BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended March 31, 2017 and 2016

(expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

as at		**March 31, 2017**		September 30, 2016
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**1,096,463**	$	1,483,506
Sales tax and other receivable		**92,946**		46,281
Prepaid expense and deposits		**196,928**		114,492
		1,386,337		1,644,279
Intangible assets *(note 5)*		**692,576**		606,290
Moulds and dies *(note 6)*		**29,248**		37,378
Property, plant and equipment *(note 4)*		**276,999**		301,381
	$	**2,385,160**	$	2,589,328
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**218,747**	$	242,605
		218,747		242,605
Shareholders' equity (deficit)				
Share capital *(note 8)*		**7,996,795**		7,078,827
Subscriptions received in advance *(note 16)*		**50,000**		-
Warrants *(note 8, 9)*		**577,285**		666,010
Contributed surplus *(note 10)*		**1,269,646**		816,801
Accumulated other comprehensive income		**(10,123)**		-
Accumulated deficit		**(7,717,190)**		(6,214,915)
		2,166,413		2,346,723
	$	**2,385,160**	$	2,589,328

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS (Note 15)
SUBSEQUENT EVENTS (Note 16)

Approved by the Board of Directors

"Michael Collinson" — Director

"Jim Molyneux" — Director

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

Bee Vectoring Technologies International Inc.
Condensed Interim Consolidated Statements of Loss
For the three and six months ended March 31, 2017 and March 31, 2016
(expressed in Canadian Dollars)
(unaudited)

	Three months ended March 31,		Six months ended March 31,	
	2017	2016	**2017**	2016
Expenses				
Office and general (note 14)	**$ 395,081**	$ 295,404	**$ 772,299**	$ 644,390
Investor and public relations	**76,773**	114,367	**222,742**	198,661
Sales, advertising and marketing	**30,761**	18,337	**43,389**	51,010
Share based payments (note 10)	**103,439**	-	**161,578**	91,575
Research and development	**176,657**	196,024	**306,644**	250,983
Loss before other income	**(782,711)**	(624,132)	**(1,506,652)**	(1,236,619)
Interest and other income	**910**	4,789	**4,377**	6,789
Net loss	**$ (781,801)**	$ (619,343)	**$ (1,502,275)**	$ (1,229,830)
Weighted average number of common shares outstanding - basic and diluted	**48,616,955**	44,946,871	**48,616,955**	44,398,449
Basic and diluted loss per common share (note 11)	**$ (0.02)**	$ (0.01)	**$ (0.03)**	$ (0.03)

Condensed Interim Consolidated Statements of Comprehensive Loss
For the three and six months ended March 31, 2017 and March 31, 2016
(expressed in Canadian Dollars)
(unaudited)

	Three months ended March 31,		Six months ended March 31,	
	2017	2016	**2017**	2016
Net loss for the period	**$ (781,801)**	$ (619,343)	**$ (1,502,275)**	$ (1,229,830)
Other comprehensive loss				
Fureign currency translation	**(10,123)**	-	**(10,123)**	-
Comprehensive loss for the period	**$ (791,924)**	$ (619,343)	**$ (1,512,398)**	$ (1,229,830)

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

Bee Vectoring Technologies International Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the six months ended March 31, 2017 and March 31, 2016
(expressed in Canadian Dollars)
(unaudited)

