

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, 2023.

Unaudited condensed interim consolidated financial statements of the Issuer for the three-month period ended December 31, 2023 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, 2023, 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):

(a) summary of securities issued during the period,

The following securities were issued during the period of October 1, 2023 to December 31, 2023:

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 12, 2023	common shares	RSU conversion	637,500	\$0.10 (deemed)	N/A	N/A	Arm's length party to the Issuer	N/A
October 16, 2023	common shares	RSU conversion	97,500	\$0.10 (deemed)	N/A	N/A	Arm's length party to the Issuer	N/A
November 24, 2023	common shares	Debt Settlement	2,765,138	\$0.06	N/A	\$165,908.34 in debt extinguished	Arm's length party to the Issuer	N/A

(1) Each warrant is exercisable for a period of three years from issuance to acquire one additional common share at a price of \$0.20.

(b) summary of options and RSUs granted during the period of October 1, 2023 to December 31, 2023:

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
Dec 21, 2023	4,188,155	-	consultants	N/A - issued at deemed price of \$0.05 per share	Dec 21, 2028	\$0.035
Dec 21, 2023	2,680,000	Ashish Malik Director and CEO	-	N/A - issued at deemed price of \$0.05 per share	Dec 21, 2028	\$0.035

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, 2023, 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 146,853,583 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 by 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, 2023	146,853,583	\$27,305,680

- (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, 2023, 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	1,260,000	\$0.285	July 7, 2025	\$243,633
August 30, 2016	1,000,000	\$0.32	August 30, 2026	\$310,000
February 7, 2019	25,000	\$0.16	February 7, 2024	\$3,125
March 22, 2019	1,193,300	\$0.195	March 22, 2024	\$165,570
September 16, 2019	50,000	\$0.24	September 16, 2024	\$9,800
October 30, 2019	3,375,000	\$0.31	October 30, 2024	\$918,000
November 24, 2020	75,000	\$0.29	November 24, 2025	\$14,550
February 5, 2021	155,000	\$0.41	February 5, 2026	\$42,625
March 11, 2021	150,000	\$0.415	March 11, 2026	\$41,100
April 29, 2021	100,000	\$0.365	April 29, 2026	\$27,400
October 5, 2021	900,000	\$0.27	October 5, 2026	\$156,847
February 8, 2022	1,675,000	\$0.275	February 8, 2032	\$363,331
December 23, 2022	5,350,000	\$0.12	December 23, 2032	\$522,128
May 1, 2023	500,000	\$0.085	May 1, 2028	\$29,239
Total	15,858,300			

As at December 31, 2023, the following RSUs were outstanding:

Date of Grant	Number of Options	Exercise Price	Expiry Date	Recorded Value
November 24, 2020	778,000	N/A - RSU	November 24, 2025	\$241,180
February 8, 2022	645,000	N/A - RSU	February 8, 2032	\$363,475
December 23, 2022	208,696	N/A - RSU	December 23, 2027	\$169,177
May 1, 2023	3,816,875	N/A - RSU	May 1, 2028	\$527,812
June 27, 2023	841,172	N/A - RSU	June 27, 2028	\$67,294
September 15, 2023	1,303,672	N/A - RSU	September 15, 2028	\$104,294
December 21, 2023	6,868,155	N/A - RSU	December 21, 2028	\$240,385
Total	14,461,570			

Warrants: As at December 31, 2023, 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
July 11, 2022	22,476,141	\$0.27	July 11, 2025	\$572,460
March 6, 2023	1,491,667	\$0.20	March 6, 2026	\$46,241
March 6, 2023	7,000 ⁽¹⁾	\$0.20	March 6, 2026	\$357
May 11, 2023	2,250,000	\$0.20	May 11, 2026	\$69,750
Total	26,224,808			

⁽¹⁾ Finders Warrants.

Convertible Securities:

As at December 31, 2023, the following convertible securities were outstanding entitling each holder to convert the principal amount into common shares of the Issuer.

Date of Issue	Principal Amount of Convertible Securities Issued	Amount of Convertible Securities Outstanding as of December 31, 2023	Conversion price	Maturity Date
July 11, 2022	\$1,900,000 (1,900 Notes in the principal amount of \$1,000 per Note)	\$1,900,000 ⁽¹⁾	\$0.195	July 11, 2025
July 11, 2022	\$275,000 (275 Notes in the principal amount of \$1,000 per Note)	\$275,000 ⁽¹⁾	\$0.195	July 11, 2025
July 11, 2022	\$523,000 (523 Notes in the principal amount of \$1,000 per Note)	\$523,000 ⁽¹⁾	\$0.195	July 11, 2025
December 6, 2023	\$100,000 in Secured Notes	\$100,000 ⁽²⁾	\$0.05	December 6, 2025

Notes

- (1) The Notes bear an interest rate of 7% per annum for a period of three years. Interest on the Notes is to be paid semi-annually in advance (on June 30 and December 31) and may be satisfied, at the option of the Company, in cash or Shares.
- (2) Outstanding debt on each Note carries an annualized interest rate of 15% which starts after the 5th day from when the Issuer closes a tranche. The Issuer can also pay any accrued interest through common shares based of a 20-day VWAP as noted above.
- (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	Director, President and CEO, member of audit committee
Kyle Appleby	CFO and Corporate Secretary
Michael Collinson	Chairman and Director, member of audit committee
James Molyneux	Director, chair of audit committee

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, 2023, 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: February 29, 2024

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 31, 2023	Date of Report YY/MM/DD 24/02/29
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, 2023

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

UNAUDITED CONDENSED INERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended December 31, 2023

(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.

Unaudited Condensed Interim Consolidated Statements of Financial Position

(expressed in Canadian Dollars)

As at

	December 31, 2023	September 30, 2023
ASSETS		
Current assets		
Cash	\$ 19,301	\$ 133,541
Financial asset at fair value through profit and loss <i>(note 4)</i>	404,245	536,505
Accounts receivable	24,256	12,421
Sales tax receivable	72,021	62,956
Inventory <i>(note 5)</i>	73,165	69,221
Prepaid expense and deposits	105,940	163,016
	698,928	977,660
Long-term assets		
Right of use asset <i>(note 6)</i>	318,759	339,547
Intangible assets <i>(note 8)</i>	2,006,587	2,022,842
Equipment <i>(note 7)</i>	271,370	277,850
	\$ 3,295,644	\$ 3,617,899
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,542,485	\$ 1,590,687
Deferred revenue	6,760	16,825
Lease liability <i>(note 10)</i>	74,242	71,973
	2,623,487	1,679,485
Long-term liabilities		
Lease liability <i>(note 10)</i>	265,575	285,106
Loans payable <i>(note 11)</i>	60,000	60,000
Convertible debentures <i>(note 12)</i>	241,040	241,040
	3,190,102	2,265,631
Shareholders' equity		
Share capital <i>(note 12)</i>	27,305,680	27,067,022
Notes <i>(note 12)</i>	202,680	202,680
Warrants <i>(note 12, 13)</i>	688,790	688,790
Contributed surplus <i>(note 14)</i>	9,222,476	9,054,841
Accumulated other comprehensive loss	(8,758)	(8,781)
Accumulated deficit	(37,205,326)	(35,652,284)
	105,542	1,352,268
	\$ 3,295,644	\$ 3,617,899

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)**COMMITMENT (Note 20)****SUBSEQUENT EVENTS (Note 22)**

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

Bee Vectoring Technologies International Inc.

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three months ended December 31, 2023 and December 31, 2022

(expressed in Canadian Dollars)

	2023	2022
Sales (note 18)	\$ 16,965	\$ 44,503
Cost of sales	1,977	20,877
Gross profit	14,988	23,626
Expenses		
Office and general (note 19)	325,119	455,504
Investor and public relations	1,076,873	9,102
Sales, advertising and marketing	6,638	84,348
Share based payments (note 9 and 14)	240,385	679,329
Trials, research and development	18,300	341,655
Royalty payments	-	1,569
	1,667,315	1,571,507
Loss before other items	(1,652,227)	(1,546,312)
Loss on foreign exchange	(715)	29,120
Interest and other income	-	40,289
Net loss	\$ (1,653,042)	\$(1,476,903)
Weighted average number of common shares outstanding		
– basic and diluted	145,091,578	132,922,713
Basic and diluted loss per common share (note 15)	\$ (0.01)	\$ (0.01)

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

Bee Vectoring Technologies International Inc.

Unaudited Condensed interim Consolidated Statements of Loss and Comprehensive Loss (continued)

For the three months ended December 31, 2023 and December 31, 2022

(expressed in Canadian Dollars)

	2023	2022
Net loss	\$ (1,653,042)	\$ (1,476,903)
Other comprehensive income		
Items that may be subsequently reclassified to earnings:		
Exchange differences on translating foreign operations	23	(821)
Comprehensive loss	\$ (1,653,019)	\$ (1,477,724)

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

Bee Vectoring Technologies International Inc.

