N/A	\$0.29	November 24, 2025	\$0.29
TOTAL	2,580,000 RSUs 275,000 stock options					

FORM 5 – QUARTERLY LISTING STATEMENT

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

As at December 31, 2020, the authorized capital of the Issuer consisted of an unlimited number of Common shares without par value, and without any special rights or restrictions, of which 100,487,580 Common shares were issued and outstanding.

The holders of the Common shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Issuer and each Common share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Issuer. The holders of the Common shares, subject to the prior rights, if any, of any other class of shares of the Issuer, are entitled to receive such dividends in any financial year as the board of directors of the Issuer may be resolution determine. In the event of the liquidation, dissolution or winding-up of the Issuer, whether voluntary or involuntary, the holders of the Common shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Issuer, the remaining property and assets of the Issuer.

- (b) number and recorded value for shares issued and outstanding,

Date	Number of common shares	Recorded value of common shares
As at December 31, 2020	100,487,580	\$18,499,774

- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Options: Options to purchase Common shares in the capital of the Issuer are granted by the Issuer's Board of Directors to eligible persons pursuant to the Issuer's Stock Option Incentive Plan.

As at December 31, 2020, the following options were outstanding entitling holders to purchase Common shares in the capital of the Issuer as summarized below:

Date of Grant	Number of Options	Exercise Price	Expiry Date	Recorded Value
June 30, 2015	50,000	\$0.285	June 30, 2025	\$15,900
July 7, 2015	1,580,000	\$0.285	July 7, 2025	\$502,440
June 23, 2016	325,000	\$0.50	June 23, 2021	\$115,050
August 30, 2016	1,000,000	\$0.32	August 30, 2026	\$310,000
October 1, 2016	100,000	\$0.32	October 1, 2021	\$23,400
April 21, 2017	200,000	\$0.25	April 21, 2022	\$42,600
March 1, 2018	365,000	\$0.25	March 1, 2023	\$77,015
March 28, 2018	600,000	\$0.25	March 28, 2023	\$149,400
April 25, 2018	200,000	\$0.25	April 25, 2023	\$52,600
February 7, 2019	25,000	\$0.16	February 7, 2024	\$3,125
March 22, 2019	1,775,082	\$0.195	March 22, 2024	\$254,064
September 16, 2019	50,000	\$0.24	September 16, 2024	\$9,800
October 30, 2019	5,750,000	\$0.31	October 30, 2024	\$1,523,200
November 24, 2020	2,519,500	N/A	November 24, 2025	\$730,655
November 24, 2020	275,000	\$0.29	November 24, 2025	\$53,350
Total	14,814,582			

Warrants: As at December 31, 2020, the following warrants were outstanding entitling holders to purchase Common shares in the capital of the Issuer as summarized below:

Date of Issue	Number of Warrants	Exercise Price	Expiry Date	Recorded Value
March 28, 2018	10,984,000	\$0.35	March 28, 2021	\$751,327
October 23, 2019	2,800 ⁽¹⁾	\$0.40	April 23, 2021	\$280
November 28, 2019	115,177 ⁽¹⁾	\$0.45	May 28, 2021	\$22,229
November 28, 2019	49,980 ⁽²⁾	\$0.35	May 28, 2021	\$11,195
February 24, 2020	4,242,104	\$0.40	April 23, 2021	\$350,928
March 29, 2020	3,047,647	\$0.45	May 28, 2021	\$263,322
May 19, 2020	1,999,576	\$0.5375	May 19, 2022	\$180,833
May 19, 2020	29,750 ⁽¹⁾	\$0.5375	May 19, 2022	\$3,757
June 30, 2020	1,111,111	\$0.525	June 30, 2022	\$91,803
October 7, 2020	2,661,366	\$0.40	October 7, 2022	\$184,656
October 7, 2020	4,270 ⁽¹⁾	\$0.40	October 7, 2022	\$520
December 17, 2020	1,111,111	\$0.40	December 17, 2022	\$72,456
Total	25,358,891			

(1) Finders Warrants.

(2) Finders Units; each Unit is exercisable to purchase one Common Share and one additional Warrant exercisable to purchase one Common Share at a price \$0.45 until May 28, 2021.

Convertible Securities: The Issuer has no convertible securities outstanding.

- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

The Issuer has no shares subject to escrow or pooling agreements or any other restrictions on transfer

4. **List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

Name of Director/Officer	Position with Issuer
Ashish Malik	President and CEO
Kyle Appleby	CFO and Corporate Secretary
Michael Collinson	Chairman and Director, member of audit committee
James Molyneux	Director, chair of audit committee
Claude Flueckiger	Director, member of audit committee
Brandon Boddy	Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Management's Discussion & Analysis for the three-month period ended December 31, 2020, as filed with securities regulatory authorities, is attached to this Form 5 - Quarterly Listing Statement as Appendix "B".

Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: March 1, 2021.

Ashish Malik
Name of Director or Senior Officer

Signed: "Ashish Malik"
Signature

Chief Executive Officer
Official Capacity

Name of Issuer Bee Vectoring Technologies International Inc.	For Quarter Ended December 30, 2020	Date of Report YY/MM/D 2021/03/01
Issuer Address 4160 Sladeview Crescent, #7		
City/Province/Postal Code Mississauga, ON L5L 0A1	Issuer Fax No. 604 687-3141	Issuer Telephone No. 604 687-2038
Contact Name Ashish Malik	Contact Position CEO	Contact Telephone No. +1 (916) 307-6879
Contact Email Address amalik@beevt.com	Web Site Address www.beevt.com	

APPENDIX A

Bee Vectoring Technologies International Inc.

Unaudited condensed interim financial statements
for the three-month period ended December 31, 2020

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended December 31, 2020

(expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED 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)

	December 31, 2020	September 30, 2020
ASSETS		
Current assets		
Cash	\$ 245,975	\$ 303,241
Sales tax and other receivable	59,129	73,989
Inventory (note 3)	126,942	34,492
Prepaid expense and deposits	361,518	37,689
	793,564	449,411
Long-term assets		
Right of use asset (note 4)	138,999	-
Intangible assets (note 6)	1,856,900	1,839,292
Property, plant and equipment (note 5)	181,835	181,674
	\$ 2,971,298	\$ 2,470,377
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 322,009	\$ 889,460
Deferred revenue	41,851	-
	363,860	889,460
Long-term liabilities		
Lease liability (note 8)	139,970	-
Loans payable (note 9)	78,804	80,629
	582,634	970,089
Shareholders' equity (deficit)		
Share capital (note 10)	18,499,774	17,028,011
Shares to be issued (note 10)	-	102,510
Warrants (note 10, 11)	1,904,043	1,646,411
Contributed surplus (note 12)	4,790,994	4,651,144
Accumulated other comprehensive income	(5,808)	(4,882)
Accumulated deficit	(22,800,339)	(21,922,906)
	2,388,664	1,500,288
	\$ 2,971,298	\$ 2,470,377

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)**COMMITMENTS (Note 18)****SUBSEQUENT EVENTS (Note 19)**

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

Bee Vectoring Technologies International Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (unaudited)

For the three months ended December 31, 2020 and December 31, 2019

(expressed in Canadian Dollars)

	2020	2019
Sales (note 16)	\$ -	\$ 56,232
Cost of sales	-	22,741
Gross profit	-	33,491
Expenses		
Office and general (note 17)	538,655	462,249
Investor and public relations	91,256	456,123
Sales, advertising and marketing	115,082	164,382
Share based payments (note 12)	53,350	1,575,030
Trials, research and development	77,444	88,056
Loss before other items	(875,787)	(2,712,349)
Gain (loss) on foreign exchange	(1,646)	(4,094)
Net loss	\$ (877,433)	\$ (2,716,443)
Weighted average number of common shares outstanding - basic and diluted	96,749,451	78,327,329
Basic and diluted loss per common share (note 13)	\$ (0.01)	\$ (0.03)

	2020	2019
Net loss	\$ (877,433)	\$ (2,716,443)
Other comprehensive income		
Items that may be subsequently reclassified to earnings:		
Exchange differences on translating foreign operations	(926)	(3,092)
Comprehensive loss	\$ (878,359)	\$ (2,719,535)

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

Bee Vectoring Technologies International Inc.