		2017		2016
Cash flow from operating activities				
Net loss for the period	**$**	**(1,502,275)**	$	(1,229,830)
Items not affecting cash				
Share based payments		**161,578**		91,575
Foreign exchange differences		**(10,123)**		-
Depreciation and amortization		**41,010**		43,255
		(1,309,810)		(1,095,000)
Net changes in non-cash working capital items				
Sales tax and other receivable		**(46,665)**		(99,836)
Prepaid expenses and deposits		**(82,436)**		(101,700)
Accounts payable and accrued liabilities		**(23,857)**		(6,907)
		(1,462,768)		(1,303,443)
Cash flow from investing activities				
Additions to moulds and dies		**-**		(9,720)
Additions to intangibles		**(86,286)**		(20,797)
Landlord rebate received on leasehold improvements				35,000
Additions to property, plant and equipment		**(8,499)**		(95,722)
		(94,785)		(91,239)
Cash flow from financing activities				
Subscriptions received in advance		**50,000**		-
(Payment) proceeds of promissory notes		**-**		-
Proceeds from the issue of shares and units		**1,150,500**		636,523
Share issue costs		**(52,155)**		-
Proceeds from exercise of options and warrants		**22,165**		58,515
Repayment of advances from related parties		**-**		(15,144)
		1,170,510		679,894
Decrease in cash		**(387,043)**		(714,788)
Cash and cash equivalents, beginning of period		**1,483,506**		1,590,627
Cash and cash equivalents, end of period	**$**	**1,096,463**	$	875,839

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
For the six months ended March 31, 2017 and March 31, 2016
(expressed in Canadian Dollars)
(unaudited)

	Share Capital							
	Number of shares	Amount	Advance share subscriptions	Warrants	Contributed Surplus	Accumulated other Comprehensive Income	Deficit	Total
Balance, October 1, 2015	40,800,350	$ 4,622,284	$ 351,000	$ 447,124	$ 625,015	$ -	$ (3,603,411)	$ 2,442,012
Shares and units issued in connection with the private placement	3,973,575	1,072,865	(351,000)	-	-	-	-	721,865
Share issue costs related to the private placement - cash	-	(85,344)	-	-	-	-	-	(85,344)
Fair value of finders warrants issued in connection with the private placement	-	(38,676)	-	38,676	-	-	-	-
Stock based compensation	-	-	-	-	91,575	-	-	91,575
Shares issued on exercise of warrants	232,780	95,810	-	(37,295)	-	-	-	58,515
Net loss	-	-	-	-	-	-	(1,229,830)	(1,229,830)
Balance, March 31, 2016	**45,006,705**	**$ 5,666,939**	**$ -**	**$ 448,505**	**$ 716,590**	**$ -**	**$ (4,833,241)**	**$ 1,998,793**
Balance, October 1, 2016	48,291,811	$ 7,078,827	$ -	$ 666,010	$ 816,801	$ -	$ (6,214,915)	$ 2,346,723
Stock based compensation	-	-	-	-	161,578	-	-	161,578
Subscription funds received in advance	-	-	50,000	-	-	-	-	50,000
Shares issued on exercise of warrants	82,260	33,092	-	(10,927)	-	-	-	22,165
Shares and units issued in connection with the private placement	4,602,000	1,150,500	-	-	-	-	-	1,150,500
Share issue costs related to the private placement - cash	-	(52,155)	-	-	-	-	-	(52,155)
Fair value of warrants issued in connection with the private placement	-	(197,886)	-	197,886	-	-	-	-
Fair value of finders warrants issued in connection with the private placement	-	(15,583)	-	15,583	-	-	-	-
Expired warrants	-	-	-	(291,267)	291,267	-	-	-
Net loss	-	-	-	-	-	(10,123)	(1,502,275)	(1,512,398)
Balance, March 31, 2017	**52,976,071**	**$ 7,996,795**	**$ 50,000**	**$ 577,285**	**$ 1,269,646**	**$ (10,123)**	**$ (7,717,190)**	**$ 2,166,413**

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

1. Nature of operations and going concern

Bee Vectoring Technologies International Inc. (the "Company") was incorporated under the laws of the province of British Columbia, Canada on May 20, 2011. Bee Vectoring Technology Inc. ("BEE"), a wholly owned subsidiary of 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.