Unaudited Condensed interim Consolidated Statements of Cash Flows

For the three months ended December 31, 2023 and December 2022

(expressed in Canadian Dollars)

	2023	2022
Cash used in operating activities		
Net loss	\$ (1,653,042)	\$(1,476,903)
Items not affecting cash		
Share based payments	240,385	679,329
Loss on write-off of abandoned patents	-	
Lease interest	7,352	5,763
Depreciation and amortization	43,523	49,006
Net changes in non-cash working capital items		
Sales tax and other receivables	(20,900)	108,960
Prepaid expenses and deposits	57,076	(24,688)
Inventory	(3,944)	(36,480)
Deferred revenue	(10,065)	43,280
Accounts payable and accrued liabilities	1,117,706	526,435
	(221,909)	(125,298)
Cash used in investing activities		
Additions to intangible assets	-	(55,042)
Additions to property, plant and equipment	-	(50,301)
	-	(105,343)
Cash flow from financing activities		
Proceeds from swap settlements	132,260	321,545
Lease payments	(24,614)	(22,954)
	107,646	298,591
(Decrease) Increase in cash	(114,263)	67,950
Effect of foreign exchange of on cash	23	(606)
Cash, beginning of period	133,541	210,301
Cash, end of period	\$ 19,301	\$ 277,645

Supplemental cash flow information

	2023	2022
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -
Non-cash transactions		
Stock option and RSU grants for compensation	\$ 240,385	\$ 679,329

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, 2023 and 2022

(expressed in Canadian Dollars)

	Share Capital		Convertible debentures	Warrants	Contributed Surplus	Accumulated other Comprehensive Income	Deficit	Total
	Number of shares	Amount						
Balance, September 30, 2022	132,829,563	\$ 25,858,204	\$ 202,680	\$ 1,943,056	\$ 6,750,523	\$ (15,971)	\$ (30,977,545)	\$ 3,760,947
Share based compensation	-	-	-	-	679,329	-	-	679,329
Exercise of RSUs	400,000	124,000	-	-	(124,000)	-	-	-
Expiry of warrants	-	-	-	(259,907)	259,907	-	-	-
Net loss	-	-	-	-	-	(821)	(1,476,903)	(1,477,724)
Balance, December 31, 2022	133,229,563	\$ 25,982,204	\$ 202,680	\$ 1,683,149	\$ 7,565,759	\$ (16,792)	\$ (32,454,448)	\$ 2,962,552
Balance, September 30, 2023	143,353,445	\$ 27,067,022	\$ 202,680	\$ 688,790	\$ 9,054,841	\$ (8,781)	\$ (35,652,284)	\$ 1,352,268
RSU grants	-	-	-	-	240,385	-	-	240,385
Shares issued to settle debt	2,765,138.00	165,908	-	-	-	-	-	165,908
Exercise of RSUs	735,000	72,750	-	-	(72,750)	-	-	-
Net loss	-	-	-	-	-	23	(1,653,042)	(1,653,019)
Balance, December 31, 2023	146,853,583	\$ 27,305,680	\$ 202,680	\$ 688,790	\$ 9,222,476	\$ (8,758)	\$ (37,305,326)	\$ 105,542

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, 2023
(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 and records office is 4160 Sladeview Cres. #7, Mississauga, Ontario. The Company’s trade on the Canadian Stock Exchange (CSE) under the symbol “BEE.C”.

These consolidated financial statements were approved for issuance by the Board of Directors on February 29, 2024.

Going concern assumption

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

The Company’s ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to discharge its liabilities as they become due and generate positive cash flows from operations. On August 28, 2019 the Company received approval from the Environmental Protection Agency to sell its BioControl in the United States. To date the Company has not yet obtained regulatory approval to sell its BioControl from other regulatory bodies outside the US. The Company is currently also seeking regulatory approval in Mexico and Switzerland. During the three months ended December 31, 2023, the Company incurred a net loss of \$1,653,042 (year ended September 30, 2023 – \$4,674,739), and as of that date, the Company’s deficit was \$37,305,326 (September 30, 2023 – \$35,652,284). At December 31, 2023, the Company has current assets of \$698,928 (September 30, 2023 - \$977,660) and current liabilities of \$2,633,552 (September 30, 2023 – \$1,679,485) resulting in working capital deficit of \$1,924,559 (September 30, 2023 – working capital deficit of \$701,825).

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.

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, 2023.

b) Basis of measurement

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

c) Significant accounting estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. The impacts of such judgments and estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

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

Estimates

Useful life of equipment, right-of-use asset and intangible assets

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

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of stock options and of common share purchase warrants issued. The model requires the input of subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate. Estimates are used for valuing RSUs granted for determining vesting dates when RSU’s are granted with vesting conditions that are based on non-market performance conditions and milestones.

2. Basis of presentation (continued)

Embedded derivatives

As part of assessing whether an instrument is a hybrid financial instrument and contains an embedded derivative, significant judgment is required in evaluating whether the host contract is more akin to debt or equity and whether the embedded derivative is clearly and closely related to the underlying host contract. The Company concludes that the host instrument of the convertible debentures is a debt host due to the holder's right to redeem the instrument for cash at a point in time in the future. The Company determines that the conversion option is not closely related to the debt host, and that the conversion option is required to be separated from the host instrument and accounted for as an embedded derivative due to the variability in the number of shares issuable under the convertible debentures. In applying its judgment, the Company relies primarily on the economic characteristics and risks of the instrument as well as the substance of the contractual arrangements.

The initial fair values of the embedded derivative conversion options and subsequent re-measurements at fair value at each reporting date are determined by using the Black-Scholes pricing model which requires exercise of judgment in relation to variables such as expected volatilities in share price and foreign exchange rates.

Judgments

Capitalization of development costs

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

Capitalization of regulatory costs

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

Functional currency

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

Income taxes and recoverability of potential deferred tax assets

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

Going concern

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

Convertible debentures

Judgement is required in determining the classification of financial instruments issued in the financing transaction as liabilities or equity.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.
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2. Basis of presentation (continued)

d) Basis of consolidation

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. The financial statements of the Company's subsidiaries, including entities which the Company controls, are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

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

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

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

3. Significant accounting policies

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, 2023, with the exception of new and revised standards along with any consequential amendments, effective October 1, 2023. Accordingly, these condensed interim consolidated financial statements for the three months ended December 31, 2023 and 2022 should be read together with the annual consolidated financial statements as at and for the year ended September 30, 2023.

4. Financial asset at fair value through profit and loss

	2023	2022
Opening balance	\$ 536,505	\$ 2,519,612
Cash received on monthly swap settlements to date	(132,260)	(942,499)
Realized loss on settlement received to date	-	(857,501)
Unrealized loss – financial assets at fair value	-	(183,107)
Total	\$ 404,245	\$ 536,505

Effective July 11, 2022, the Company entered into a series of agreements with a third party; Sorbie Bornholm LP ("Sorbie"), whereby the following transactions resulted (see note 12 for more details):

- i. The Company issued 1,900 unsecured convertible debentures of \$1,000 each that totaled \$1,900,000, convertible at maturity in three years into common shares at \$0.195 per share.
- ii. The Company issued 11,176,471 units, at a price of \$0.17 per unit, consisting of one common share and one common share purchase warrant, with each warrant entitling the holder to purchase one additional common share (the "Units").
- iii. In connection with the convertible debentures and the units, the Company issued a total of 20,919,671 warrants exercisable at a price of \$0.27 per share for 36 months.

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4. Financial assets at fair value through profit and loss (continued)

- iv. Equity sharing agreements (equity swaps) whereby the net proceeds of the transaction and the 20 million shares were put into an escrow account, are to be released based on a predetermined schedule. The equity swaps settle on a monthly basis over 24 months, and commenced August 2022, with one swap settling each month. The monthly settlement amount payable to the Company by the counter-party is determined by an independent settlement agent with the amount due calculated via reference to the average of the volume weighted average price of the Company's shares as traded on the Canadian Securities Exchange for the twenty days preceding the settlement date ("VWAP"), compared to the benchmark price of \$0.21. Each one cent difference between the VWAP and the benchmark price results in a monthly premium or discount to the amount to be received by the Company for the swap at settlement. If the Company's share price is to exceed the base price of \$0.21, the payments will increase to reflect the increase in share price, however, if the share prices fall below the based prices, the proceeds are adjusted for the decline and Sorbie retains the difference of the scheduled payments and the calculated payments. During the year the Company received \$466,959 of the cash held in escrow and realized a loss of \$53,041 based on the terms of the agreement and the Company's share price.
- v. On July 11, 2022, the total 11,176,471 common shares were issued by the Company and released in line with the schedule.