Condensed Interim Consolidated Statements of Cash Flows (unaudited)

For the three months ended December 31, 2020 and December 31, 2019

(expressed in Canadian Dollars)

	2020	2019
Cash used in operating activities		
Net loss	\$ (877,433)	\$ (2,716,443)
Items not affecting cash		
Share based payments (<i>note 12</i>)	53,350	1,575,030
Shares issued for services (<i>note 12</i>)	120,625	-
Unrealized foreign exchange differences on translation of foreign operations	(2,751)	(3,092)
Depreciation and amortization	41,233	22,049
Net changes in non-cash working capital items		
Sales tax and other receivables	14,860	(35,716)
Prepaid expenses and deposits	76,171	(145,860)
Inventory	(92,450)	(11,546)
Contract liabilities	-	11,040
Lease liability	(11,665)	-
Deferred revenue	41,851	-
Accounts payable and accrued liabilities	(167,451)	(288,172)
	(803,660)	(1,592,710)
Cash used in investing activities		
Additions to intangible assets (<i>note 6</i>)	(36,124)	(89,967)
Additions to property, plant and equipment (<i>note 5</i>)	(10,242)	-
	(46,366)	(89,967)
Cash flow from financing activities		
Proceeds from the issue of special warrants	-	1,806,741
Loan repayments (<i>note 9</i>)	-	(50,000)
Proceeds from the issue of shares and warrants	802,884	-
Share issue costs	(10,124)	-
Proceeds from exercise of options and warrants	-	173,375
	792,760	1,903,116
Decrease in cash	(57,266)	(247,439)
Cash, beginning of period	303,241	312,864
Cash, end of period	\$ 245,975	\$ 560,303

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 three months ended December 31, 2020 and December 31, 2019

(expressed in Canadian Dollars)

	Share Capital		Shares to be issued	Special Warrants	Warrants	Contributed Surplus	Accumulated other Comprehensive Income		Deficit	Total
	Number of shares	Amount								
Balance, September 30, 2018	78,327,329	\$ 12,850,546	\$ 250,000	\$ -	\$ 980,756	\$ 2,730,277	\$ (4,057)	\$ (15,207,515)	\$ 1,600,007	
Share based compensation	-	-	-	-	-	1,575,030	-	-	1,575,030	
Special warrants issued	-	-	(250,000)	2,056,741	-	-	-	-	1,806,741	
Extension of warrants	312,500	131,617	-	-	(22,242)	-	-	-	109,375	
Exercise of options	260,000	113,300	-	-	-	(49,300)	-	-	64,000	
Net loss	-	-	-	-	-	-	(3,092)	(2,716,443)	(2,719,535)	
Balance, September 30, 2019	78,899,829	\$ 13,095,463	\$ -	\$ 2,056,741	\$ 958,514	\$ 4,256,007	\$ (7,149)	\$ (17,923,958)	\$ 2,435,618	
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 12)	-	-	-	-	-	173,975	-	-	173,975	
Issue of units from private placement (note 10)	3,772,477	648,281	(102,510)	-	257,112	-	-	-	802,883	
Share issue costs - cash (note 10)	-	(10,124)	-	-	-	-	-	-	(10,124)	
Share issue costs - broker warrants (note 10)	-	(520)	-	-	520	-	-	-	-	
Settlement of debt	3,000,000	800,000	-	-	-	-	-	-	800,000	
Exercise of RSUs (note 10)	110,500	34,125	-	-	-	(34,125)	-	-	-	
Net loss	-	-	-	-	-	-	(926)	(877,433)	(878,359)	
Balance, December 31, 2020	100,487,580	\$ 18,499,774	\$ -	\$ -	\$ 1,904,043	\$ 4,790,994	\$ (5,808)	\$ (22,800,339)	\$ 2,388,664	

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

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.
Notes to Condensed Interim Consolidated Financial Statements (unaudited)
For the three months ended December 31, 2020
(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. During the year, 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 condensed interim consolidated financial statements were approved for issuance by the Board of Directors on February 26, 2021.

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. 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 three months ended December 31, 2020, the Company incurred a net loss of \$877,433 (2019 – \$2,716,443), and as of that date, the Company’s deficit was \$22,800,339 (September 30, 2020 – \$17,923,958). At December 31, 2020, the Company has current assets of \$793,564 (September 30, 2020 - \$449,411) and current liabilities of \$363,860 (September 30, 2020 – \$889,460) resulting in working capital of \$429,704 (September 30, 2020 – (working capital deficiency of \$440,049)).

These conditions have resulted in material uncertainties that may cast significant doubt about the Company’s ability to 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.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.
Notes to Condensed Interim Consolidated Financial Statements (unaudited)
For the three months ended December 31, 2020
(expressed in Canadian dollars)

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 condensed interim consolidated financial statements are prepared and reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("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 December 31, 2020.

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 condensed interim 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 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:

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.
Notes to Condensed Interim Consolidated Financial Statements (unaudited)
For the three months ended December 31, 2020
(expressed in Canadian dollars)

2. Basis of presentation (continued)

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. The Company used fair value less cost to sell to determine the recoverable amount of the cash generating unit. Judgement was used in determining the basis of calculating fair value. As the Company has a single cash generating unit, management used the market value of the Company's share price as a proxy of the fair value of the cash generating unit. In addition, management applied judgement in the estimation of the cost to sell. This estimation of cost to sell was sensitized within a reasonable range and did not result in an impairment.

Useful life of property, plant and equipment

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

Useful life of intangible assets

Significant estimates are made as to the useful lives of the capitalization of patents, regulatory and development costs.

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.

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.

d) Basis of consolidation

These condensed interim 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").

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2. Basis of presentation (continued)

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 consolidated financial statements.

d) 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, 2019, with the exception of new and revised standards along with any consequential amendments, effective October 1, 2019. Accordingly, these condensed interim consolidated financial statements for the three-month period ended December 31, 2019 and 2018 should be read together with the annual consolidated financial statements as at and for the year ended September 30, 2019.

3. Inventory

	As at December 31, 2020	As at September 30, 2019
Finished goods	\$ 87,627	\$ -
Raw materials	39,315	34,492
Total	\$ 126,942	\$ 34,492

During the three months ended December 31, 2020, \$nil (2019 - \$22,741) of inventory was recognized as cost of sales. There was no inventory write downs in 2020 and 2019. No inventory was pledged as collateral.

4. Right of use asset

	Total
Balance, September 30, 2020	\$ -
Additions - leases	151,635
Depreciation	(12,636)
Balance, December 31, 2020	\$ 138,999

Leases are depreciated over their term.

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5. Property, plant and equipment

	Equipment	Computer	Furniture	Site equipment	Telephone Equipment	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, 2019	15,909	17,823	12,467	417,705	24,931	488,835
Additions	-	3,689	-	6,640	-	10,329
Foreign currency adjustment	-	(88)	-	-	-	(88)
As at December 31, 2020	\$ 15,909	\$ 21,424	\$ 12,467	\$ 424,345	\$ 24,931	\$ 499,076
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, 2019	2,574	15,877	8,379	264,691	15,640	307,161
Additions	199	1,230	204	7,983	464	10,080
As at December 31, 2020	\$ 2,773	\$ 17,107	\$ 8,583	\$ 272,674	\$ 16,104	\$ 317,241
Net book value						
As at September 30, 2019	\$ 13,335	\$ 1,946	\$ 4,088	\$ 153,014	\$ 9,291	\$ 181,674
As at December 31, 2020	\$ 13,136	\$ 4,317	\$ 3,884	\$ 151,671	\$ 8,827	\$ 181,835

During the three months ended December 31, 2020, \$8,000 of depreciation was capitalized to inventory as overhead and subsequently recognized as cost of sales.