On June 1, 2015, the Company entered into a share exchange agreement with BEE pursuant to which the Company would acquire all of the issued and outstanding shares of BEE (the "Transaction") in exchange for 19,200,000 post – consolidated common shares of the Company. Upon completion of the Transaction, BEE became a wholly owned legal subsidiary of Unique Resources Corp. ("Unique"), and Unique changed its name to Bee Vectoring Technologies International Inc. on June 30, 2015. The acquisition was classified as a Reverse Take-over defined in Policy 5.2 by the TSX Venture Exchange Inc. (the "Exchange"). The combined entity continues to carry out the business of BEE as previously constituted.

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

These condensed interim consolidated financial statements were approved for issuance by the Board of Directors on May 23, 2017.

Going concern assumption

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

The Company's ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to discharge its liabilities as they become due and generate positive cash flows from operations. To date the Company has not obtained its patent to produce Bio Control under the PMRA, and has not generated revenue from operations. During the six months ended March 31, 2017, the Company incurred a net loss of $1,502,275 (six months ended March 31, 2016 – $1,229,830), and as of that date, the Company's deficit was $7,717,190 (September 30, 2016 – $6,214,915). At March 31, 2017, the Company has current assets of $1,386,337 (September 30, 2016 - $1,644,279) and current liabilities of $218,747 (September 30, 2016 – $242,605) resulting in working capital of $1,167,590 (September 30, 2016 – ($1,401,674)).

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

2. Basis of presentation

a) Statement of compliance

These condensed interim consolidated financial statements are prepared and reported in Canadian dollars and have been prepared in accordance with IFRS applicable to the presentation of interim financial statements and International Accounting Standards ("IAS") 34, Interim Financial Reporting, as the accounting policies applied in these condensed interim consolidated financial statements are based on IFRS as issued, outstanding and effective on March 31, 2017.

2. Basis of presentation (continued)

Certain disclosures that are normally required to be included in the notes to the annual audited financial statements have been condensed or omitted. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended September 30, 2016.

b) Basis of measurement

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

c) Significant accounting estimates and judgments

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

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

Intangible assets valuation for impairment purposes
The Company assesses impairment by comparing the recoverable amount of an intangible asset with its carrying value. The recoverable amount is defined as the higher of value in use, or fair value less cost to sell. The determination of the recoverable amount involves management estimates. The values associated with intangible assets involve significant estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates and asset lives. These estimates and assumptions could affect the Company's future results if the current estimates of future performance and fair values change. These determinations will affect the amount of amortization expense on definite life intangible assets recognized in future periods.

Useful life of moulds and dies
Significant estimates are made as to the useful lives of moulds and dies, which have been estimated to be five years.

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

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, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and common share purchase warrants.

2. Basis of presentation (continued)

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.

d) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and those of its wholly-owned legal subsidiary BEE. The Company has accounted for the Transaction as a reverse takeover, therefore, for accounting purposes, BEE, the legal subsidiary, has been treated as the accounting parent company, and Unique, the legal parent has been treated as the accounting subsidiary in these condensed interim consolidated financial statements.

The financial statements of the accounting subsidiary are included in the condensed interim consolidated financial statements from the date that control commences until the date control ceases.

The functional currency of the Company and BEE is the Canadian Dollar, which is the presentation currency of the condensed interim consolidated financial statements.

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

3. Significant accounting policies

The same accounting policies and methods of computation were followed in the preparation of these condensed interim consolidated financial statements as were followed in the preparation and described in Note 3 of the annual financial statements as at and for the year ended September 30, 2016, with the exception of new and revised standards along with any consequential amendments, effective October 1, 2016. Accordingly, these condensed interim consolidated financial statements for the three and six month period ended March 31, 2017 and 2016 should be read together with the annual financial statements as at and for the year ended September 30, 2016.

Accounting Standards Issued But Not Yet Applied
The Company has reviewed changes to accounting standards that become effective in future periods. Standards issued but not yet effective up to the date of issuance of the Company's condensed interim consolidated financial statements are listed below:

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

IFRS 15 Revenue from Contracts with Customers specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of consolidated financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The standard is effective for period's beginning on or after January 1, 2018.