The above transactions resulted in the following assets and liabilities:

- a. Financial asset at fair value through profit and loss which is the value of the subscriptions or cash proceeds expected to be received under the terms of the arrangements. This was recognized at relative fair value at the inception date and subsequently remeasured at each reporting period to fair value. As at September 30, 2023, the Company recorded an unrealized loss of \$183,107 (2022 – 500,115) as a result of the measurement of the asset. As at September 30, 2023, the Company also recorded a realized loss on settlement received to date at amount of \$857,501 (2022 – 53,041) as difference between the scheduled settlement to be received and actual cash received on monthly swap settlements to date. This is a Level 3 financial instrument.
- b. Convertible debenture which is recognized at relative fair value at the inception date and subsequently remeasured each reporting period to fair value as a fair value through profit and loss liability. At the year end the Company recorded an unrealized gain as a result of the measurement. This is a Level 3 financial instrument.

The financial asset at fair value through profit and loss, convertible debentures and notes were valued using the Monte Carlo simulation with 250 steps for each instrument, where the share price was projected at various points in the model. The method was chosen because the variation of terms with key inputs at the year-end included the historical volatility and discount rate.

5. Inventory

	December 31, 2023	September 30, 2023
Raw materials	\$ 57,225	\$ 64,693
Finished goods	15,940	4,528
Total	\$ 73,165	\$ 69,221

During the three months ended December 31, 2023 \$1,977 (2022 - \$20,877) of inventory was recognized as cost of sales. There was no inventory write downs in 2023 and 2022. No inventory was pledged as collateral.

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6. Right of use asset

	Office Lease
Balance, September 30, 2022	\$ 422,088
Depreciation	(82,541)
Balance, September 30, 2023	339,547
Depreciation	(20,788)
Balance, December 31, 2023	\$ 318,759

Leases are depreciated over their term, being 5 years.

In August 2020, the Company entered into a five-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 right of use asset 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.

7. Equipment

		Equipment	Computer	Furniture	Site equipment	Telephone Equipment	Dispensers	Total
Cost								
As at September 30, 2022	\$	15,909	\$ 31,108	\$ 12,467	\$ 432,442	\$ 24,931	\$ 197,442	\$ 714,299
Additions		-	-	-	855	-	52,877	53,732
As at September 30, 2023		15,909	31,108	12,467	433,297	24,931	250,319	768,032
Additions		-	-	-	-	-	-	-
As at December 31, 2023	\$	15,909	\$ 31,108	\$ 12,467	\$ 433,297	\$ 24,931	\$ 250,319	\$ 768,032
Accumulated depreciation								
As at September 30, 2022	\$	4,160	\$ 23,893	\$ 9,850	\$ 324,284	\$ 18,984	\$ 20,204	\$ 401,375
Additions		795	5,199	523	21,804	1,189	59,465	88,975
Foreign currency adjustment		-	(168)	-	-	-	-	(168)
As at September 30, 2023		4,955	28,924	10,373	346,088	20,173	79,669	490,182
Additions		199	963	105	4,359	238	616	6,480
As at December 31, 2023	\$	5,154	\$ 29,887	\$ 10,478	\$ 350,447	\$ 20,411	\$ 80,285	\$ 496,662
Net book value								
As at September 30, 2023	\$	10,954	\$ 2,184	\$ 2,094	\$ 87,210	\$ 4,758	\$ 170,650	\$ 277,850
As at December 31, 2023	\$	10,755	\$ 1,221	\$ 1,989	\$ 82,851	\$ 4,520	\$ 170,034	\$ 271,370

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8. Intangible assets

	Available-for-use			Work-in-process		Total
	Patents	Regulatory cost	Development	Patents	Regulatory cost	
Cost						
As at September 30, 2022	\$ 724,817	\$ 404,047	\$ 316,325	\$ 587,922	\$ 186,295	\$ 2,219,406
Additions	-	-	-	8,303	322,075	330,378
Write-off of abandoned patents	(208,520)	-	-	-	-	(208,520)
Foreign currency adjustment	-	-	-	-	(116)	(116)
As at September 30, 2023	516,297	404,047	316,325	596,225	508,254	2,341,148
Foreign currency adjustment	-	-	-	-	58	58
As at December 31, 2023	\$ 516,297	\$ 404,047	\$ 316,325	\$ 596,225	\$ 508,312	\$ 2,341,206
Accumulated amortization						
As at September 30, 2022	\$ 184,876	\$ 61,321	\$ 54,640	\$ -	\$ -	\$ 300,837
Additions	37,783	20,202	15,816	\$ -	\$ -	73,801
Write-off of abandoned patents	(56,332)	-	-	-	-	(56,332)
As at September 30, 2023	184,876	61,321	54,640	-	-	318,306
Additions	7,308	5,051	3,954	-	-	16,313
As at December 31, 2023	\$ 192,184	\$ 66,372	\$ 58,594	\$ -	\$ -	\$ 334,619
Net book value						
As at September 30, 2023	\$ 331,421	\$ 342,726	\$ 261,685	\$ 596,225	\$ 508,254	\$ 2,022,842
As at December 31, 2023	\$ 324,113	\$ 337,675	\$ 257,731	\$ 596,225	\$ 508,312	\$ 2,006,587

9. 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, 2023 and December 31, 2022:

	2023	2022
*CEO fees (i)	\$ 84,287	\$ 84,650
*CFO fees (ii)	7,500	7,500
*Consulting fees charged by a Chelsian Sales & Service (iii)	15,000	15,000
Shares based payments - Options	-	390,377
Share based payments – RSUs (i)	93,800	-
	\$ 200,587	\$ 497,537

**represents key management remuneration*

- (i) Represents salary and/or consulting fees charged by the CEO for services rendered. As at September 30, 2023, \$225,333 (September 30, 2022 - \$140,833) is owed to the CEO for past fees and health benefits. On December 21, 2023, the CEO also received 2,680,000 RSUs with a value of \$93,800. In 2022, the CEO also received share-based compensation with a fair value of \$146,391 which are included in share based payments. On August 16, 2022, \$101,333 of amounts owing to the CEO was settled with the issuance of 596,078 common shares.
- (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, 2023 \$7,500 (September 30, 2022 –\$nil) was owed to CFO Advantage Inc. On August 16, 2022, \$16,950 of amounts owing to the CFO was settled with the issuance of 99,706 common shares.
- (iii) Consulting fees charged by Chelsian Sales & Service Inc (“Chelsian”), a corporation owned by a director, for assisting with day-to-day operations. As at December 31, 2023 \$40,850 (September 30, 2022 –\$31,835) was owed to Chelsian. The director also received stock options with a fair value of \$97,594 which are included in share based payments. On August 16, 2022, \$39,550 of amounts owing to Chelsian was settled with the issuance of 232,647 common shares.

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9. Related party balances and transactions (continued)

- (iv) The Company employs a relative of a director of the Company as sales manager. During the three months ended December 31, 2023, the employee earned a salary and benefits of \$33,380 (2023 - \$29,150).

10. Lease liability

Balance, September 30, 2022	\$ 422,618
Interest expense	29,924
Lease payments	(95,463)
Balance, September 30, 2023	357,079
Interest expense	7,352
Lease payments	(24,614)
Balance, December 31, 2023	\$ 339,817
Allocated as:	December 31, 2023
Current	\$ 74,242
Long Term	\$ 265,575

In August 2020, the Company entered into a five-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.

On March 18, 2022, the Company entered into a five-year extension on the lease of its office and production facility. The lease extension will commence on November 1, 2022 for a period of five years until October 31, 2027, with no further options to renew at the current terms. Under the lease, the Company is required to pay a monthly base rent of \$8,051 increasing annually to \$9,058 in the final term. At the extension 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.

11. Loans payable

- (i) On May 1, 2020, the Company received a \$40,000 Canada Emergency Business Account loan. Up to \$10,000 of that amount will be eligible for loan forgiveness if \$30,000 is fully repaid on or before December 31, 2023. As at September 30, 2022, none of the loan has been repaid. If the loan is not repaid by December 31, 2023, it will be extended for an additional 3-year term bearing an interest rate of 5% per annum. The loan can be repaid at any time without penalty and no principal payments are required until December 31, 2025 when the full amount of the loan is due. Monthly interest must be paid during the additional 3-year term. An additional, \$20,000 was received in January, 2021 under the same terms and conditions.