6. 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)

	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	-	4,625	-	26,635	5,230	-	36,490
Foreign currency adjustment	-	-	-	-	(365)	-	(365)
As at December 31, 2020	\$ 523,251	\$ 408,672	\$ 316,325	\$ 702,961	\$ 67,815	\$ -	\$ 2,019,024
Accumulated amortization							
As at September 30, 2019	\$ 61,409	\$ -	\$ 7,190	\$ -	\$ -	\$ -	\$ 68,599
Additions	39,446	1,452	15,816	-	-	-	56,714
Write-off of abandoned patents	(1,170)	19,465	-	-	-	-	18,295
As at September 30, 2020	99,685	20,917	23,006	-	-	-	143,608
Additions	9,454	5,108	3,954	-	-	-	18,516
As at December 31, 2020	\$ 109,139	\$ 26,025	\$ 26,960	\$ -	\$ -	\$ -	\$ 162,124
Net book value							
As at September 30, 2020	\$ 423,566	\$ 383,130	\$ 293,319	\$ 676,326	\$ 62,950	\$ -	\$ 1,839,291
As at December 31, 2020	\$ 414,112	\$ 382,647	\$ 289,365	\$ 702,961	\$ 67,815	\$ -	\$ 1,856,900

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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 three months ended December 31, 2020 and December 31, 2019:

	2020	2019
CEO fees (i)	\$ 80,801	\$ 105,508
CFO fees (ii)	7,500	7,500
Consulting fees charged by a Chelsian Sales & Service (iii)	15,000	15,000
Consulting fees charged Flueckiger Consulting (iv)	10,866	20,313
Share based payments (vii)	53,350	924,800
	\$ 167,517	\$ 1,073,121

- (i) Salary and/or consulting fees paid to the CEO for services rendered. As at December 31, 2020, \$20,436 (September 30, 2020 - \$65,620) is owed to the CEO for past fees.
- (ii) Consulting fees charged by CFO Advantage Inc, a corporation owned by the CFO of the Company, for services of the Chief Financial Officer. As at December 31, 2020 \$nil (2020 - \$65,620) was owed to CFO Advantage Inc.
- (iii) Consulting fees charged by Chelsian Sales & Service Inc, a corporation owned by a director, for assisting with day-to-day operations. As at December 31, 2020 \$4,950 (2020 - \$12,600) was owed to Chelsian Sales and Service Inc.
- (iv) Consulting fees charged by Flueckiger Consulting, a corporation owned by a director of the Company, for reviewing product development and marketing plans, reviewing data from trials, and other services as required. As at December 31, 2020 \$1,909 (2020 - \$8,211) was owed to Flueckiger consulting.
- (v) \$nil (2019 - \$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 project manager. During the three months ended December 31, 2020, the employee earned a salary and benefits of \$24,000 (2019 - \$24,000).
- (vii) For options and RSU's issued to related parties, please see Note 12.

8. Lease liability

Balance, September 30, 2020	\$ -
Additions	151,635
Interest expense	2,137
Lease payments	(13,802)
Balance, December 31, 2020	\$ 139,970
	December 31,
Allocated as:	2020
Current	\$ 67,231
Long term	72,739
Balance	\$ 139,970

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. Effective interest rate is 10%.

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9. Loans payable

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, 2020, 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.

On May 5, 2020, the Company received a Small Business Administration 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). The Company has submitted a loan forgiveness application related to this loan.

10. Share capital

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

	Share capital	Value
Balance September 30, 2019	78,327,329	\$12,850,546
Shares issued on private placement (i)	3,110,687	737,224
Valuation of warrants issued on private placement (i)	-	(14,603)
Private placement issue costs (i)	-	(3,757)
Common shares issued on conversion of special warrants (note viii)	7,289,751	1,418,319
Common shares issued on exercise of RSU's (ii)	1,550,000	614,750
Common shares issued on exercise of warrants (iii)	2,763,500	1,160,185
Common shares issued on exercise of options (iv)	563,336	265,347
Balance September 30, 2020	93,604,603	\$17,028,011
Shares issued on private placement (v)	3,772,477	905,393
Valuation of warrants issued on private placement (v)	-	(257,112)
Private placement issue costs (v)	-	(10,124)
Broker warrants (v)		(520)
Common shares issued on exercise of RSU's (vi)	110,500	34,125
Common shares issued to settle debt (vii)	3,000,000	800,000
Balance December 31, 2020	100,487,580	\$18,499,774

(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%.

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10. Share capital (continued)

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 \$148,901. The options had a fair value of \$116,446.

Date	Price	Fair value on date of exercise of common shares	Shares issued	Cash proceeds	Fair value
11/16/2019	\$0.25	\$0.44	160,000	\$ 40,000	\$ 32,000
11/6/2019	\$0.24	\$0.44	100,000	24,000	17,300
1/13/2020	\$0.20	\$0.60	30,000	5,850	4,260
3/5/2020	\$0.31	\$0.42	150,000	46,500	44,100
3/20/2020	\$0.28	\$0.36	100,000	28,000	15,500
3/20/2020	\$0.20	\$0.36	9,231	1,800	1,310
6/18/2020	\$0.20	\$0.42	14,105	2,750	1,976
			563,336	\$ 148,901	\$ 116,446

- (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 – 91%; 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.

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 \$72,456 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%.

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10. Share capital (continued)

- (vi) During the three months ended December 31, 2020, 110,500 RSUs were exercised. The RSUs had a fair value of \$34,125.
- (vii) 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.

Special Warrants

- (viii) 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%.

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11. Warrants

The warrants issued and outstanding as at December 31, 2020 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 10(i))	167,957	\$ 0.40
Issued on conversion of special warrants (note 10(i))	4,242,104	\$ 0.40
Issued on conversion of special warrants (note 10(ii))	3,047,647	\$ 0.45
Issued with private placement (note 9(i))	3,140,437	\$ 0.54
Warrants exercised (note 9(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 9(v))	3,776,747	\$ 0.40
Balance, December 31, 2020	25,358,892	\$ 0.40

The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date. The weighted average exercise price is \$0.40.

At December 31, 2020, the following warrants were outstanding and exercisable:

Strike price	Number	Weighted average remaining contractual life (in years)	Expiry date
\$ 0.35	10,984,000	0.25	3/28/2021
\$ 0.40	2,800	0.31	4/23/2021
\$ 0.40	4,242,104	0.31	4/23/2021
\$ 0.45	115,177	0.41	5/28/2021
\$ 0.35	49,980	0.41	5/28/2021
\$ 0.45	3,047,647	0.41	5/28/2021
\$ 0.54	2,029,326	1.37	05/19/2022
\$ 0.55	1,111,111	1.50	06/30/2022
\$ 0.40	2,665,636	1.77	10/07/2022
\$ 0.40	1,111,111	1.96	12/17/2022
	25,358,892	0.65	

12. Stock options and restricted share units

On March 22, 2019 the Board of Directors 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. The plans were approved by the shareholders on May 10, 2019. Subsequently, on September 30, 2020 a new plan was approved by the shareholders. 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.

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12. Stock options and restricted share units (continued)

Options

Below is a summary of transactions for the year ended September 30, 2020 and the year ended September 30, 2019:

Transaction	Date	# Options
Balance, September 30, 2019		6,960,018
Exercised*		(563,336)
Granted (iv)	10/30/2019	5,900,000
Balance, September 30, 2020		12,296,682
Expired		(276,600)
Granted		275,000
Balance, December 31, 2020		12,295,082

* The weighted average fair value of the share issued on the date of exercise was \$0.43.

As at December 31, 2020 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
6/23/2016	325,000	325,000	\$115,050	\$0.50	6/23/2021
8/30/2016	1,000,000	937,489	\$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
4/25/2018	200,000	200,000	\$52,600	\$0.25	4/25/2023
2/27/2019	25,000	25,000	\$3,125	\$0.16	2/7/2024
3/22/2019	1,775,082	1,775,083	\$254,064	\$0.20	3/22/2024
9/16/2019	50,000	50,000	\$9,800	\$0.24	9/16/2024
10/30/2019	5,750,000	5,750,000	\$1,523,200	\$0.31	10/30/2024
11/24/2020	275,000	275,000	\$53,350	\$0.29	11/24/2025
	12,295,082	12,232,572			

The weighted average expiry date of the options is 3.96 years. The weighted average exercise price of the options is \$0.28.

- (i) On October 30, 2019, the Company granted options to purchase 5,650,000 common shares with an exercise price of \$0.31 vesting on the date of grant, options to purchase 150,000 shares with an exercise price of \$0.31 vesting 50% on the date of grant and 50% on April 1, 2020, and options to purchase 100,000 shares with an exercise price of \$0.31, vesting 50% upon entering into a new formal relationship with an investment bank, and 50% upon raising of the first \$1 million through the relationship with the investment bank. The options expire October 30, 2024. 3,400,000 of these options were granted to related parties. These options were valued at \$1,564,000 using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 107%; Interest rate – 1.49%; Dividend yield – nil; Forfeiture rate – nil, stock price - \$0.345. Volatility was based on the historical volatility of BVT and other comparable listed companies. During the year ended September 30, 2020, \$1,577,600 was expensed as share based compensation for these options.