(expressed in Canadian dollars)

3. Significant accounting policies (continued)

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

IAS 7 Statement of Cash Flows, the amendment states that it is required to provide disclosure of information that enables the users of the financial statements to evaluate the changes in liabilities arising from financing activities, whether changes relating to cash flows or changes not relating to cash flows. The amendment shall be applied by way of prospective application for annual reporting periods beginning on January 1, 2017 or thereafter. Early adoption is permitted.

IFRS 16 – Leases, effective for annual periods beginning on or after January 1, 2019. The most significant change introduced by IFRS 16 is a single lessee accounting model, bringing leases on-balance sheet for lessees.

4. Property, plant and equipment

	Equipment	Computer	Furniture	Site equipment	Leasehold improvements	Telephone Equipment	Total
Cost							
As at September 30, 2015	$ 6,299	$ 1,352	$ 5,163	$ 260,238	$ 63,130	$ 16,280	$ 352,462
Additions	-	3,322	7,304	79,822	5,187	-	95,635
Allowances					(35,000)	-	(35,000)
As at September 30, 2016	6,299	4,674	12,467	340,060	33,317	16,280	413,097
Additions	-	-	-	3,200	5,300	-	8,500
Allowances	-	-	-	-	-	-	-
As at March 31, 2017	$ 6,299	$ 4,674	$ 12,467	$ 343,260	$ 38,617	$ 16,280	$ 421,597
Accumulated depreciation							
As at September 30, 2015	$ 880	$ 902	$ 516	$ 27,952	$ 11,386	$ 2,713	$ 44,349
Additions	315	1,004	1,972	54,440	6,923	2,713	67,367
As at September 30, 2016	1,195	1,906	2,488	82,392	18,309	5,426	111,716
Additions	157	779	998	26,087	3,773	1,088	32,882
As at March 31, 2017	$ 1,352	$ 2,685	$ 3,486	$ 108,479	$ 22,082	$ 6,514	$ 144,598
Net book value							
As at September 30, 2016	$ 5,104	$ 2,768	$ 9,979	$ 257,668	$ 15,008	$ 10,854	$ 301,381
As at March 31, 2017	$ 4,947	$ 1,989	$ 8,981	$ 234,781	$ 16,535	$ 9,766	$ 276,999

(expressed in Canadian dollars)

5. Intangible assets

Intangible assets consist of legal fees incurred towards the registration of various patents as follows:

		Patents
Cost		
As at September 30, 2015	$	356,117
Additions		250,173
As at September 30, 2016		606,290
Additions		86,286
As at March 31, 2017	$	692,576

6. Moulds and dies

		Moulds and dies
Cost		
As at September 30, 2015	$	71,576
Additions		9,720
As at September 30, 2016		81,296
Additions		-
As at March 31, 2017	$	81,296
Accumulated depreciation		
As at September 30, 2015	$	28,631
Additions		15,287
As at September 30, 2016		43,918
Additions		8,130
As at March 31, 2017	$	52,048
Net book value		
As at September 30, 2016	$	37,378
As at March 31, 2017	$	29,248

7. Related party balances and transactions

Key management includes members of the board, the Chief Executive Officer and the Chief Financial Officer. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows for the six months ended March 31, 2017 and 2016:

	2017	2016
CEO fees (i)	$ 139,909	$ 67,500
CFO fees (ii)	15,000	15,000
Consulting fees charged by a Chelsian Sales & Service (iii)	50,625	-
Consulting fees charged Flueckiger Consulting (iv)	30,795	15,842
Share based payments	-	91,575
	$ 236,329	$ 189,917

(expressed in Canadian dollars)

7. **Related party balances and transactions (continued)**
   (i) Salary paid to the CEO for services rendered.
   (ii) Consulting fees charged by CFO Advantage Inc, a corporation owed by the CFO of the Company, for services of the Chief Financial Officer.
   (iii) Consulting fees charged by Chelsian Sales & Service Inc, a corporation owned by a director, for assisting with day-to-day operations.
   (iv) Consulting fees charged by Flueckiger Consulting, a corporation owned by a director of the Company, for reviewing product development and marketing plans, reviewing data from trials, and other services as required.

