



BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

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

January 22, 2018

The following analysis concerns the financial situation, operating results and cash flows of Bee Vectoring Technologies International Inc. (formerly Unique Resources Corp.) ("BVT" or the "Company") for the years ended September 30, 2017, and 2016. The discussion should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended September 30, 2017 and 2016, 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 imaging services; the Company's success in obtaining patents for key technologies; the Company's success in expanding its product offerings; the Company's success in building differentiated applications and products; the ability of the Company to achieve rapid incremental customer growth; the Company's ability to retain key members of its management and development teams; and the Company's ability to access the capital markets. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is made as of the date of this MD&A and, other than as required by law, the Company 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 Exchange under the stock symbol "BEE.V" on July 7, 2015.

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

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

The trays are changed approximately every three to nine days in order to replenish the depleted inoculum, ensure the freshness of the inoculant fungi, prevent infections to the bees which may result from bee waste, and avoid packing or clumping of the inoculum in the trays. No special skills are required to replace the trays and they take a minimal amount of time to put in place. Exact and predetermined amounts of inoculum are placed in the tray as well as other kinds of inoculum for certain applications. BVT has custom designed machinery to precisely fill these sealed trays called Vectorpaks™

Summary

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

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

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

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

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

BVT currently targets two primary diseases with its own bio control BVT-CR7, Botrytis and Sclerotinia.

Botrytis

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

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

Sclerotinia

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

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

These two diseases, Botrytis and Sclerotinia, are very closely related and part of the reason BVT's patent pending biological control agent (bio-control) works on both pathogens. BVT's bio-control controls diseases by spatial occupation of plant tissues and preempting tissue invasion by pathogens. As soon as bees deliver BVT's patent pending bio to flowers, the fungus germinates and colonizes the flower tissues without causing any harm or symptoms. It colonizes earlier and faster than disease organisms and thereby occupies space the disease organisms would normally use while attacking the plant.

Principal Products

BVT has patents pending for the following technologies:

1. a bio-control called "BVT-CR7": a particular strain of fungus acting as a beneficial endophyte controlling targeted crop diseases and increasing crop yield;
2. Vectorite™: a recipe of ingredients that allows bees to carry BVT-CR7 and other beneficial fungi or bacteria in their outbound flights to the crops; and
3. An integrated dispenser and removable and sealable tray system in which the Vectorite containing BVT-CR7 is placed through which the bees pass and pick up the BVT-CR7.

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

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

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

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

BVT has developed an inoculum dispenser system that is incorporated into the lid of the commercial bumble bee hive. In the dispenser is a removable tray that contains, in powder form, the inoculant fungi and a mixture of products (being, Vectorite) that allows the bees to effectively pick up the product on their way out of the hive. The trays are changed every three to nine days in order to replenish the depleted inoculum, ensure the freshness of the inoculant fungi, prevent infections to the bees which may result from bee waste, and avoid packing or clumping of the inoculum in the trays. No special skills are required to replace the trays and they take a minimal amount of time to put in place. Exact and predetermined amounts of inoculum can be placed in the tray as well as other kinds of inoculum for certain applications. Vectorite allows the inoculant to get attached to the bee's hairy legs and bodies as they walk through the tray on their way out of the hive.

Bumblebees are used because of their efficiency and effectiveness in distributing BVT-CR7. Bumble bee hives are produced commercially and are approximately 14 x14 x10 inches in dimension. Each hive holds up to 300 bumble

bees and the bees live for live for approximately 5-6 weeks then die out naturally. At the end of this cycle, the hives are destroyed. Bumble bees are natural pollinators making thousands of trips a day each and visiting approximately 10 flowers per minute.

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

Factors Concerning the Company's Financial Performance and Results of Operations

The key performance indicators for the Company are revenue growth, EBITDA and net income.

The success of the Company to expand will be measured by revenue growth. Revenue growth will be dependent on the Company being able to penetrate new markets, acquire new customers, and continued development of its technologies.

Management believes that net income is a measure of how efficiently and effectively the business is running. The Company is in a period of expansion and growth. Therefore, selling and general administration costs will increase over the next twelve months. To achieve an acceptable net income, management will need to balance the increase in selling and general administration costs and revenue growth. Net income is also viewed as an important measure for determining the value created for shareholders.