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12. Stock options and restricted share units (continued)

- (ii) On June 8, 2020, the Company extended the expiry date of 1,630,000 options. 50,000 options due to expire on June 30, 2020 were extended to June 30, 2025, and 1,580,000 due to expire on July 6, 2020 were extended to July 6, 2025. The exercise price of all 1,630,000 options were also repriced from \$0.25 to \$0.285. These options were re-valued at \$518,340 (with a difference of \$308,120 from the original value on issuance) using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 98%; Interest rate – 0.36%; Dividend yield – nil; Forfeiture rate – nil, stock price - \$0.41. The re-valuation of options was reflected as an increase to contributed surplus with a corresponding amount in share-based compensation.
- (iii) On November 24, 2020, the Company granted options to purchase 275,000 common shares with an exercise price of \$0.29, vesting on the date of grant and expiring five years from the date of grant. These options were valued at \$53,350 using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 86%; Interest rate – 0.40%; Dividend yield – nil; Forfeiture rate – nil, stock price - \$0.29. During the three months ended December 31, 2020, the \$53,350 was expensed as share based compensation for these options. 200,000 of the options were granted to a director of the Company, and 75,000 were granted to the Chief Financial Officer.

Restricted share units (“RSU’s”)

On April 21, 2020, the Company issued 50,000 restricted share units of the Company to two consultants of the Company. The RSUs vest on the 30th day from grant and entitle the holder to acquire one common of the Company underlying each such RSU. In accordance with the RSU Plan, the RSUs were priced at \$0.445 based on the closing price of the Common Shares on the TSX Venture Exchange on April 15, 2020. 25,000 of these RSUs were exercised on May 19, 2020 when the fair market value was \$0.40 per share. On May 19, 2020, 25,000 RSU’s were converted to 25,000 common shares, and on July 16, 2020 the remaining 25,000 were converted to 25,000 common shares.

On May 12, 2020, the Company issued 50,000 restricted share units of the Company to a consultant of the Company. The RSUs vest 50% vest upon completion of forty meetings with qualified investors (virtual or in person), 50% vest upon successful connections that take a long-term position of Company shares. In accordance with the RSU Plan, the RSUs were priced at \$0.38 based on the closing price of the Common Shares on the TSX Venture Exchange on May 12, 2020.

On July 6, 2020, the Company issued 1,500,000 restricted share units of the Company to consultants of the Company. The RSUs vested three days from issuance. In accordance with the RSU Plan, the RSUs were priced at \$0.395 based on the closing price of the Common Shares on the TSX Venture Exchange on July 6, 2020. On July 10, 2020, all of these RSU were converted to 1,500,000 common shares.

The weighted average fair value of the RSUs granted during the year ended September 30, 2020 was \$0.424 (\$0.142 per common share for the year ended September 30, 2019).

On November 24, 2020, the Company issued 2,580,000 restricted share units of the Company to the Company’s management, insiders and consultants (collectively, “Holders”). The RSUs will vest upon successful completion of pre-determined milestones (as determined by the board of directors and as detailed below) being met and shall entitle the Holders to acquire one common share (a “Share”) of the Company underlying each such RSU by delivering a notice of acquisition to the Company in accordance with the RSU Plan. In accordance with the RSU Plan, the RSUs were priced at \$0.29 based on the closing price of the Shares on the Canadian Securities Exchange (CSE) on November 23, 2020.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.
Notes to Condensed Interim Consolidated Financial Statements (unaudited)
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12. Stock options and restricted share units (continued)

Position	Number of RSUs	Vesting conditions
Consultant	260,000	60,000 vest immediately, 60,000 vest in three months from grant, 60,000 vest in six months from grant, 60,000 vest in nine months from grant, 80,000 vest upon reaching \$1mill sales USA
Director	105,000	25,000 vest immediately, 25,000 vest in three months from grant, 25,000 vest in six months from grant, 25,000 vest in nine months from grant, 30,000 vest upon reaching CHF 50K revenue in Switzerland
Consultant	480,000	90,000 vest immediately, 90,000 vest in three months from grant, 90,000 vest in six months from grant, 90,000 vest in nine months from grant, 60,000 Vest on reaching CHF 50k revenue in Switzerland; 60,000 on 1st signed and announced deal (in-licensing or country distribution)
Director	130,000	25,000 vest immediately, 25,000 vest in three months from grant, 25,000 vest in six months from grant, 25,000 vest in nine months from grant, 30,000 vest upon reaching 200 kgs of CR7-on seed fermentation for 2 months
Consultant	84,500	11,500 vest immediately, 11,500 vest in three months from grant, 11,500 vest in six months from grant, 11,500 vest in nine months from grant, 50,000 vest upon Grower lists and sales lead capture process implemented in CRM
Consultant	72,000	24,000 vest immediately, 24,000 vest in three months from grant, 24,000 vest in six months from grant, 24,000 vest in nine months from grant
Consultant	120,000	15,000 vest immediately, 15,000 vest in three months from grant, 15,000 vest in six months from grant, 15,000 vest in nine months from grant, 60,000 vest in upon 2 "big deal" news stories - WSJ, NYT, BBC, etc.
Consultant	120,000	15,000 vest immediately, 15,000 vest in three months from grant, 15,000 vest in six months from grant, 15,000 vest in nine months from grant, 60,000 vest in upon 2 "big deal" news stories - WSJ, NYT, BBC, etc.
Consultant	198,000	37,000 vest immediately, 37,000 vest in three months from grant, 37,000 vest in six months from grant, 37,000 vest in nine months from grant, 50,000 vest upon 1st invoiced revenue (pilot) in Mexico
Consultant	60,000	15,000 vest immediately, 15,000 vest in three months from grant, 15,000 vest in six months from grant, 15,000 vest in nine months from grant
Consultant	140,000	35,000 vest immediately, 35,000 vest in three months from grant, 35,000 vest in six months from grant, 35,000 vest in nine months from grant
Officer	530,000	100,000 vest immediately, 100,000 vest in three months from grant, 100,000 vest in six months from grant, 100,000 vest in nine months from grant, 130,000 vest upon reaching \$1mill sales USA
Officer	160,000	30,000 vest immediately, 30,000 vest in three months from grant, 30,000 vest in six months from grant, 30,000 vest in nine months from grant, 20,000 vest on completion of FY 2020 financial statement filings, 20,000 vest on timely completion of Q1, Q2 & Q3 financial statement filings

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.

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13. Loss per share

The warrants and options outstanding were excluded from the computation of diluted loss per share for the three months ended December 31, 2020 and December 31, 2019 because their impact was anti-dilutive.

14. Financial instruments

Fair Value

Financial instruments of the Company as at December 31, 2020 and September 30, 2020 consist of cash, accounts receivable, and accounts payable and accrued liabilities, and loans payable. There are no significant differences between the carrying amounts of the cash, accounts receivables and accounts payables and accrued liabilities reported on the condensed interim 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, accounts receivable and accounts payable denominated in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at December 31, 2020, the Company had \$32,398 of accounts payable and accrued liabilities denominated in U.S. dollars.

Interest rate risk

The Company is exposed to insignificant interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short-term nature of interest bearing cash.

Credit risk

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. See note 1 for further disclosure on the going concern assumption.

The Company's accounts payable and accrued liabilities are subject to normal trade terms and have contractual maturities payable within 30 days for 2020 and 2019.

At December 31, 2020, the Company has current assets of \$793,564 (September 30, 2020 - \$449,411) and current liabilities of \$363,860 (September 30, 2020 - \$889,460) resulting in working capital of \$429,704 (September 30, 2020 - working capital deficiency (\$440,049)).

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15. 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 December 31, 2020, managed capital was \$2,388,664 (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.