8. Share capital

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

	Share capital		Value
Common shares			
Balance September 30, 2015	40,800,350		4,622,284
Shares issued in connection with the private placement *(i)*	3,973,575		1,072,865
Share issue costs related to the private placement - cash *(i)*	-		(85,344)
Fair value of finders warrants issued in connection with the private placement *(i)*	-		(38,676)
Shares issued in connection with the private placement *(ii)*	2,780,985		1,529,542
Share issue costs related to the private placement - cash *(ii)*	-		(96,768)
Fair value of finders warrants issued in connection with the private placement *(ii)*	-		(30,725)
Fair value of warrants issued in connection with the private placement *(ii)*	-		(220,475)
Common shares issued on the exercise of warrants *(iii)*	461,069		191,127
Common shares issued on the exercise of options *(iv)*	275,832		134,997
Balance September 30, 2016	48,291,811	$	7,078,827
Shares issued in connection with the private placement *(v)*	4,602,000		1,150,500
Share issue costs related to the private placement - cash *(v)*	-		(52,155)
Fair value of finders warrants issued in connection with the private placement *(v)*	-		(15,583)
Fair value of warrants issued in connection with the private placement *(v)*	-		(197,886)
Common shares issued on the exercise of warrants *(vi)*	82,260		33,092
Balance March 31, 2017	52,976,071	$	7,996,795

(i) The Company completed a non-brokered private placement in two tranches (October 22, 2015 and November 5, 2015) through the sale and issuance of 3,973,575 common shares of the Company at a price of $0.27 per Share for gross proceeds of $1,072,865 (the "Offering"). $351,000 of proceeds were received prior to September 30, 2015, and recorded as subscriptions received in advance. The Company paid commissions to finders under the Offering consisting of cash fees of $85,344 and the issue of 293,000 finder's warrants. Each finder's warrant entitles the holder to purchase one Share of the Company at a price of $0.27 per Share until April 22, 2017. The Finder's Warrants were valued at $38,676 using the Black-Scholes option pricing model using the following assumptions: Term – 1.5 years; Volatility – 107%; Interest rate – 0.52%.

(ii) On June 16, 2016, the Company completed a non-brokered private placement of 2,780,985 units of the Company at a price of $0.55 per unit for gross proceeds of $1,529,543. Each unit consisted of one common share and one half of one common share purchase warrant ("Unit"). Each whole common share purchase warrant ("Warrant") entitles the holder to purchase one additional common share at a price of $0.80 per common share until June 16, 2018, subject to the Company's right to accelerate the expiry date of the Warrants if the closing market price of the common shares of the Company on the TSX Venture Exchange is equal to or exceeds $1.20 for a period of 10 consecutive trading days any time after June 16, 2017. The Company will be entitled to accelerate the expiry of the Warrants upon notice given by press release (disseminated through a newswire service in Canada) and the Warrants will then expire on the fifteenth (15th) business day after the date of the press release unless exercised by the holder prior to such date. The Warrants were valued at $220,475 using the Black-Scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 80%; Interest rate – 0.71%.

(expressed in Canadian dollars)

8. Share capital (continued)

The Company paid commissions to finders under the Offering consisting of cash fees of $96,768 and the issue of 160,028 finder's warrants. Each finder's warrant entitles the holder to purchase one Share of the Company at a price of $0.80 per Share until June 16, 2018. The Finder’s Warrants were valued at $30,725 using the Black-Scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 80%; Interest rate – 0.71%.

(iii) The following summarizes the warrants exercised during the year ended September 30, 2016.