Management believes that in addition to revenue and net income, earnings from continuing operations before interest and finance costs, taxes, depreciation and amortization, other non-cash items and one-time gains and losses (for the purposes of the Company's MD&A, EBITDA) as derived from information reported in the statements of operations and comprehensive income is a useful supplemental measure as it provides an indication of the results generated by the Company's principal operating segments but also factors in the administrative expenses incurred during the period. It is believed that EBITDA will become a more meaningful metric in the future when it has had a chance to benefit from the planned marketing and development activities and the building of the required infrastructure to support recurring sales.

Milestones achieved in during the year ended September 30, 2017:

- Commercial demonstrations: Large-scale commercial demonstration trials with influential strawberry growers in Florida were completed. Yield increases from 6% and 29% were achieved when the BVT System was used in addition to the standard chemical fungicide treatments already being used on the commercial strawberry fields. In one of the demonstrations, the yield increase was highest when the BVT System was used with only 50% of the standard chemical treatments. Additional findings showed that the BVT System also reduced the incidence of botrytis gray mold disease, and even if there was no botrytis present in the field, the BVT System still delivered a higher yield.
- Field trials: European trials on strawberries and tomatoes were completed in Spain (2 strawberry), Italy (1 tomato) and Greece (1 strawberry) with independent certified third-party contract research organization. In the strawberry trials, the BVT System performed as effectively as standard chemical fungicide treatments in the control of Botrytis (grey mould), and increased marketable yields in all trials: from 3 to 15% compared to standards chemical fungicide treatments, and from 14 to 42% compared to untreated checks. The BVT System provided control of Botrytis in harvested and stored berries thereby increasing their shelf-life. These trials were designed to meet the standards for the European regulatory approval process which the company plans to submit for in 2018. Results from the tomato trial are being collected. The company is conducting additional trials in sunflowers and blueberries during 2017.
- Regulatory approvals: The regulatory approval process with the EPA is progressing as expected. The technical screen process was completed in January 2017, confirming that the pesticide registration application and accompanying information and data is accurate and complete. The scientific review of the data has started and a decision by the EPA on the approval for BVT-CR7 is expected in the first half of 2018.

The Company has also received official certification for use in organic agriculture under the US Department of Agriculture's (USDA) National Organic Program, and a number of plant amendment licenses in individual US States.

Discussions with the European regulatory agencies to agree on the requirements for submission have started. The company has submitted for approval in California, which has its own additional regulatory approval process beyond the Federal EPA.

- **Honeybee system:** The Company tested prototypes of its new honeybee dispenser system in multiple crops during year with positive results. The honeybee system is important for large outdoor crops because of the larger number of insects per hive compared to bumble bees. This means one hive will be able to cover larger acreage. Future work will refine the system and make it robust for commercial sales.
- **Intellectual property:** The Company was granted its first patent by the European Patent Office. Additional patent applications are under review by various authorities worldwide. The company has now been granted 13 different patents across North America, South America, Europe, Asia and Australia. The company believes that a strong intellectual property portfolio is one of the tenets for achieving notable long-term value within the company and is thus pursuing an aggressive patent strategy.
- **Sales and Distribution agreement:** The Company entered into its first Sales and Distribution agreement with Guardian Soil Solutions (GSS) for Florida. Under the agreement, GSS will be responsible for driving sales growth, in installing and servicing the BVT System on customers' fields during the growing season, and disassembling and disposing of any unused materials at the end of the season. GSS is managed by a team that has a strong presence and has successfully introduced the benefits of biological control products to strawberry producers in the Plant City, Florida area, which is the winter growing region for strawberries in the US.
- **Private placement:** The Company successfully completed two non-brokered private placements for gross proceeds of over \$2.2 million. The proceeds will be used to continue the path to commercialization and on select market expansion projects.

Strategic Positioning

The Company is focusing on two key strategic priorities:

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

To drive these priorities in the coming 6 months, the Company is working on a commercialization plan in strawberry crops in Florida which includes gaining sales commitments from influential growers, supporting the review of the BVT CR-7 product at the US EPA and conducting trials in new crops and additional countries.