12. Share capital

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

(i) On July 11, 2022, the Company closed a non-brokered private placement (the "Sorbie Private Placement") of units ("Units") and unsecured convertible notes ("Notes") to Sorbie Bornholm LP ("Sorbie"), an institutional investor, for gross proceeds of \$3.8 million. The proceeds of the Sorbie Private Placement were used to acquire government bonds in connection with the Company and Sorbie entering into the Sharing Agreement (as defined below), which is described in more detail below. The Company issued the following securities to Sorbie in connection with the Sorbie Private Placement:

- 11,176,471 Units issued at a price of \$0.17 per Unit. Each Unit consists of one common share of the Company (each, a "Share") and one Share purchase warrant (each, a "Warrant"), with each Warrant entitling the holder thereof to purchase one additional Share of the Company at an exercise price of \$0.27 for a period of 36 months from issuance, unless such exercise period is accelerated or extended in accordance with the terms of the warrant instrument. The Warrants were valued at \$286,398 using the Black-Scholes option pricing model using the following assumptions: Term – 3 years; Volatility – 90.68%; Interest rate – 3.18%.
- 1,900 Notes in the principal amount of \$1,000 per Note. The Notes bear an interest rate of 7% per annum for a period of three years. Interest on the Notes is to be paid semi-annually in advance (on June 30 and December 31) and may be satisfied, at the option of the Company, in cash or Shares, with such Shares being issued using the maximum allowable discount to the market price at the time. Each Note is convertible into 5,128 Shares, which represents a conversion price of \$0.195, for a period of three years from the date of issuance, provided that conversion of the Notes is permitted only when the Shares issuable upon conversion, combined with the shareholdings of Sorbie immediately before the time of such conversion, does not take Sorbie's ownership interest in the Company above 9.9%. Each Note is issued together with 5,128 detachable Warrants (the "Detachable Warrants") which have the same terms as the Warrants, with the result that the Company issued 9,743,200 Detachable Warrants in connection with issuing the 1,900 Notes. The Warrants were valued at \$249,670 using the Black-Scholes option pricing model and the following assumptions: Term – 3 years; Volatility – 90.68%; Interest rate – 3.18%. Since the Notes are to be settled in shares, they are treated as equity.
- In addition, 798 convertible notes (the "Payment Notes") were issued to Sorbie with 275 Payment Notes being issued in satisfaction of the \$275,000 value payment that was payable by the Company in connection with Sorbie entering into the Sharing Agreement, and 523 Payment Notes being issued to Sorbie in satisfaction of the Benchmark Payment (as defined below). The Payment Notes have the same terms as the Notes, except they do not bear interest and do not provide for Detachable Warrants.

Sorbie first proposed the initial Benchmark Price be \$0.23 but agreed to reduce it to \$0.21 as a result of the Company making an additional payment of \$523,000, which the Company satisfied by issuing to Sorbie an additional 523 Payment Notes (the "Benchmark Payment").

The Payment Notes and Benchmark Payment were valued at \$202,680 using the Monte Carlo simulation as disclosed in note 4.

- The first interest payment for the 1,900 Notes issued to Sorbie was paid concurrently with closing of the Sorbie Private Placement by the issuance of 431,770 common shares.

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12. Share capital (continued)

Concurrently with closing the Private Placement, the Company entered into certain hedging arrangements with Sorbie governed by an ISDA Master Agreement dated July 11, 2022, and a sharing agreement dated July 11, 2022 (the "Sharing Agreement"). Pursuant to the terms of the Sharing Agreement, the gross proceeds of the Sorbie Private Placement (being \$3,800,000) (the "Posted Support") were used to acquire UK government bonds as credit support to secure the Company's maximum potential exposure under the Sharing Agreement, with Sorbie retaining control and direction of such proceeds (including both the economic benefit and the risk resulting from fluctuations in the bond pricing and foreign exchange) until they are released back to the Company in accordance with the terms of the Sharing Agreement.

The hedging transactions governed by the Sharing Agreement will be determined and payable in 24 monthly settlement tranches based on the volume weighted average price of the Shares for the 20 trading days prior to each monthly settlement date measured against the Benchmark Price. On each such settlement date, Sorbie will release a portion of the Posted Support determined in reference to such volume rated average (with \$250,000 to be received the first two months and \$150,000 for each of the remaining 22 months). If the measured Share price is equal to the Benchmark Price for each of the 24 monthly settlement tranches, the Company will receive cash payments totaling \$3.8 million. If the measured Share price exceeds the Benchmark Price, the Company will receive more than 100% of the settlement payable that month on a *pro rata* basis. Similarly, if the measured Share price is below the Benchmark Price, the Company will receive less than 100% of the settlement payable that month on a *pro rata* basis.

The Sharing Agreement permits the Company to retain much of the economic interest of the securities issued to Sorbie, including the potential upside to the extent the Shares trade above an initial price of \$0.21 (the "Benchmark Price").

Summary of convertible debentures issued during the three months ended December 31, 2023 and the year ended September 30, 2023:

	December 31, 2023	September 30, 2023
Opening balance	\$ 489,948	\$ 489,948
Change in fair value of convertible debentures	-	(248,908)
Closing balance	\$ 489,948	\$ 241,040

- (ii) On August 18, 2022, the Company settled debt in the amount of \$360,441 with the issuance of 2,120,241 common shares. On the date of issuance, the shares had a fair market value of \$413,447 resulting in a loss on settlement of \$53,006. \$157,833 of the debt was settled with related parties.
- (iii) On March 6, 2023, the Company settled debt in the amount of \$157,180 with the issuance of 1,310,000 common shares. On the date of issuance, the shares had a fair market value of \$157,180.
- (iv) On March 6, 2023, the Company closed a non-brokered private placement of 1,491,667 units (the "Units") issued at a price of \$0.12 per Unit for gross aggregate proceeds of \$179,000 (the "Private Placement"). Each Unit is comprised of one common share (each a "Share") and one common share purchase warrant (each a "Warrant"). Each Warrant is exercisable to acquire one additional Share of the Company for a period of 36 months from closing at a price of \$0.20. The Company paid \$840.00 in cash and issued 7,000 broker warrants on the same terms noted above to qualified parties in connection with the Private Placement. The warrants were valued at \$46,241 using relative fair value method with the warrants fair value determined by using the Black-Scholes option pricing model using the following assumptions: Term – 3 years; Volatility – 78%; Interest rate – 4.00%. The broker warrants were valued at \$357 using the same assumptions.

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12. Share capital (continued)

- (v) On May 11, 2023, the Company closed a non-brokered private placement of 2,250,000 units (the "Units") issued at a price of \$0.12 per Unit for gross aggregate proceeds of \$270,000 (the "PP #2"). Each Unit is comprised of one common share (each a "Share") and one common share purchase warrant (each a "Warrant"). Each Warrant is exercisable to acquire one additional Share of the Company for a period of 36 months from closing at a price of \$0.20. The Company paid no finders fees. The warrants were valued at \$69,750 using relative fair value method with the warrants fair value determined by using the Black-Scholes option pricing model using the following assumptions: Term – 3 years; Volatility – 78%; Interest rate – 4.00%.
- (vi) On May 11, 2023, the Company issued 771,014 common shares for the semi annual interest payment on the Sorbie Notes, and another 1,111,370 shares on July 1, 2023 for another interest payment totaling \$133,182.
- (vii) During the year ended September 30, 2023, 3,589,831 RSUs were exercised. The RSUs had a fair value of \$586,645.
- (viii) On November 24, 2023, the Company settled debt in the amount of \$165,908 with the issuance of 2,765,138 common shares. On the date of issuance, the shares had a fair market value of \$165,908.
- (ix) During the three months ended December 31, 2023, 735,000 RSUs were exercised. The RSUs had a fair value of \$72,750.

13. Warrants

The warrants issued and outstanding as at December 31, 2023 and September 30, 2023 are as follows:

	Number of warrants	Weighted average strike price
Balance, September 30, 2022	36,938,424	\$ 0.36
Expired	(14,462,283)	\$ (0.48)
Issued with Concurrent Private Placement	3,748,667	\$ 0.20
Balance, September 30, 2023 and December 31, 2023	26,224,808	\$ 0.26

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

At December 31, 2023, the following warrants were outstanding and exercisable:

Strike price	Number	Weighted average remaining contractual life (in years)	Expiry date
\$ 0.27	22,476,141	1.53	07/11/2025
\$ 0.20	1,498,667	2.18	03/06/2026
\$ 0.20	2,250,000	2.36	05/11/2026
	26,224,808	1.64	

14. Stock options and restricted share units

In 2020 the Board of Directors approved a restricted share unit plan (the "RSU Plan") and a 20% rolling stock option plan (the "Option Plan") to grant restricted share units ("RSU's") and incentive stock options ("Options") to directors, officers, key employees and consultants of the Company. Pursuant to the RSU Plan and the Option Plan, the Company may reserve up to a maximum of 20% of the issued and outstanding common shares pursuant to awards granted under the plans. The vesting of the options and RSU's are determined by the board when granted, and can have a maximum term of 10 years. The plans were approved by the shareholders on October 23, 2020.