Date	Price	Shares issued	Cash proceeds	Fair value
11/4/2015	$ 0.250	18,600	$ 4,650	$ 3,019
11/12/2015	$ 0.250	25,000	6,250	4,057
1/18/2016	$ 0.250	19,500	4,875	3,165
1/25/2016	$ 0.250	125,580	31,395	20,382
1/29/2016	$ 0.250	19,700	4,925	3,197
2/10/2016	$ 0.250	4,200	1,050	682
2/10/2016	$ 0.270	8,000	2,160	1,056
3/21/2016	$ 0.250	4,200	1,050	682
3/24/2016	$ 0.270	8,000	2,160	1,056
4/21/2016	$ 0.250	9,355	2,339	1,518
5/3/2016	$ 0.270	37,600	10,152	4,963
5/3/2016	$ 0.360	20,833	7,500	2,267
5/6/2016	$ 0.250	5,700	1,425	925
5/6/2016	$ 0.270	8,000	2,160	1,056
5/11/2016	$ 0.250	1,800	450	292
5/18/2016	$ 0.250	33,920	8,480	5,505
6/6/2016	$ 0.250	20,000	5,000	3,246
6/20/2016	$ 0.270	8,000	2,160	1,056
6/20/2016	$ 0.250	37,665	9,416	6,113
7/5/2016	$ 0.250	10,000	2,500	1,623
7/5/2016	$ 0.250	5,000	1,250	811
7/20/2016	$ 0.250	18,000	4,500	2,921
7/20/2016	$ 0.270	2,000	540	264
9/8/2016	$ 0.360	10,416	3,750	1,133
		461,069	$ 120,137	$ 70,989

(iv) On June 30, 2016, the Company issued 275,832 common shares as a result of the exercise of 275,832 stock options. The cash proceeds from the option exercises were $99,299 and the grant date fair value of $35,698 recorded a contributed surplus was transferred to common hare upon exercise.

(v) On March 21, 2017, the Company completed the first tranche of a non-brokered private placement (the “Private Placement”). The first tranche closing consisted of the sale and issuance of 4,602,000 Units (“Units”) of the Company at a price of $0.25 per Unit for gross proceeds of C$1,150,500.

(expressed in Canadian dollars)

8. Share capital (continued)

Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant ("Warrant") entitles the holder to purchase one additional common share at a price of C$0.40 per common share until March 21, 2019, subject to the Company's right to accelerate the expiry date of the Warrants if the closing market price of the common shares of the Company on the TSX Venture Exchange is equal to or exceeds C$0.65 for a period of 30 consecutive trading days commencing 4 months after the date the Warrants are issued. The Company will be entitled to accelerate the expiry of the Warrants upon notice given by press release and the Warrants will then expire on the fifteenth (15th) business day after the date of the press release unless exercised by the holder prior to such date. The Warrants were valued at $197,886 using the Black-Scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 87%; Interest rate – 0.79%.

The Company paid commissions to finders under the Offering consisting of cash fees of $45,300 and the issue of 181,200 finder's warrants. Each finder's warrant entitles the holder to purchase one Share of the Company at a price of $0.40 per Share until March 21, 2019. The Finder's Warrants were valued at $15,583 using the Black-Scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 87%; Interest rate – 0.79%.

(vi) The following summarizes the warrants exercised during the three months ended December 31, 2016.

Date	Price	Shares issued	Cash proceeds	Fair value
10/24/2016	$ 0.270	80,000	$ 21,600	$ 10,560
1/21/2017	$ 0.250	2,260	565	367
		82,260	$ 22,165	$ 10,927

Volatility used in (i), (ii), (iii), (iv) and (v), was based on the historical volatility of other comparable listed companies.