The Company has progressed several crops past the proof of concept stage and is currently conducting field trials and commercial demos with growers. The path to commercialization the company is following includes:

- **Crop planning** – crops are prioritized based on grower needs, size of the market and the economics and probability of technical success of the technology;
- **Proof of concept trials** – these are select trials designed to confirm technical fit;
- **Field trials** – these are replicated trials designed to get statistically significant data. The trials are paid for by the company and are carried out at universities or by contracted researchers under controlled conditions (sometimes on a grower's field);
- **Commercial demonstrations** – these are carried out on grower fields under field conditions. Demos are secured after the grower is convinced about a possible fit for the technology on their farm by the data from

the previous field trials, and are designed to see how the technology can help improve the productivity and economics of the farmer's operation;

- Launch – the final value proposition for the technology is established, the go-to-market plan is developed and the product is available for commercial sales following securing of the regulatory approval.

The Company's objective is to have several opportunities in different stages of the sales cycle at any given growing season. Strawberries have advanced past the commercial demo stage; indoor tomatoes, blueberries and sunflowers are at the field trial stage; almonds are in the proof of concept stage.

As the Corporation has no 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

	Year ended September 30, 2017	Year ended September 30, 2016	Year ended September 30, 2015
Total revenues	nil	nil	nil
Total loss ⁽¹⁾⁽²⁾	\$(3,101,915)	\$(2,611,504)	\$(2,993,492)
Net loss per share – basic ⁽³⁾⁽⁴⁾	\$(0.06)	\$(0.06)	\$(0.20)
Net loss per share – diluted ⁽³⁾⁽⁴⁾	\$(0.06)	\$(0.06)	\$(0.20)
	As at September 30, 2017	As at September 30, 2016	As at September 30, 2015
Total assets	\$2,117,819	\$2,589,328	\$2,560,354
Total non-current financial liabilities	Nil	Nil	nil
Distribution or cash dividends ⁽⁵⁾	Nil	Nil	nil

- (1) Loss from continuing operations, in total;
- (2) Net loss from operations, in total;
- (3) Loss from continuing operations, on a per-share and diluted per share basis;
- (4) Net loss from operations, on a per-share and diluted per-share basis; and
- (5) Declared per-share for each class of share.

As the Corporation has no 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 year ended September 30, 2017.

As at September 30, 2017 the Company had a cash and cash equivalents balance of \$824,312 (September 30, 2016 - \$1,483,506) and total current assets of \$1,084,204 (September 30, 2016 - \$1,644,279) (consisting of cash, sales tax receivable and prepaid expenses and deposits). During the period, long term assets increased to \$1,033,615 from \$945,049 mainly due to the registration of patents (included in intangible assets). Liabilities (all current) at September 30, 2017 totalled \$298,735 (September 30, 2016 - \$242,605) and comprised of trade payables and accruals.

Working capital, which is comprised of current assets less current liabilities, is \$785,469 at September 30, 2017 compared to \$1,401,674 at September 30, 2016.

For the year ended September 30, 2017, the Company had a net loss of \$3,101,915, compared to a net loss of \$2,611,504 in 2016. During the year ended September 30, 2017, the Company continued to conduct trials and research to prove the benefits of the Company's technology, continued to bring awareness of the Company and technology to the public through various initiatives, completed a financing and continued corporate and general activities.

Revenue:

The Company has been in the development stage and did not report any revenues for the year ended September 30, 2017 and September 30, 2016.

Expenses:

A summary of the expenses for the year ended September 30, 2017 and September 30, 2016 is as follows:

	2017	2016
Expenses		
Office and general	\$ 1,536,602	\$ 1,392,499
Investor and public relations	437,191	230,831
Sales, advertising and marketing	99,457	199,286
Share based payments	288,843	227,484
Research and development	684,754	563,948
Loss before other items	(3,046,846)	(2,614,048)
Loss on foreign exchange	(26,501)	-
Loss on write-off of abandoned patents	(33,389)	-
Interest and other income	4,822	2,544
Net loss	\$ (3,101,915)	\$ (2,611,504)

Office and general:

Below is a breakdown of what comprised office and general:

	2017	2016
Accounting and audit	\$ 72,526	\$ 47,392
Amortization and depreciation	92,899	82,657
Consulting	393,483	362,229
Insurance	28,224	14,633
Legal	141,542	165,082
Occupancy costs	128,410	86,844
Office and general	94,150	133,480
Salaries and benefits	425,670	283,139
Warehouse supplies	9,451	12,669
Transfer agent	49,096	41,540
Travel	101,151	162,834
	\$ 1,536,602	\$ 1,392,499

These expenses are mostly in line with the comparative period. The most significant line amount change was salaries and benefits. The increase was the result of the increase in staff and salaries needed to support operations. In

additional, one of the main consultants of the prior period became the CEO in September 2016, therefore his compensation moved from consulting to salaries.