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14. Stock options and restricted share units (continued)

Options

Below is a summary of transactions for the three months ended December 31, 2023 and the year ended September 30, 2023:

Transaction	# Options	Weighted Average Strike Price
Balance, September 30, 2022	10,733,300	\$0.276
Granted	5,850,000	\$0.120
Expired	(725,000)	\$0.250
Balance, September 30, 2023	15,858,300	\$0.223
Balance, December 31, 2023	15,858,300	\$0.223

As at December 31, 2023 the Company had the following stock options outstanding:

Grant date	Expiry date	Exercise price	# of options outstanding	# of options exercisable
06/30/2015	06/20/2025	\$ 0.29	50,000	50,000
07/06/2015	07/06/2025	\$ 0.29	1,260,000	1,260,000
08/30/2016	08/30/2026	\$ 0.32	1,000,000	1,000,000
02/27/2019	02/27/2024	\$ 0.16	25,000	25,000
03/22/2019	03/22/2024	\$ 0.20	1,193,300	1,193,300
09/16/2019	09/16/2024	\$ 0.24	50,000	50,000
10/30/2019	10/30/2024	\$ 0.31	3,375,000	3,375,000
11/24/2020	11/24/2025	\$ 0.29	75,000	75,000
02/05/2021	02/05/2026	\$ 0.41	155,000	155,000
03/11/2021	03/11/2026	\$ 0.42	150,000	150,000
04/29/2021	04/29/2026	\$ 0.37	100,000	100,000
10/05/2021	10/05/2026	\$ 0.27	900,000	900,000
02/08/2022	02/08/2032	\$ 0.28	1,675,000	1,675,000
12/23/2022	12/23/2032	\$ 0.12	5,350,000	5,350,000
05/01/2023	05/01/2028	\$ 0.085	500,000	500,000
			15,858,300	15,858,300

The fair values of the stock options granted were calculated using the Black-Scholes Option Pricing Model using the weighted average assumptions below. The weighted average expiry date of the options is 4.73 years. The weighted average exercise price of the options is \$0.22.

	Three months ended December 31, 2023	Year ended September 30, 2023
Risk-free interest rate	n/a	3.17%
Expected life of options	n/a	5-10 years
Annualized volatility	n/a	86%
Share price	n/a	\$0.08-\$0.12
Forfeiture rate	n/a	0%
Dividend rate	n/a	0%
Weighted average fair value per options	n/a	\$0.06-\$0.10

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14. Stock options and restricted share units (continued)

Restricted share units ("RSU's")

Below is a summary of transactions for the three months ended December 31, 2023 and the year ended September 30, 2023:

Transaction	# RSUs
Balance, September 30, 2022	2,919,806
Granted	8,998,440
Exercised	(3,589,831)
Balance, September 30, 2023	8,328,415
Granted	6,868,155
Exercised	(735,000)
Balance, December 31, 2023	14,461,570

As at December 31, 2023, the Company had the following RSUs outstanding:

Date Issued	# RSUs	# Vested	Value per RSU
04/24/2020	778,000	778,000	\$0.31
02/08/2022	645,000	-	\$0.275
12/23/2022	208,696	208,696	\$0.110
05/01/2023	3,816,875	3,816,875	\$0.100
06/27/2023	841,172	841,172	\$0.080
09/15/2023	1,303,172	651,836	\$0.075
12/21/2023	6,868,155	6,868,155	\$0.035
	14,461,570	13,164,734	

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.

Option and RSU expense reconciliation for the three months ended December 31, 2023 and 2022:

As per the statement of changes in shareholders' equity

	2023	2022
Share based compensation	\$ -	\$ 522,128
RSU grants	240,385	157,201
Total	\$ 240,385	\$ 679,329

As per the statement of loss

Share based compensation – options portion	\$ 240,385	\$ 522,128
Investor and public relations	-	92,969
Research and development	-	11,478
Sales and marketing	-	52,754
Total	\$ 240,385	\$ 679,329

15. 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, 2023 and 2022 because their impact was anti-dilutive.

16. Financial instruments

Fair Value

Financial instruments of the Company as at December 31, 2023 and September 30, 2023 consist of cash, accounts receivables, financial asset at fair value through profit and loss, accounts payable and accrued liabilities, convertible debentures 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 payables are recognized initially and subsequently at amortized cost and approximate fair value due to the market rate of interest applied. Financial asset at fair value through profit and loss and convertible debentures are revalued at each reporting date based on level 3 inputs in the fair value hierarchy as disclosed in Note 4 and 12.

Fair value hierarchy

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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

Market risk

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of a change in foreign exchange rates. The Company is exposed to foreign currency risk on cash, other receivables and accounts payable and loans denominated in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at December 31, 2023, the Company had \$(282,102) of net financial instruments denominated in U.S. dollars. The effect on comprehensive loss before income tax of a 10% change in the foreign currency against the Canadian dollar on the above-mentioned net monetary assets and liabilities of the Company is estimated to be an increase/decrease of \$28,200, assuming that all other variables remained constant.

Interest rate risk

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

16. Financial instruments (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at the end of the reporting period is the carrying value of its cash and accounts receivable and the face value of its asset carried at fair value through profit and loss, being \$519,823. Cash is held with both financial institutions in Canada and the United States, and management believes that exposure to credit risk is not significant. The Company manages its credit risk related to trade and other receivables by establishing procedures to establish payment terms and approval policies of customers. In the opinion of management, the credit risk is moderate, and no credit losses are expected.

Price risk

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

Liquidity risk

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

The Company's accounts payable and accrued liabilities are subject to normal trade terms and have contractual maturities payable within 30 days for 2023 and 2022.

At December 31, 2023, the Company has current assets of \$698,928 (September 30, 2022- \$3,268,686) and current liabilities of \$2,623,487 (September 30, 2022 – \$1,254,293) resulting in working capital deficit of \$(1,924,559) (September 30, 2023 – working capital deficit \$(701,825)).

17. 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, 2023, managed capital was \$105,542 (September 30, 2023 - \$1,352,268). Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach to capital management during the three months ended December 31, 2023. The Company is not exposed to externally imposed capital requirements.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.
Notes to Condensed Interim Consolidated Financial Statements (unaudited)
For the three months ended December 31, 2023
(expressed in Canadian dollars)

18. Sales

Revenue from contracts with customers	2023	2022
Rendering of services over time	\$ 16,965	\$ 44,503
Sales of goods	-	-
	\$ 16,965	\$ 44,503

All revenue was earned in the United States.

19. Office and general

For the three months ended December 31,	2023	2022
Accounting and audit	\$ 8,037	\$ 7,825
Amortization and depreciation	42,480	50,001
Consulting	45,813	40,067
Insurance	7,853	11,873
Legal and regulatory	11,042	11,389
Occupancy costs	11,271	12,267
Office and general	33,300	46,759
Salaries and benefits	156,755	229,645
Warehouse supplies	1,001	5,296
Transfer agent	5,780	9,927
Travel	1,787	30,455
	\$ 325,119	\$ 455,504

20. Commitment

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

Year	Minimum lease payment (\$'s)
2024	99,144
2025	102,221
2026	105,327
2027	108,432

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.
Notes to Condensed Interim Consolidated Financial Statements (unaudited)
For the three months ended December 31, 2023
(expressed in Canadian dollars)

21. Segmented information

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

	2023	September 30, 2023
Total long term assets		
Canada	\$ 2,588,105	\$ 2,631,628
United States of America	8,611	8,611
	\$ 2,596,716	\$ 2,640,239
Revenues for the three months ended December 31,	2023	2022
United States of America	\$ 16,965	\$ 44,503
	\$ 16,965	\$ 44,503

22. Subsequent events

The Company entered into a secured loan agreement dated December 11, 2023 (the "Loan Agreement") with two capital firms (the "Lenders"), whereby it will secure a loan of up to CAD \$1 million (the "Loan") on a credit facility basis.

The Loan will be funded in tranches of \$100,000 (each, a "Tranche") at the Company's discretion. Each Tranche will be secured and evidenced by promissory notes (each, a "Note"). The Company reserves the right to choose the method of settlement for each Note within a two-year period, either through cash repayment or issuing common shares ("Shares"). Each Tranche must be repaid (in cash or Shares) in advance of the Lenders making a subsequent Tranche of funding available to the Company. It will be the Company's intention to issue Shares equivalent to the principal amount of each Note to repay each Tranche. The price for these Shares will be determined based on the 20-day volume-weighted average price (VWAP), subject to a minimum price of CAD \$0.05, with up to a maximum of 20,000,000 Shares being issued pursuant to the Loan.

Outstanding debt on each Note carries an annualized interest rate of 15% which starts after the 5th day from when the Company closes a Tranche. The Company can also pay any accrued interest through Shares based on a 20-day VWAP as noted above.

As security for the payment of the Company's obligations and fulfilment and satisfaction of all covenants and agreements made under the Loan Agreement, and any Notes thereunder, the Company will enter into a general security agreement ("GSA") with the Lenders for each Tranche, pursuant to which the Company has granted a security interest in product inventory and equipment of the Company up to the amount of each Tranche.

On January 10, 2024, the Company closed the debt settlement agreements (the "Settlement Agreement") with certain creditors. Pursuant to the Settlement Agreements, the Company issued an aggregate of 18,833,334 Common shares at a deemed price of \$0.06 per Common share to the creditors in full satisfaction of outstanding cash payments due in the amount of \$1,130,000.

On January 25, 2024, the Company converted the first tranche of \$100,000 in promissory notes (the "Notes"), into 2,600,000 Common shares at a price of \$0.05 per Common share. The conversion of the Notes into Common shares included a 10% repayment penalty fee and a 20% facilitation fee payable to the noteholders.

APPENDIX B

Bee Vectoring Technologies International Inc.