16. Sales

Revenue from contracts with customers	2020	2019
Rendering of services over time	\$ -	\$ 36,991
Sales of good	-	19,241
	\$ -	\$ 56,232

Sales by crop	2020	2019
Blueberries	\$ -	\$ 19,240
Strawberries	-	36,992
	\$ -	\$ 56,232

All revenue was earned in the United States.

The Company does not provide any formal warranties, refunds, return policies.

The payment term for blueberries is Net 30.

The terms for the strawberry growers is 50% down, and 50% upon completion.

17. Office and general

	2020	2019
Accounting and audit	\$ 20,697	\$ 14,745
Amortization and depreciation	23,633	18,210
Consulting	191,361	68,223
Insurance	7,637	7,167
Legal and patent maintenance expense	4,046	17,859
Occupancy costs	23,547	31,975
Office and general	58,414	76,117
Salaries and benefits	169,408	176,467
Warehouse supplies	5,232	1,668
Transfer agent	18,540	7,361
Travel	16,140	42,457
	\$ 538,655	\$ 462,249

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18. Commitments

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

Year	Minimum lease payment
2021	\$ 80,799
2022	\$ 82,812
2023	\$ 6,901

19. Subsequent events

On February 4, 2021, the Company announced that it 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 CAD\$0.525 per Share. Finders fees of \$122,956.40 cash and 384,238 warrants exercisable to purchase one additional share per warrant with an exercise price of \$0.425 for a period of 2 years from issuance.

On February 26, 2021, the Company announced that is closed a non-brokered private placement and has issued 2,770,875 units at a price of \$0.32 per unit for gross aggregate proceeds of \$886,680 (with the same terms as the February 2, 2021 private placement). Finders fees of \$72,315.60 cash and 223,798 warrants exercisable to purchase one additional Share per warrant with an exercise price of \$0.425 for a period of 2 years from issuance.

APPENDIX B

Bee Vectoring Technologies International Inc.

Management's Discussion & Analysis
for the three-month period ended December 31, 2020



BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

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

DATED FEBRUARY 26, 2021

The following analysis concerns the financial situation, operating results and cash flows of Bee Vectoring Technologies International Inc. ("BVT" or the "Company") for the three months ended December 31, 2020, and the comparable period ended December 31, 2019. The discussion should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended December 31, 2020 and related notes thereto and the annual audited financial statements for the years ended September 30, 2020 and 2019. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All monetary amounts are reported in Canadian dollars unless otherwise noted. These documents, as well as additional information on the Company, are filed electronically through the System for Electronic Document Analysis and Retrieval (SEDAR) and are available online at www.sedar.com.

Forward-Looking Statements

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

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

Business Overview

The common shares of the Company commenced trading on the Toronto TSX Venture Exchange under the stock symbol "BEE.V" on July 7, 2015. The Company's shares stopped trading (voluntarily) 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".

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

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

The trays or cartridges are changed or refilled approximately every three to nine days in order to replenish the depleted inoculum, ensure the freshness of the inoculant fungi, prevent infections to the bees which may result from bee waste, and avoid packing or clumping of the inoculum in the trays. No special skills are required to replace the trays or refill the cartridges and the process takes a minimal amount of time to complete. Exact and predetermined amounts of inoculum are placed in the tray or in pouches to fill cartridges. BVT has custom designed machinery to precisely fill these sealed trays called Vectorpak™ trays, or in pouches called Vectorpak pouches.

Summary

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

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

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

- Current chemicals are suspected of killing insects and bees and other organisms long after application with possible long-term detrimental effects on the environment.

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

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

BVT targets diseases and pests that can negatively affect a crop through and around the flower. Initial diseases targeted with its own bio control BVT-CR7, are Botrytis and Sclerotinia. Additional diseases and pests will be targeted as well, including through the use of third party bio control products.

Botrytis

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

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

Sclerotinia

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

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

These two diseases, Botrytis and Sclerotinia, are closely related and part of the reason BVT's patent pending biological control agent (bio-control) works on both pathogens. BVT's bio-control controls diseases by spatial occupation of plant tissues and pre-empting tissue invasion by pathogens. As soon as bees deliver BVT's patent pending bio-control

to flowers, the fungus germinates and colonizes the flower tissues without causing any harm or symptoms. It colonizes earlier and faster than disease organisms and thereby occupies space the disease organisms would normally use while attacking the plant.

Principal Products

BVT has patents granted and/or pending for the following technologies:

1. bio-control called “BVT-CR7”: a particular strain of fungus acting as a beneficial endophyte controlling targeted crop diseases and increasing crop yield;
2. Vectorite™: a recipe of ingredients that allows bees to carry BVT-CR7 and other beneficial fungi or bacteria in their outbound flights to the crops; and
3. An integrated dispenser and removable and sealable tray system for bumble bee hives in which the Vectorite™ containing BVT-CR7 or other third party microbial products is placed through which the bees pass and pick up the Vectorite™.
4. A computer-controlled dispenser system for use with honeybee hives which can dispense in a controlled manner a determinate amount of the Vectorite™ containing BVT-CR7 or other third-party microbial products for delivery to crops using honeybees.

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

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

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

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

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

allows the inoculant to get attached to the bee's hairy legs and bodies as they walk through the tray on their way out of the hive.

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

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

Strategic Positioning

The Company is focusing on two key strategic priorities:

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

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

1. **Commercialization/Marketing** – the Company has proven the fit of its technology as a value-creating tool for growers in multiple crops and is aggressively pursuing commercialization. Activities in this area include market development and expansion, refining the product offer, establishing value proposition and positioning in prioritized crops, generating demand with growers, marketing and generating revenue.
2. **Product Development & Innovation** – the Company is creating a new category in the crop protection area, and excellence in product development and innovation are critical for sustainable long-term success. Activities include field trials in prioritized crops from proof of concept through commercial demonstrations, portfolio expansion projects and building a competitive advantage through intellectual property.
3. **Regulatory & Approvals** – regulatory approvals will give the Company complete license to operate and allow it to capture full value for its technology. Secured approvals and licenses represent competitive barriers and enable discussions with third party partners to accelerate commercialization and market expansion. Activities include completing studies to prove the technology's efficacy and safety, submitting and pursuing regulatory approvals in select markets by using a network of regulatory subject experts who understand and are connected to the relevant authorities.
4. **Corporate Development including Partnerships** – the Company has unique technology that it believes will create a new category in crop protection and enhancement. The Company intends to build a strong internal foundational asset base and exploit partnerships to accelerate and expand its business. These partnerships will bring various strategic benefits, such as preferred supply arrangements (e.g. for bees), in-licensing of additional bio-control agents, go-to-market partnerships or strategic technology collaborations. Activities include building a high profile as an industry leader, a network of potential partners, and negotiating agreements that fill strategic needs and accelerate the business.

Milestones achieved during the three months ended December 31, 2020 and to the date of this MD&A:

Commercialization / Marketing Activities:

- 2020/21 season: Sales activities and planning for the next berry season is ongoing. The Company is seeing accelerated revenue growth for fiscal 2021 and has already secured commitments that exceed revenue booked in all of fiscal 2020 growing season. This comes at an early stage of the sales cycle for securing commitments for the 2021 growing season, with more of the sales cycle still to come, showing strong promise for revenue acceleration in the year ahead.

BVT has secured 17 grower deals for the next blueberry growing season in Georgia, the Company's second season selling commercially following EPA approval in August 2019. This includes a 100% customer retention rate, with all 11 growers from the last growing season committing to using BVT again in the next growing season, plus six new grower customers secured. This shows the strong impact that BVT's natural precision agriculture system has for growers, and the momentum that will be achieved as it gets closer to the upcoming growing season.

In 2021, BVT will expand sales efforts across the US. The Company hired a new sales representative to service the Pacific Northwest and is seeking to hire salespeople for the Midwest and California regions. In addition to first-time revenues expected in some of these markets for 2021, BVT will begin sales of its new dispenser system for honey bees.

BVT secured its first grower trials in berry crops in California, where the Company received its commercial license to sell in January on its proprietary Vectorite with CR-7 (*Clonostachys rosea* CR-7) (CR-7) biological fungicide. Eight commercial-scale grower trials have already been confirmed, including with two of the world's largest berry companies and their growers. The trials will be conducted on blueberries, caneberries (blackberries and raspberries) and strawberries in the three main growing regions in the state for berries, which are among the most productive and diverse agricultural growing areas in the world.