9. Warrants

The warrants issued and outstanding as at March 31, 2017 are as follows:

	Number of warrants	Weighted average strike price
Balance September 30, 2015	3,647,687	$ -
Warrants exercised (note 8(iii))	(461,069)	$ 0.26
Finders warrants issued in connection with the private placement (note 8(i))	293,000	$ 0.27
Warrants issued in connection with the private placement (note 8 (i))	1,390,492	$ 0.80
Finders warrants issued in connection with the private placement (note 8(i))	160,028	$ 0.80
Balance, September 30, 2016	5,030,138	$ 0.48
Warrants expired	(2,677,078)	$ 0.36
Warrants granted	2,482,200	$ 0.40
Warrants exercised (note 8(vi))	(82,260)	$ 0.27
Balance, March 31, 2017	4,753,000	$ 0.51

All warrants issued during the six months ended March 31, 2017 and year ended September 30, 2016 vested on the grant date. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date. At March 31, 2017, the following warrants were outstanding:

(expressed in Canadian dollars)

9. Warrants

Strike price	Number	Weighted average remaining contractual life (in years)	Expiry date
$ 0.25	347,680	1.75	6/30/2018
$ 0.25	231,200	1.75	6/30/2018
$ 0.27	141,400	0.56	4/22/2017
$ 0.80	1,390,492	1.71	6/16/2018
$ 0.80	160,028	1.71	6/16/2018
$ 0.40	2,482,200	2.47	3/21/2019
	4,753,000	1.58	

10. Stock options

On closing of the Transaction, the Company adopted a rolling stock option plan, which authorizes the Board of Directors to grant stock options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each stock option may not be less than market price of the Company's stock calculated on the date of the grant less the applicable discount. The options can be granted for a maximum term of 10 years. The Company's stock option plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion.

On November 16, 2015, the Company issued 75,000 options to an officer of the Company, and 200,000 options to a director of the Company. These options were valued at $91,025 using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 106.06%; Interest rate – 0.94%; Dividend yield – nil; Forfeiture rate – nil, stock price - $0.43.

On June 23, 2016, the Company issued 325,000 options to consultants of the Company. These options were valued at $115,050 using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility– 96.93%; Interest rate – 0.71%; Dividend yield – nil; Forfeiture rate – nil, stock price - $0.49.

On August 30, 2016, the Company issued 1,000,000 options to consultants of the Company. These options were valued at $310,000 using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 96.53%; Interest rate – 1.02%; Dividend yield – nil; Forfeiture rate – nil, stock price - $0.35.

On October 21, 2016, the Company issued 100,000 options to a consultant of the Company. These options were valued at $19,600 using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 95.66%; Interest rate – 0.64%; Dividend yield – nil; Forfeiture rate – nil, stock price - $0.28.

On December 5, 2016, the Company issued 100,000 options to a consultant of the Company. These options were valued at $17,300 using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 95.66%; Interest rate – 1.03%; Dividend yield – nil; Forfeiture rate – nil, stock price - $0.24.

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

(expressed in Canadian dollars)

10. Stock options (continued)

Below is a summary of transaction for the six months ended March 31, 2017 and the year ended September 30, 2016:

Transaction	Date	# Options
Balance September 30, 2015		3,267,433
Granted to an officer and a director	11/16/2015	275,000
Granted to consultants	6/23/2016	325,000
Exercised	6/30/2016	(275,833)
Granted to an officer	8/30/2026	1,000,000
Balance September 30, 2016		4,591,600
Granted to a consultant	10/21/2016	100,000
Granted to a consultant	12/5/2016	100,000
Balance March 31, 2017		4,791,600

As at March 31, 2017 the Company had the following stock options outstanding:

Date Issued	# Options	Value	Exercise Price	Expiry date
6/30/2015	50,000	6,534	$ 0.25	6/30/2018
7/6/2015	2,840,000	549,142	$ 0.25	7/6/2020
8/8/2015	1,600	371	$ 0.30	8/8/2020
9/7/2015	100,000	24,862	$ 0.31	9/7/2020
11/16/2015	275,000	91,575	$ 0.43	11/16/2020
6/23/2016	325,000	115,050	$ 0.50	6/23/2021
8/30/2016	1,000,000	310,000	$ 0.32	8/30/2026
10/21/2016	100,000	19,600	$ 0.32	10/21/2021
12/5/2016	100,000	17,300	$ 0.24	12/5/2021
	4,791,600	1,134,434		

The total number of options exercisable at period end is 3,641,598. The weighted average expiry date of the options is 4.7 years. The weighted average exercise price of the options is $0.29.