Management's Discussion & Analysis
for the three-month period ended December 31, 2023



BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

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

DATED FEBRUARY 29, 2024

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, 2023, and 2022. The discussion should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended December 31, 2023 and 2022 and the audited annual consolidated financial statements for the years ended September 30, 2023 and 2022, and the related notes thereto. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All monetary amounts are reported in Canadian dollars unless otherwise noted. These documents, as well as additional information on the Company, are filed electronically through the System for Electronic Document Analysis and Retrieval (SEDAR) and are available online at www.sedar.com.

Forward-Looking Statements

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

Forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions it believes to be not unreasonable in light of all of the circumstances. In some instances, material factors or assumptions are discussed in this MD&A in connection with statements containing forward-looking information. Such material factors and assumptions include, but are not limited to: the forecasted demand for the Company's products and 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 has commercialized 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 without significant capital costs for growers.

The Company is also developing new applications and thus new revenue stream opportunities for its proprietary beneficial microbe *Clonostachys rosea* Strain BVT CR-7 ("CR-7") such as foliar spray applications and applications on seeds.

More details can be found in the Company's Management Discussion and Analysis for the year ended September 30, 2021 and on the corporate website at www.beevt.com.

Seasonality of the business

The Company's business is seasonal and follows crop cycles. In particular the BVT system is used during the blooming period of the targeted crops, which for outdoor crops will occur once in a crop season -- once a year and may last only for a few weeks (eg. 6-8 weeks in the case of blueberries). For the berry crops in North America which are the initial targeted crops, this blooming period is between January (in the Southern growing regions) and May (in the Northern growing regions). This means that revenue will be initially generated during those early months of the year, and the rest of the year there may be minimal or no revenue.

As the business expands to other crops which bloom later in the year, into other geographies around the world which will have different crop seasons, and into greenhouse production where there may be multiple crops seasons in a year, the seasonality of the business will change.

Strategic Positioning

The Company is focusing on three key strategic priorities:

1. **Commercialization in the US:** 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 across the United States, followed by other pollinated crops including fruit and nut trees;
2. **Geographic Expansion:** use the know-how gained in the US to replicate the commercial success in other markets around the world which grow the targeted crops;
3. **Portfolio Expansion & Extension:** leverage the Company's core assets of BVT CR-7 and its honeybee and bumble bee dispenser systems to develop new revenue streams by developing additional products for delivery using bees, and new application methods for BVT CR-7 to address crop disease control needs in areas such as soil or late season leaf diseases where bees would not be a suitable delivery method since there are no flowers for them to visit.

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, 2023, and to the date of this MD&A:

1. Commercialization in the US:

September 13, 2023 – the Company announced a 196% year-over-year sales growth in the Pacific Northwest blueberry market with the BVT system, with new customers coming on board and over 80% of growers renewing their contracts.

The tripling of its business in the Pacific Northwest, with 80% of customers having renewed for another season, was based on the good results from the previous year. In the past year, commercial grower trials in the Pacific Northwest yielded bigger berries utilizing the BVT system, an average of 1.26mm larger diameter berries and 26.67% heavier berries. Customers gained approximately \$10,000 per acre in additional revenue which is more than 40 times return on investment (ROI) for growers using the BVT system.

Additionally, new customers signed up for the first time this year for initial demonstration trials, which builds potential for increased sales acreages in the next growing season.

This business growth happened during a very challenging growing season in the region with the Pacific Northwest experiencing record-breaking rainfall leading into the bloom period, which is a recipe for fungal disease. Previous wet conditions made potential disease exposure high, with bushes vulnerable to disease exposure even before the flowers bloomed. And getting into the sodden fields to apply traditional fungicide sprays was difficult.

Having the BVT system in place at the start of blooming helped growers tackle those challenging conditions head-on. As bees pollinated the flowers, they simultaneously deposited BVT’s proprietary Vectorite with CR-7 biofungicide directly into the bloom – treating flowers as soon as they opened and were exposed to the disease.

2. Geographic Expansion:

February 15, 2024 – the Company announced that Agrobío SL commenced trials of BVT’s natural precision agriculture system in December. The trial is a part of Agrobío’s participation in the EU-funded ADOPT-IPM project, which is part of the European Commission’s Horizon Research and Innovations Actions (Horizon

RIA), a major initiative intended to boost the EU's growth and competitiveness in areas such as tackling climate change.

The ADOPT-IPM project is an EU-China joint action that will optimize existing Integrated Pest Management (IPM) tools and packages and develop new ones. It will foster stakeholder adoption by surveying what they currently use, what they need, and conducting trials and demonstrations of new tools with industrial partners.

"The inclusion of the BVT technique for assessment as an IPM tool in the EU-funded ADOPT-IPM project provides this technology with extended exposure to a major audience," said Ashish Malik, CEO of BVT. "We will have access to agriculture industry players throughout the EU and China, which aligns with BVT's multi-pronged strategy to fast-track entry into key markets."

Agrobío is a bio-factory that produces beneficial insects for pest control and bumblebees for natural pollination. Founded in 1995 in Almería, Spain, Agrobío has pioneered Spanish bumblebee production and grown into a multinational business supplying growers across Europe, Morocco and Turkey.

The Agrobío trial is being conducted in greenhouse tomato crops in Spain, measuring the BVT system compared to traditional standard spray programs for efficacy in combating *Botrytis* (gray mold). It is using BVT's VectorHive system for bumblebees and proprietary Vectorite with CR-7 biofungicide. The trial will last until the end of the tomato crop cycle, which is approximately eight to ten months. Spain is one of the largest fruit and vegetable producers in Europe and represents the largest market for bee vectoring in the EU.

The country has a strong horticultural market that includes berries, tomatoes and stone fruits, grown outdoors and in greenhouses. Vegetable production in Spain reached about 16.39 million tons in 2021, an increase of about 1.21 million tons over 2020. In 2021, there were over 400,000 hectares devoted to vegetable farming in Spain.

January 31, 2024 – the Company announced that a major multi-national grower is conducting demonstration trials in Mexico with BVT's proprietary Vectorite with CR-7 (*Clonostachys rosea* CR-7) biological fungicide and natural precision agriculture system.

"Collaborating with enterprise-sized growers with large-scale operations in multiple key growing countries is critical to BVT's overall strategy to further validate the value the BVT system brings to growers at a multi-crop and multi-national level and demonstrate its scalability potential," said Ian Collinson, Sales Manager at BVT.

This multi-national grower is a key producer of blueberries, raspberries, blackberries and table grapes in Mexico. They have over 5,000 hectares worldwide for the production of berries, with additional operations in the US, Peru and Morocco. After the initial honeybee system trials in their Mexican operations, there is opportunity to expand BVT trials to the other countries.

"These are paid demonstration trials initiated by the grower, an early technology adopter interested in BVT," continued Mr. Collinson. "They are a very forward-thinking and technically advanced organization – securing them is a strong endorsement of BVT's system. They are keen to evaluate BVT's potential in helping them provide high quality fruit for the domestic and export markets."

The BVT trials are staggered to the start of bloom time for each berry crop. They commenced last September with the start of blackberry and raspberry bloom periods, moved to blueberry in November, and lasts into early 2024. Trial data is being collected at each crop's harvest time and the grower is currently evaluating for yield performance and percentage of fruit spoilage with BVT and the grower standard applied versus the grower standard used alone.

Geographic expansion is a key element in BVT's ongoing corporate expansion strategy. BVT's registration dossier was submitted to regulatory authorities in Mexico in April 2022, and BVT continues to build and expand strategic

relationships with Mexican growers. This newest relationship with a multi-national grower with operations in Mexico is a vital step in the Company's continued development in the

January 16, 2024 – the Company announced South African multi-national agricultural technology business Microbial Biological Fertilizers International (MBFi) has commenced trials of BVT products in South Africa. They will be evaluating BVT's patented bee vectoring dispenser for honeybees with proprietary Vectorite powder, initially testing with MBFi's own biological strain as a comparison with traditional spray applications.

MBFi manufactures agricultural products for the South African farming industry, supplying fertilizer, bio-stimulants, biologicals and adjuvants.

"We are extremely interested in BVT's bee vectoring application as a breakthrough and gamechanger for effective delivery of biological agents," said Jonathan Etherington, Co-founder and Director at MBFi. "We approached BVT more than a year ago to look at this novel technology because in South Africa, we have the same concerns as Europe around the use of traditional chemical pesticides."

"Utilizing MBFi's already registered biological, BVT can rapidly enter the South African market and add a significant new revenue stream," said Ashish Malik, CEO of BVT. "Our strategy also involves MBFi registering BVT's proprietary microbe, *Clonostachys rosea* CR-7 (CR-7) for South African regulatory approval. Effective implementation of this strategy would significantly increase CR-7's addressable market."

Trials are being conducted on grower crop fields including macadamias, avocados, apples, strawberries, blueberries and cherries, timed for the start of each crop's bloom period. MBFi will also extend the trials to include sunflowers and canola. In South Africa, macadamia, avocado, apples, strawberries, blueberries and cherry crops cover over 85,000 hectares of farmland, with sunflowers and canola adding another 520,000.