- Market expansions: The Company completed three official registration trials of the Company's proprietary *Clonostachys rosea* CR-7 (CR-7) biological fungicide on commercial strawberry and tomato crops in Mexico. BVT worked with a Mexican government approved researcher to conduct the biological efficacy trials which are a requirement for the registration process in Mexico. Results confirmed the efficacy of CR-7 in controlling key diseases on the crops as expected. The Company has submitted the efficacy trials for review by the Mexican agriculture authority and is preparing the remaining registration dossier for full submission to the Mexican health authority.

The Company is in touch with the Mexican authorities who have advised that there have been delays due to the COVID-19 pandemic which have caused unforeseen delays in acceptance and subsequent review of regulatory dossiers. Full regulatory submission can be made only following review of the efficacy results. Based on the COVID-19 related delays at the Mexican authorities it is difficult to estimate when the initial review and full submission will be made, but the Company is hopeful for submission in early 2021. BVT received US Environmental Protection Agency (EPA) approval back in August 2019.

In anticipation of the commercial launch in Mexico, the Company has started market development activities of its proprietary bee vectoring system with delivery of Vectorite™ with CR-7 by both bumble bees and honeybees. It has completed early trials with two major Mexican berry growers on blueberries and blackberries. The growers, who farm in multiple states across Mexico, saw positive results and have agreed to continue trials on larger plot sizes in the next growing season. In addition, the company has built partnerships with two major bumble bee companies serving the Mexican market and some large commercial honeybee companies who provide pollination services to growers.

The Company announced the opening of its new European office and R&D center in Switzerland's Agri & Co Innovation Center, where the Company joins other innovative organizations in the country's flourishing ag-tech community. The new location is designed to help BVT continue its innovation in biological crop protection

delivery systems. It includes a fully equipped laboratory, growth chambers, greenhouse space for trialing (which started in spring 2020), and 95 hectares of land leased to a local grower who will host trials in his fields, as well as office space. In addition, BVT has received the full support of Agri & Co staff and the Swiss canton of Fribourg's state government, access to experts in various fields, as well as facilitated R&D collaborations with other ag-tech innovators.

The Company has submitted for regulatory approval in Switzerland in 2018 and its dossier is under review by the Swiss authorities. Increasing restrictions on use of chemicals in Europe positions BVT favourably in this significant market. Industry partners, as well as farmers, need crop disease management alternatives that appeal to the environment conscious consumer. BVT is in active discussions with potential partners and is working on multiple testing and go-to-market agreements.

The Company announced that it will start conducting trials in Morocco, a significant market opportunity for its proprietary bee-delivered crop productivity system. The Company is also in discussions with well-established commercial partners in the region who have expressed interest in collaborating with BVT to bring the Company's system to market for growers in Morocco. One potential partner that has been in the Moroccan market for decades has rolled out a significant trial program covering four different crops, including strawberry, raspberry, blueberry and tomato crops.

Product Development / Innovation Activities

- **Product expansion:** The Company previously completed Phase One lab trials on six third-party products to assess their potential for application to crops using BVT's proprietary bee delivery systems. Phase Two field studies on three of those products were completed in 2020 with successful outcomes. The company is in discussion with the third-party partners on next steps. This in-licensing effort resulted from the Company building a network of potential partners who have products that are suited for control of pests on crops during the flowering period.

This will be an ongoing effort to expand the portfolio of products used in bee vectoring with a goal to open new market opportunities and fast-track additional revenue for BVT. Because these microbial candidate products control a different spectrum of crop pests than BVT's proprietary *Clonostachys rosea* strain CR-7 (CR-7), they can be in crops where pests controlled by CR-7 are not present, or along with CR-7 on crops that have multiple pests affecting the flower area. Adding third-party products to existing CR-7 applications is achieved by "stacking" two or more microbes together, a practice already common in seed treatment applications. Using the new products on new crops creates additional revenue streams and will increase revenue from crops that already use CR-7.

Some of the largest crops worldwide such as corn and soybean do not require bees for pollination. In addition, there are several diseases that affect crops during periods other than bloom which would be difficult to manage through bee vectoring application. BVT has started evaluating spray and seed treatment formulations of its proprietary beneficial microbe – *Clonostachys rosea* strain CR-7 – which could potentially benefit hundreds of millions of acres of additional crops.

- **Intellectual property:** The Company received patent allowance for its microbial strain BVT-CR7, granted in the United States. This patent allowance protects a critical component of the BVT Technology. This is the first patent granted to BVT for its BVT-CR7 microbial strain, representing the start of a fourth family of granted patents in BVT's expanding patent portfolio. This patent application is under review by 15 other patent authorities around the world, including the European Patent Office.

The Company has filed an international patent application for the latest version of its honeybee hive dispenser system that the Company has tested and is bringing to market. This application strengthens the patent protection for the honeybee system. This system is computer-controlled, enabling metered and uniform delivery of plant protection products to crops using commercial honeybees.

BVT continues to pursue an aggressive IP strategy which gives it a competitive advantage as it continues to pursue third party partnerships and market expansion opportunities. It now has over 65 patents granted worldwide and over 35 pending, including the new honeybee system. Consisting of six patent families, the patents cover North America, South America, Europe, Asia and Australia.

Regulatory / Approvals Activities

- US EPA approval - On August 28, 2019, the EPA approved BVT-CR7 for use as a fungicide on commercial crops. BVT-CR7 is the first registered active ingredient for the Company and the first active ingredient approved by the EPA for application via bees. Sold under the brand name Vectorite™ with CR-7, the product is labeled for numerous high-value crops, including strawberries, blueberries, sunflowers and almonds. With this approval, the BVT is positioned to officially launch and begin to generate revenue with Vectorite™ with CR-7, starting with the 2019 fall and winter blueberry and strawberry season in the U.S. The registration permits BVT to make positive crop protection claims when selling Vectorite™ with CR-7. The EPA's registration makes Vectorite™ with CR-7, EPA Registration. No. 90641-2, available immediately for sale as a registered fungicide for use on the labelled crops.
- The EPA additionally established an exemption from the requirement of a tolerance under the *Federal Food, Drug and Cosmetic Act* for BVT-CR7, the active ingredient in, Vectorite™ with CR-7. The tolerance exemption decision applies to all registered end-use products based on BVT-CR7. This includes Vectorite™ with CR-7 for delivery using bees, and future products currently in development by BVT for delivery via traditional foliar spray, soil drench or seed coating methods. The exemption applies to crops treated with BVT-CR7 that are grown and consumed in the U.S., as well as crops that are grown outside of the U.S. and subsequently imported into the country. This tolerance exemption complements the EPA approval and OMRI organic certification for Vectorite™ with CR-7.
- California approval – The Company completed the regulatory approval review process with the California Department of Pesticide Regulation (CDPR) on its proprietary Vectorite with CR-7 (*Clonostachys rosea* CR-7) (CR-7) biological fungicide for use on commercial crops via delivery using bees.

The company was issued the commercial license from the California Department of Pesticide Regulation (CDPR) on its proprietary Vectorite with CR-7 (*Clonostachys rosea* CR-7) (CR-7) biological fungicide following completion of the CDPR approval review process in December. BVT's product is now available for sale in California. Previously, the Company had received its US Environmental Protection Agency (EPA) approval in August 2019.

California is BVT's largest and most crop-diverse market opportunity in the US, where there are 1.3 million acres of key crops for the Company to target and 1.1 million of them are already using commercial honeybees for pollination. BVT's CR-7 is the first registered active ingredient for the Company and the first active ingredient approved by the EPA and CDPR for application via bees, in which BVT is a global leader. All this, combined with the Company's patented honeybee dispenser, means BVT is uniquely positioned to address California grower needs in the following crops:

- Organic certification obtained - BVT has official organic certification in the US, and its proprietary formulation of VECTORITE™ with CR-7 is listed by the Organic Materials Review Institute (OMRI). The listing means the product meets the US Department of Agriculture's (USDA) guidelines under the National Organic Program standard and is allowed for use in certified organic crops.
- Submission in Switzerland - BVT has submitted its Swiss pesticidal registration application which is now under review.
- Mexico – The Company completed official in Mexico by government approved researchers, in support of registration (see market expansion section).