11. Loss per share

The warrants and options outstanding were excluded from the computation of diluted loss per share for the three and six months ended March 31, 2017 and 2016 because their impact was anti-dilutive.

12. Financial instruments

Fair Value
Financial instruments of the Company as at March 31, 2017 and September 30, 2016 consist of cash and cash equivalents and accounts payable and accrued liabilities. There are no significant differences between the carrying amounts of the items reported on the condensed interim consolidated statements of financial position and their estimated fair values because of the short-term maturities of these items.

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

12. Financial instruments (continued)

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

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

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

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

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

The Company's accounts payable and accrued liabilities are subject to normal trade terms and have contractual maturities payable within 30 days for 2017 and 2016. At March 31, 2017, the Company has current assets of $1,386,337 (September 30, 2016 - $1,644,279) and current liabilities of $218,747 (September 30, 2016 – $242,605) resulting in working capital of $1,167,590 (September 30, 2016 – $1,401,674).

13. Capital management

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

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

As at March 31, 2017, managed capital was $2,166,413 (2016 - $2,346,723). Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

(expressed in Canadian dollars)

14. Office and general

	Three months ended March 31,		Six months ended March 31,	
	2017	2016	**2017**	2016
Accounting and audit	$ 15,779	$ 13,345	$ 36,434	$ 22,355
Amortization and depreciation	20,727	21,174	41,012	43,257
Consulting	29,489	58,923	178,433	164,983
Insurance	4,672	3,242	10,211	6,485
Legal	42,552	20,832	83,018	61,426
Occupancy costs	35,095	23,315	66,684	39,191
Office and general	39,728	25,426	60,696	73,713
Salaries and benefits	162,725	76,225	218,184	119,316
Warehouse supplies	3,228	5,910	8,142	12,598
Transfer agent	12,774	12,807	17,264	17,160
Travel	28,312	34,205	52,221	83,906
	$ 395,081	$ 295,404	$ 772,299	$ 644,390

15. Commitments

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

Year	Minimum lease payment
2017	$ 27,029
2018	$ 55,064
2019	$ 56,789
2020	$ 58,515
thereafter	$ 4,888

16. Subsequent events

On April 21, 2017, the Company closed the second tranche of a non-brokered private placement for aggregate gross proceeds of $1,428,500 (the “Offering”). In connection with this second tranche closing, the Company issued 1,112,000 Units (the “Units”) at a price of $0.25 per Unit (the “Second Tranche”).

Each Unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant (“Warrant”) entitles the holder to purchase one additional common share at a price of C$0.40 per common share until April 21, 2019, subject to the Company's right to accelerate the expiry date of the Warrants if the closing market price of the common shares of the Company on the TSX Venture Exchange is equal to or exceeds C$0.65 for a period of 30 consecutive trading days commencing 4 months after the date the Warrants are issued. The Company will be entitled to accelerate the expiry of the Warrants upon notice given by press and the Warrants will then expire on the fifteenth (15th) business day after the date of the press release unless exercised by the holder prior to such date.

The Company paid an aggregate of $59,880 and issued 239,520 Finders Warrants in connection with the Offering. Each Finder’s Warrant entitles the holder to acquire one common share of the Company at $0.40 per share for 2 years from the issuance date of the Finder’s Warrant, subject to the acceleration terms as mentioned above.

16. Subsequent events (continued)

The Company granted a total of 360,000 incentive stock options to a consultant of the Company. Each option is exercisable to purchase one common share of the Company for five years at a price of C$0.25 per common share in accordance with the terms of the Company's stock option plan.