October 24, 2023 – the Company announced that it will be exploring various partnership opportunities through nine confirmed meetings with industry players and potential partners at ABIM 2023 (Annual Biocontrol Industry Meeting), an internationally-recognized global meeting place to do business and network within the industry. The conference runs October 23 to 25 in Basel, Switzerland and is co-organized by the Research Institute of Organic Agriculture (FiBL) and the International Biocontrol Manufacturers Association (IBMA).

At this year's ABIM, an estimated 1,700 participants from more than 50 nations will network face-to-face, listen to inspiring panel discussions, and see exciting presentations on the latest innovations. SMEs and large enterprises are well-represented, with delegates and the 100+ exhibitors meeting throughout the event.

"The ABIM is an incredible chance for innovators like BVT to connect with the industry's biggest and most important players and I'm pleased to be back at this premiere annual event," said Ashish Malik, CEO of BVT. "There are so many opportunities here with existing and potential partners to progress BVT's ongoing expansion strategy. In addition to our confirmed meetings, there are always several unplanned meetings that develop from informal conversations, so this is a great way to update the industry at-large on our progress."

"ABIM is an event that's helping us all work together to facilitate the transformation to sustainable agriculture," said Christoph Lehnen, BVT Business Manager for Europe, Africa and Middle East. "At the event, we plan to identify and further develop new markets, channels and product applications for BVT's proprietary natural precision agriculture system."

December 8, 2022 – The Company announced that the Company's proprietary *Clonostachys rosea* CR-7 (CR-7) biological fungicide has been submitted for regulatory review and approval in Canada. The submitted dossier includes CR-7 trial data already successfully completed, as well as studies into human safety, environmental impact, product efficacy and more, as required.

The Company was granted an experimental use permit (EUP) from the regulatory agency which allows us to conduct demonstration trials in multiple crops in Canada starting in 2023, even before the regulatory approval is obtained, which will create demand for its system and assist in quicker adoption once registration is granted.

For the past two years leading up to the submission, BVT worked with the Health Canada Pest Management Regulatory Agency (PMRA), Canada's agency for pesticide regulation, in pre-submission consultations to preemptively and successfully address additional tests that the Company learned would be expected, including efficacy trials, which should mean a more efficient review process.

3. Portfolio Expansion & Extension:

September 28, 2023 – the Company announced its first sales order of BVT's *Clonostachys rosea* CR-7 (CR-7) proprietary microbe for use in the foliar application market. This groundbreaking deal is with BioSafe Systems, an industry leader in environmentally sustainable products. This is the result of an earlier announcement of a commercial agreement between BVT and BioSafe to develop and market end-use biological products for plant health and control of foliar and soil diseases.

"Not only is this BVT's first sale to a larger Ag-inputs company, it's also an entry into a totally new market and revenue source, giving us access to markets where bees are not used for the first time," said Ashish Malik, CEO of BVT. "This confirms that our strategy to expand business to channel partners like BioSafe is working well and paying dividends, as it enables us to scale growth and expand market share much more quickly."

This inaugural sale of technical-grade CR-7 marks BVT's entry into the foliar business. BioSafe will take CR-7, use it to create a proprietary formulation and sell it to their distribution network in the foliar market. BVT will receive a royalty for every BioSafe sale.

"We've also just finished characterizing CR-7 for the control of various diseases across multiple crops," said Dr. Mason Newark, Field Technical Manager at BVT. "This validates CR-7 as a broad-spectrum biofungicide across many crops and creates a solid foundation for building up our foliar business."

The deal with BioSafe is a key milestone in BVT's ongoing corporate expansion strategy. "Entering the foliar business expands our market in exciting new ways," said Mr. Malik. "It demonstrates successful execution of our business strategy, which is to focus on both geographic expansion and finding new applications for CR-7."

Based on the current events and circumstances known to us to date, which have resulted in economic uncertainty, we believe the Company is subject to a financing risk. Access to financing from the public markets may be more difficult as investors may be risk averse during times of economic uncertainty. In addition, 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 the three months ended December 31, 2023 and 2022.

As at December 31, 2023 the Company had a cash and cash equivalents balance of \$19,301 (September 30, 2023 - \$133,541) and total current assets of \$698,928 (September 30, 2023 - \$977,660) (consisting of cash, sales tax and accounts receivable, financial assets (an equity swap), inventory and prepaid expenses and deposits). During the period, long term assets (equipment, intangible assets, and right of use assets) decreased to \$2,596,716 from \$2,640,239 as the result of the depreciation of intangible assets (mainly cost of patents), depreciation of equipment and depreciation on the right of use asset. Liabilities at December 31, 2023 totalled \$3,190,102 (September 30, 2023 - \$2,265,631) and comprised of \$2,542,485 (September 30, 2023 - \$1,590,687) of trade payables and accruals, deferred revenue of \$6,760 (September 30, 2023 - \$16,825) a lease liability of \$339,817 (\$74,242 of this is a current liability) (September 30, 2023 - \$357,079), loans payable of \$60,000 (September 30, 2023 - \$60,000) and a convertible debenture of \$241,040 issued in 2022 as part of a financing arrangement.

Working capital (deficiency), which is comprised of current assets less current liabilities, was \$(1,924,559) at September 30, 2023 compared to working capital deficit of \$(701,825) at September 30, 2023.

Net loss for three months ended December 31, 2023 was \$1,653,042, compared to \$1,476,903, respectively, for 2022 as summarized further below.

Revenue and gross profit:

	2023	2022	2023 vs 2022
fx rate used	1.3486	1.3544	
Sales in USD	\$ 12,580	\$ 32,858	-62%
Sales in CAD	\$ 16,965	\$ 44,503	-62%

The company invoices and collects in USD since its customers are in the US. Sales are translated to CAD using the average exchange rate for the period.

Sales in fiscal Q1 2024 were 62% lower than in prior year. This decline is due to 2 reasons:

1. BVT implemented a new invoicing process for its bumble bee system in the US starting after Q1 2023 growing season in order to improve its working capital management. Through this new process the Company did not invoice for the bee hives themselves (just for the Vectorite and dispenser components); its bee suppliers invoiced the growers directly for the bees. This change in invoicing process had the effect of reducing revenue captured in fiscal Q1 2024 by USD\$9,200.
2. Slow start to the season in the Southeast compared to a strong start experienced in the prior season.

Below is a summary of the results for the three months ended December 31, 2023 and 2022:

	2023	2022
Sales	\$ 16,965	\$ 44,503
Cost of sales	1,977	20,877
Gross profit	14,988	23,626
Expenses		
Office and general (i)	325,119	455,504
Investor and public relations (ii)	1,076,873	9,102
Sales, advertising and marketing (iii)	6,638	84,348
Share based payments (iv)	240,385	679,329
Trials, research and development (v)	18,300	341,655
Royalty payments	-	1,569
	1,667,315	1,571,507
Loss before other items	(1,652,227)	(1,546,312)
Loss on foreign exchange	(715)	29,120
Interest and other income	-	40,289
Net loss	\$ (1,653,042)	\$(1,476,903)

(i) Office and general:

Office and general remained in line and as detailed below.

Three months ended December 31,	2023	2022
Accounting and audit	\$ 8,037	\$ 7,825
Amortization and depreciation	42,480	50,001
Consulting	45,813	40,067
Insurance	7,853	11,873
Legal and regulatory	11,042	11,389
Occupancy costs	11,271	12,267
Office and general	33,300	46,759
Salaries and benefits	156,755	229,645
Warehouse supplies	1,001	5,296
Transfer agent	5,780	9,927
Travel	1,787	30,455
	\$ 325,119	\$ 455,504

- (ii) 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. In 2023, the Company undertook a large marketing awareness plan leading up to a financing. The marketing plan was subsequently paid for with shares (see subsequent events).
- (iii) Sales advertising and marketing: The Company targets various business development opportunities through these sales and marketing initiatives including demonstrations of the technology. These costs are anticipated to increase further as the Company has more available funds to allocate to this category. For the three months ended December 31, 2023, the Company had fewer funds available for these activities.
- (iv) Share based payments: Represents the value of options and RSUs that vested during the period. During the period, the Company granted fewer RSUs and options to purchase common shares of the Company to officers, directors, consultants and employees than in the prior period.
- (v) Trials, research and development: This expense relates to regulatory approval associated work, lab research and trials of BVT's crop inoculation products and bee delivery platform.

Summary of quarterly results (in accordance with IFRS)

Three Months Ended	Net Revenues (\$)	Net Loss	
		Net loss (\$)	Basic and Diluted (Loss) Per Share (\$)
31-Dec-23	16,965	(1,653,042)	(0.01)
30-Sept-23	-	(1,815,312)	(0.01)
30-June-23	196,502	(836,229)	(0.01)
31-Mar-23	360,642	(546,295)	(0.00)
31-Dec-22	44,503	(1,476,903)	(0.01)
30-Sept-22	17,564	(1,410,201)	(0.01)
30-June-22	153,629	(926,386)	(0.01)
31-Mar-22	285,568	(1,513,400)	(0.01)

Liquidity and Capital Resources

As at December 31, 2023, the Company had a working capital deficiency of \$1,924,559 (September 30, 2023 – working capital deficiency of \$701,825), being defined as current assets less current liabilities. The decrease in working capital has occurred due to funds deployed in operations, as the Company is not yet cash flow positive.