Corporate Development / Partnering Activities:

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

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

Industry exposure: The Company continues to generate high levels of interest within the Agricultural industry and with the media. BVT is pursuing discussion with 15 companies covering 4 different areas: Commercial (distribution arrangements in markets where a partner company has a strong sales presence); Product expansion (partnerships with companies that have biological control agents that could be vectored by bees to manage pests on crops that are not addressed by BVT's CR-7); Market extension (foliar and seed treatment uses for CR-7 in areas where bees are not used); R&D (partnerships to strengthen knowledge of bees and delivery by bees thus optimizing the system and capturing greater value).

Industry awards and recognition: The Company was one of the winners of the Agri & Co Challenge by the Swiss State of Fribourg and was recognized as the COREB Award winner. BVT and 15 other companies beat out more than 150 other ag-tech companies from 53 different countries for the award. In addition to being one of the ten relocation program winners, BVT was singled out as the COREB Award winner, with an additional cash prize of CHF 5,000. COREB is an association of communities within the Broye region of Switzerland that supports technology companies and encourages them to establish a presence in the region. The COREB Award is voted on by the public and is based on the perceived viability of technology, likelihood of success, and mission of the organization. The company opened its European R&D center and office in the Agri & Co Innovation Center as discussed in the market expansion section.

The Company was recognized in the 2019 Agrow Awards for Best Application Technology Innovation for the BVT System and Vectorite™ with CR-7. The Best Application Technology Innovation Award recognizes developments that improve the precision or safety of pesticide applications. The Agrow Awards are the premier global competition that honors top advancements in agriculture and best-in-class scientific, technological and leadership initiatives and showcase the future of the industry. It is organized by Agrow, the news and analysis service division of Informa Agribusiness Intelligence. The awards recognize industry successes and innovative, boundary-pushing ideas, with winners chosen from around the world by a distinguished judging panel from within the industry.

The Company has been named a 2020 Venture 50 company, an award that recognizes the 50 top-performing companies out of a total of 1,673 companies on TSX Venture Exchange (TSXV). BVT joins an exclusive group of high-performing industry leaders and is ranked third in the Clean Technology and Life Sciences sector.

Financing events

On October 7, 2020, the Company closed a non-brokered private placement of 2,661,366 units at a price of \$0.24 per Unit for gross aggregate proceeds of \$638,727. Each unit consisted of one common share and one transferable common Share purchase warrant. Each Warrant will entitle 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.

On December 17, 2020, the Company closed a non-brokered private placement of 1,111,111 units at a price of \$0.24 per Unit for gross aggregate proceeds of \$266,666. Each unit consisted of one common share and one transferable common Share purchase warrant. Each Warrant will entitle 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.

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.

On February 4, 2021, the Company announced that it 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 CAD\$0.525 per Share.

On February 26, 2021, the Company announced that is closed a non-brokered private placement and has issued 2,770,875 units at a price of \$0.32 per unit for gross aggregate proceeds of \$886,680 (with the same terms as the February 2, 2021 private placement).

COVID-19

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. 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 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 Corporation 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:

- 1) New sales impacted as travel restrictions have made it difficult to conduct demonstrations to growers – the most effective way for the Company to discuss and demonstrate its solution with new customers is through in-person interactions. The Company has a small field organization, so it relies on its sales and marketing personnel being able to travel across the US from Canada and within the US for its commercial efforts. Due to the travel restrictions through much of the spring and early summer this was not possible, and so the Company had to use a less effective “virtual” sales process to reach new growers. Despite these constraints the company was still able to penetrate new markets in the midwestern US and the Pacific Northwest, although with fewer growers than it was targeting. As travel restrictions ease, and word-of-mouth from the growers who did use the system spreads, the Company expects being able to reach a wider group of growers for the next season.
- 2) Product registration process has slowed – most government agencies around the world have been running with reduced staff and limited office space during 2020-2021. Regulatory review times have thus been affected in many countries across the industry. As an example, this has affected the timing on the regulatory approval project for the Company in Mexico: the agriculture and health authorities in Mexico have noted that there are delays in the dossier submission and review processes (they have not indicated how long the delays are). It may also have a lingering effect on other registration related activities for the company in the future.

- 3) R&D activities impacted by travel restriction and access to researchers and labs – many of the Company’s R&D activities involve doing studies with university researchers and third-party contract research organizations. These studies use lab space, and university researchers use student researchers to help conduct trials. Labs have had to curtail the amount of studies they can do while respecting social distancing requirements, and with the shortage of students, university researchers have less available labor for them to conduct studies. As a result, the Company has had to reduce the amount of trials it was planning on conducting and delay certain projects to a future date.

The Company will continue to assess the impact on its operations and make adjustments to navigate through the effects of the COVID-19 pandemic on the market and economy.

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

Results of Operations

The following discussion of the Company’s financial performance is based on the financial statements for three months ended December 31, 2020 and December 31, 2019.

As at December 31, 2020 the Company had a cash and cash equivalents balance of \$245,975 (September 30, 2020 - \$303,241) and total current assets of \$793,564 (September 30, 2020 - \$449,411) (consisting of cash, sales tax receivable, inventory and prepaid expenses and deposits). During the period, long term assets increased to \$2,177,734 due to the capitalization of a rights of use asset (related to the lease on the Company’s production facility), and costs related to the regulatory approvals, technology development costs, the registration of patents and other regulatory costs (included in intangible assets). Liabilities at December 31, 2020 totalled \$582,634 (September 30, 2020 - \$970,089) and comprised of \$322,009 (September 30, 2020 - \$889,460) of trade payables and accruals, deferred revenue of \$41,851 (September 30, 2020 - \$nil), a lease liability of \$139,970 (September 30, 2020 - \$nil) and loans payable of \$78,804.

Working capital (deficiency), which is comprised of current assets less current liabilities, was \$429,704 at December 31, 2020 compared to working capital deficiency of \$(520,678) at September 30, 2020.

For the three months ended December 31, 2020, the Company had a net loss of \$877,433 compared to a net loss of \$2,716,443 for the same period in 2019. The decrease in loss is primarily related to the decrease of issuance of stock options and RSUs during the period and the related share-based payment expense, and the decrease in investor and public relations programs compared to 2019.

Revenue and gross profit:

The company recognizes revenue to match the timing of the crop season for which its crop production system is used. The services commenced at the end of December, to which these sales will be attributed to the second quarter. This was a slight delay in timing when compared against prior year.

	2020	2019
Sales	\$ -	\$ 56,232
Cost of sales	-	22,741
Gross profit	-	33,491
Expenses		
Office and general	\$ 538,655	\$ 462,249
Investor and public relations	91,256	456,123
Sales, advertising and marketing	115,082	164,382
Share based payments	53,350	1,575,030
Trials, research and development	77,444	88,056
Loss before other items	(875,787)	(2,712,349)
Gain (loss) on foreign exchange	(1,646)	(4,094)
Net loss	\$ (877,433)	\$ (2,716,443)

Office and general:

Below is a breakdown of what comprised office and general:

	2020	2019
Accounting and audit	\$ 20,697	\$ 14,745
Amortization and depreciation	23,633	18,210
Consulting	191,361	68,223
Insurance	7,637	7,167
Legal and patent maintenance expense	4,046	17,859
Occupancy costs	23,547	31,975
Office and general	58,414	76,117
Salaries and benefits	169,408	176,467
Warehouse supplies	5,232	1,668
Transfer agent	18,540	7,361
Travel	16,140	42,457
	\$ 538,655	\$ 462,249

The Company had an increase for consulting expenses as the company continued to reposition itself within the industry and with growers as a commercial enterprise.

Investor and public relations: The Company undertakes various initiatives in order to market and communicate with investors and to educate the public on the Company and its products. The Company reduced these initiatives in Q1. In the comparative period, following securing EPA approval at the end of FY2019, the Company launched a new market awareness campaign to reposition itself as a commercial enterprise with investors. This campaign included new investor relations and public relations activities for Europe and the United States which added in costs in 2019.

Sales advertising and marketing: The Company targeted various business development opportunities through these sales and marketing initiatives including demonstrations of the technology. These costs decreased in the current quarter due to the slowdown caused by COVID-19. These costs are anticipated to increase as COVID restrictions are removed.

Share based payments:

During the current quarter, the Company granted 275,000 options to purchase common shares of the Company to and offer and director. In the prior quarter, the Company granted 5,650,000 stock options to officers, directors and various consultants to the Company. The expense relates to the these that vested during the period. This is a non-cash expense.

Trials, research and development:

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

Summary of quarterly results

Three Months Ended	Net Revenues (\$)	Net Loss	
		Net loss (\$)	Basic and Diluted (Loss) Per Share (\$)
31-Dec-20	-	(877,433)	(0.01)
30-Sept-20	-	(2,068,277)	(0.02)
30-June-20	18,664	(1,192,461)	(0.02)

31-Mar-20	216,963	(738,210)	(0.01)
31-Dec-19	56,232	(2,716,443)	(0.03)
30-Sept-19	-	(748,515)	(0.01)
30-June-19	-	(657,516)	(0.01)
31-Mar-19	58,176	(846,958)	(0.01)

Liquidity and Capital Resources

As at December 31, 2020, the Company had a working capital of \$429,704 (September 30, 2020 – working capital deficiency of \$(440,049)); being defined as current assets less current liabilities. The improvement has occurred because of the recent private placements of units which provided additional capital to the Company.

The Company used cash of \$57,265 during the three months ended December 31, 2020, compared with cash used of \$247,439 for the same period in 2019.

In the three months ended December 31, 2020, the Company used cash of \$803,660 in operating activities, compared with \$1,592,710 for the same period in 2019.

In three months ended December 31, 2020, the Company used cash of \$46,366 in investing activities, compared to \$89,976 for the same period in 2019. The main component of this was \$36,124 of costs related to regulatory approvals, patent registrations and development costs (2019 - \$89,967). The balance in 2020 was used for the purchase of equipment.

Financing activities generated \$792,760, from the net proceeds of issuing of units (common shares and warrants).

The Company's monthly burn rate on average, which was calculated as cash spent per month in operating activities, was approximately \$268,000. At its current operating level, the Company will not have sufficient funds generated from ongoing operations to cover short-term and long-term operational needs. The Company expects to still operate at a loss for at minimum the next 12 months. As such, the Company will need additional financing for costs related to operations, maintaining its patents, conducting trials and its growth strategy. The Company is currently addressing its liquidity concerns by proactively planning future financings through the sale of debt and (or) equity. The Company has been successful in the past at raising necessary funds but the timing and ability to do so will depend on the liquidity of the financial markets, economic conditions, as well as the acceptance of investors to small cap companies. There can be no guarantee that the Company will be able to continue securing any required financing. To address the liquidity concerns, the Company entered into the Agreement, for a financing facility of \$6,000,000 (as described earlier).

Since obtaining EPA approval in August 2019, the Company generated sales of approximately \$290,000 (as reported for the year ended September 30, 2020). The Company has continued to sign new sales agreements, and expects future sales to help with liquidity issues.

The primary need for liquidity is to fund working capital requirements of the business, including operating costs, and maintaining the Companies patents. The primary source of liquidity has primarily been private financings and, to a lesser extent, by cash generated from the exercise of warrants and options.

The Company has no financial commitments or obligations other than a lease for office space and production facility. The Company leases office space for their headquarters in Mississauga Ontario. The original lease terms expired in October 2020 and has been extended with annual minimum lease payments as follows:

Year	Minimum lease payment
2021	\$ 80,799
2022	\$ 82,812
2023	\$ 6,901

The Company has no capital expenditure commitments and has the ability to reduce or increase its research and development activities and other discretionary costs depending on the level of available funds.

The Company can maintain a sufficient level of inventory to meet expected sales demand.

Overall, given the working capital at December 31, 2020, the Company will be required to raise additional funds to fulfil its operating requirements for at minimum the next 12 months.

Off Balance Sheet Arrangements

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

Related Party Transactions

Key management includes members of the board, the Chief Executive Officer and the Chief Financial Officer. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows for the three months ended December 31, 2020 and December 31, 2019:

	2020	2019
CEO fees (i)	\$ 80,801	\$ 105,508
CFO fees (ii)	7,500	7,500
Consulting fees charged by a Chelsian Sales & Service (iii)	15,000	15,000
Consulting fees charged Flueckiger Consulting (iv)	10,866	20,313
Share based payments (vii)	53,350	924,800
	\$ 167,517	\$ 1,073,121

- (i) Salary and/or consulting fees paid to Ashish Malik, the CEO, for services rendered. As at December 31, 2020, \$20,436 (September 30, 2020 - \$65,620) is owed to the CEO for past fees.
- (ii) Consulting fees charged by CFO Advantage Inc, a corporation owned by Kyle Appleby, the CFO of the Company, for services of the Chief Financial Officer. As at December 31, 2020 \$nil (2020 -\$65,620) was owed to CFO Advantage Inc.
- (iii) Consulting fees charged by Chelsian Sales & Service Inc, a corporation owned by Michael Collinson, a director, for assisting with day-to-day operations. As at December 31, 2020 \$4,950 (2020 - \$12,600) was owed to Chelsian Sales and Service Inc.
- (iv) Consulting fees charged by Flueckiger Consulting, a corporation owned by Claude Flueckiger, a director of the Company, for reviewing product development and marketing plans, reviewing data from trials, and other services as required. As at December 31, 2020 \$1,909 (2020 - \$8,211) was owed to Flueckiger consulting.
- (v) \$nil (2019 - \$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 project manager. During the three months ended December 31, 2020, the employee earned a salary and benefits of \$24,000 (2019 - \$24,000).
- (vii) For options and RSU's issued to related parties, please see Note 12 to the condensed interim financial statements for the three months ended December 31, 2020.

Proposed Transactions

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

Accounting Estimates and judgements

The preparation of the 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 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

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. The Company used fair value less cost to sell to determine the recoverable amount of the cash generating unit. Judgement was used in determining the basis of calculating fair value. As the Company has a single cash generating unit, management used the market value of the Company's share price as a proxy of the fair value of the cash generating unit. In addition, management applied judgement in the estimation of the cost to sell. This estimation of cost to sell was sensitized within a reasonable range and did not result in an impairment.

Useful life of property, plant and equipment

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

Useful life of intangible assets

Significant estimates are made as to the useful lives of the capitalization of patents, regulatory and development costs.

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 based on milestones. 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.

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.

New Accounting Standards Adopted

Effective October 1, 2019, the Company has adopted IFRS 16, Leases and International Financial Reporting Interpretations Committee (“IFRIC”) 23, Uncertainty over Income Tax Treatments. These changes were made in accordance with the applicable transitional provisions for which there was no impact on the annual audited consolidated financial statements for the year ended September 30, 2020. Under IFRS 16, the presentation on the statements of loss and comprehensive loss required by the new standard will result in most lease expenses being presented as amortization of lease assets and financing costs arising from lease liabilities rather than as being a part of goods and services purchased.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”)

On October 1, 2019, the Company also adopted the new accounting standard IFRIC 23. The interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Company has concluded that there is no significant impact resulting from the application of this new standard on its annual consolidated financial statements.

Financial Instruments

Fair Value

Financial instruments of the Company as at December 31, 2020 and September 30, 2020 consist of cash, accounts receivable, and accounts payable and accrued liabilities, and loans payable. There are no significant differences between the carrying amounts of the cash, accounts 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, accounts receivable and accounts payable denominated in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at December 31, 2020, the Company had \$32,398 of accounts payable and accrued liabilities denominated in U.S. dollars.

Interest rate risk

The Company is exposed to insignificant interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short-term nature of interest-bearing cash.

Credit risk

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. See note 1 for further disclosure on the going concern assumption.

The Company's accounts payable and accrued liabilities are subject to normal trade terms and have contractual maturities payable within 30 days for 2020 and 2019.

At December 31, 2020, the Company has current assets of \$793,564 (September 30, 2020 - \$449,411) and current liabilities of \$363,860 (September 30, 2020 - \$889,460) resulting in working capital of \$429,704 (September 30, 2020 - working capital deficiency (\$440,049)).

Disclosure of Share Capital

As at the date of this report the Company had 112,755,580 common shares issued and outstanding.

As at the date of this report the Company had 33,949,428 share purchase warrants outstanding.

As at the date of this report the Company 14,874,082 stock options and RSUs outstanding.

Risks

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