In the three months ended December 31, 2023, the Company used cash of \$221,909 in operating activities, compared with \$125,298 in the same period in 2022.

In the three months ended December 31, 2023, the Company used cash of \$nil in investing activities. In the three months ended December 31, 2022, the main components of this were \$55,042 of costs related patent registrations and development costs and \$50,301 for the purchase of equipment.

In the three months ended December 31, 2023, the Company collected \$132,260 from swap settlements. These proceeds were offset by lease payments of \$24,614, for total cashflow from financing activities of \$107,646.

The Company's monthly burn rate on average, which was calculated as cash spent per month in operating activities, was approximately \$74,000. At its current operating level, the Company will not have sufficient funds generated from ongoing operations to cover short-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 future financings for costs related to operations, maintaining its patents, conducting trials and its growth strategy. The Company will plan future financings as required 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.

Since obtaining EPA approval in August 2019, the Company commenced generating sales, 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
2024	99,144
2025	102,221
2026	105,327
2027	108,432

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, 2023, the Company does not have enough to maintain 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, 2023 and December 31, 2022:

	2023	2022
*CEO fees (i)	\$ 84,287	\$ 84,650
*CFO fees (ii)	7,500	7,500
*Consulting fees charged by a Chelsian Sales & Service (iii)	15,000	15,000
Shares based payments - Options	-	390,377
Share based payments – RSUs (i)	93,800	-
	\$ 200,587	\$ 497,537

**represents key management remuneration*

- (i) Represents salary and/or consulting fees paid to the CEO for services rendered. As at September 30, 2023, \$225,333 (September 30, 2023 - \$140,833) is owed to the CEO for past fees and health benefits. On December 21, 2023, the CEO also received 2,680,000 RSUs with a value of \$93,800. In 2022, the CEO also received share-based compensation with a fair value of \$146,391 which are included in share based payments. On August 16, 2022, \$101,333 of amounts owing to the CEO was settled with the issuance of 596,078 common shares.
- (ii) Consulting fees charged by CFO Advantage Inc, a corporation owed by the CFO of the Company, for services of the Chief Financial Officer. As at December 31, 2023 \$7,500 (September 30, 2023 –\$nil) was owed to CFO Advantage Inc. On August 16, 2022, \$16,950 of amounts owing to the CFO was settled with the issuance of 99,706 common shares.
- (iii) Consulting fees charged by Chelsian Sales & Service Inc (“Chelsian”), a corporation owned by a director, for assisting with day-to-day operations. As at December 31, 2023 \$40,850 (September 30, 2023 –\$31,835) was owed to Chelsian. The director also received stock options with a fair value of \$97,594 which are included in share-based payments. On August 16, 2022, \$39,550 of amounts owing to Chelsian was settled with the issuance of 232,647 common shares.
- (iv) The Company employs a relative of a director of the Company as sales manager. During the three months ended December 31, 2023, the employee earned a salary and benefits of \$33,380 (2023 - \$29,150).

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

Useful life of equipment, right-of-use asset and intangible assets

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

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of stock options and of common share purchase warrants issued. The model requires the input of subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate. Estimates are used for valuing RSUs granted for determining vesting dates when RSU's are granted with vesting conditions that are based on non-market performance conditions and milestones.

Embedded derivatives

As part of assessing whether an instrument is a hybrid financial instrument and contains an embedded derivative, significant judgement is required in evaluating whether the host contract is more akin to debt or equity and whether the embedded derivative is clearly and closely related to the underlying host contract. The Company concludes that the host instrument of the convertible debentures is a debt host due to the holder's right to redeem the instrument for cash at a point in time in the future. The Company determines that the conversion option is not closely related to the debt host, and that the conversion option is required to be separated from the host instrument and accounted for as an embedded derivative due to the variability in the number of shares issuable under the convertible debentures. In applying its judgement, the Company relies primarily on the economic characteristics and risks of the instrument as well as the substance of the contractual arrangements.

The initial fair values of the embedded derivative conversion options and subsequent re-measurements at fair value at each reporting date are determined by using the Black-Scholes pricing model which requires exercise of judgment in relation to variables such as expected volatilities in share price and foreign exchange rates.

Judgments

Capitalization of development costs

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

Capitalization of regulatory costs

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

Functional currency

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

Income taxes and recoverability of potential deferred tax assets

Income taxes and tax exposures recognized in the consolidated financial statements reflect management's best estimate based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in

the future based on its budgeted forecasts. These forecasts are adjusted to take into account certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

Going concern

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

Convertible debentures

Judgement is required in determining the classification of financial instruments issued in the financing transaction as liabilities or equity.

Financial Instruments

Fair Value

Financial instruments of the Company as at September 30, 2023 and September 30, 2022 consist of cash, accounts receivables, financial asset at fair value through profit and loss, accounts payable and accrued liabilities, convertible debentures 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 payables are recognized initially and subsequently at amortized cost and approximate fair value due to the market rate of interest applied. Financial asset at fair value through profit and loss and convertible debentures are revalued at each reporting date based on level 3 inputs in the fair value hierarchy as disclosed in Note 4 and 12 (of the consolidated financial statements).

Fair value hierarchy

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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

Market risk

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of a change in foreign exchange rates. The Company is exposed to foreign currency risk on cash, other receivables and accounts payable and loans denominated in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at December 31, 2023, the Company had \$(195,844) of net financial instruments denominated in U.S. dollars. The effect on comprehensive loss before income tax of a 10% change in the foreign currency against the Canadian dollar on the above-mentioned net monetary assets and liabilities of the Company is estimated to be an increase/decrease of \$19,500, assuming that all other variables remained constant.

Interest rate risk

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

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 cash and accounts receivable and the face value of its asset carried at fair value through profit and loss, being \$745,000. Cash is held with both financial institutions in Canada and the United States, and management believes that exposure to credit risk is not significant. The Company manages its credit risk related to trade and other receivables by establishing procedures to establish payment terms and approval policies of customers. In the opinion of management, the credit risk is moderate, and no credit losses are expected.

Price risk

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. See note 1 of the consolidated financial statements 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 2023 and 2022.

At December 31, 2023, the Company has current assets of \$698,928 (September 30, 2022- \$3,268,686) and current liabilities of \$2,623,487 (September 30, 2022 – \$1,254,293) resulting in working capital deficit of \$(1,924,559) (September 30, 2023 – working capital deficit \$(701,825)).

Subsequent events

The Company entered into a secured loan agreement dated December 11, 2023 (the "Loan Agreement") with two capital firms (the "Lenders"), whereby it will secure a loan of up to CAD \$1 million (the "Loan") on a credit facility basis.

The Loan will be funded in tranches of \$100,000 (each, a "Tranche") at the Company's discretion. Each Tranche will be secured and evidenced by promissory notes (each, a "Note"). The Company reserves the right to choose the method of settlement for each Note within a two-year period, either through cash repayment or issuing common shares ("Shares"). Each Tranche must be repaid (in cash or Shares) in advance of the Lenders making a subsequent Tranche of funding available to the Company. It will be the Company's intention to issue Shares equivalent to the principal amount of each Note to repay each Tranche. The price for these Shares will be determined based on the 20-day volume-weighted average price (VWAP), subject to a minimum price of CAD \$0.05, with up to a maximum of 20,000,000 Shares being issued pursuant to the Loan.

Outstanding debt on each Note carries an annualized interest rate of 15% which starts after the 5th day from when the Company closes a Tranche. The Company can also pay any accrued interest through Shares based on a 20-day VWAP as noted above.

As security for the payment of the Company's obligations and fulfilment and satisfaction of all covenants and agreements made under the Loan Agreement, and any Notes thereunder, the Company will enter into a general security agreement ("GSA") with the Lenders for each Tranche, pursuant to which the Company has granted a security interest in product inventory and equipment of the Company up to the amount of each Tranche.

On January 10, 2024, the Company closed the debt settlement agreements (the "Settlement Agreement") with certain creditors. Pursuant to the Settlement Agreements, the Company issued an aggregate of 18,833,334 Common shares at a deemed price of \$0.06 per Common share to the creditors in full satisfaction of outstanding cash payments due in the amount of \$1,130,000.

On January 25, 2024, the Company converted the first tranche of \$100,000 in promissory notes (the "Notes"), into 2,600,000 Common shares at a price of \$0.05 per Common share. The conversion of the Notes into Common shares included a 10% repayment penalty fee and a 20% facilitation fee payable to the noteholders.

Disclosure of Share Capital

As at the date of this report the Company had 168,711,917 common shares issued and outstanding.

As at the date of this report the Company had 26,224,808 share purchase warrants outstanding.

As at the date of this report the Company 15,858,300 stock options and 14,461,570 RSUs outstanding.

Risks

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