Investor and public relations: The Company undertakes various initiatives in order market and communicate with investors and to educate the public on the Company and its products.

Stock based compensation:

This expense relates to the value of stock options that vested during the year. This is a non-cash expense.

Research and development:

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

Summary of quarterly results

Three Months Ended	Net Revenues (\$)	Net Loss	
		Total (\$)	Basic and Diluted Income (Loss) Per Share (\$)
30-Sep-17	-	(904,476)	(0.02)
30-Jun-17	-	(695,163)	(0.01)
31-Mar-17	-	(781,801)	(0.02)
31-Dec-16	-	(720,475)	(0.01)
30-Sep-16	-	(663,935)	(0.02)
30-Jun-16	-	(717,739)	(0.02)
31-Mar-16	-	(619,343)	(0.01)
31-Dec-15	-	(610,487)	(0.01)
30-Sep-15	-	(895,746)	(0.01)
30-Jun-15	-	(2,016,928)	(0.33)

Liquidity and Capital Resources

	September 30, 2017	September 30, 2016
	\$	\$
Cash	824,312	1,483,506
Working capital	785,469	1,401,674

For the year ended September 30:

	2017	2016
	\$	\$
Cash used in operating activities	(2,699,901)	(1,572,589)
Cash from (used) in investing activities	(214,855)	(221,963)
Cash from in financing activities	2,255,562	2,261,043

Cash used in operating activities

Cash used in operating activities for the year ended September 30, 2017 and 2016 were as follows:

	2017	2016
Cash used in operating activities		
Net loss	\$ (3,101,915)	\$ (2,611,504)
Items not affecting cash		
Share based payments	288,843	227,484
Loss on write-off of abandoned patents	33,389	-
Foreign exchange differences	29,871	-
Depreciation and amortization	92,899	82,654
	(2,656,913)	(2,301,366)
Net changes in non-cash working capital items		
Sales tax and other receivables	(70,479)	52,449
Prepaid expenses and deposits	(28,640)	49,330
Accounts payable and accrued liabilities	56,131	139,407
	(2,699,901)	(2,060,180)

Cash flows used in investing activities

Major components of this period included \$206,355 spent on patent registrations.

Cash flows from financing activities

Cash generated from financing activities included net proceeds of \$2,109,136 from the issuance of common shares and warrants from private placements (2016 - \$2,069,295), and \$146,922 (2016 - \$219,436) received from exercise of warrants and options.

Future Financing

Notwithstanding its cash position at September 30, 2017, the Company will need additional financing for costs related to operations and its growth strategy. Management recognizes the need for improved cash flow and liquidity for future operations and growth. Management closely monitors the Company's current cash position and the short-term and long-term cash requirements. The Company may be required to obtain additional funding to take advantage of the market opportunities. If additional funding is required, an issuance of common shares or a commitment to issue common shares will most likely be a component of the funding.

The Company's operations currently generate negative cash flow and may depend on future equity issuances or other means of financing to assist in financing its operations, cover administrative costs and finance growth.

The ability of the Company to continue operations will be dependent upon obtaining additional financing as required. The timing and ability to do so will depend on the liquidity of the financial markets as well as the acceptance of investors to small cap companies, in addition to the results of the Company's operation. There can be no guarantee that the Company will be able to secure any required financing.

Commitments

The Company leases office space for their headquarters in Mississauga Ontario. The lease is for five years with annual minimum lease payments as follows:

Year	Minimum lease payment
2018	\$ 55,064
2019	56,789
2020	58,515
thereafter	<u>4,888</u>
Total	\$ 176,256

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 Intrinsic 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 years ended September 30, 2017 and September 30, 2016:

	2017	2016
CEO fees (i)	\$ 362,136	\$ 135,000
CFO fees (ii)	30,000	30,000
Consulting fees charged by a Chelsian Sales & Service (iii)	83,875	-
Consulting fees charged Flueckiger Consulting (iv)	48,398	85,655
Share based payments	176,646	106,588
	\$ 701,055	\$ 357,243

- (i) Salary and/or consulting fees 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. As at September 30, 2017 \$25,593 (2016 – nil) was owed to Chelsian Sales and Service Inc.
- (iv) Consulting fees charged by Flueckiger Consulting, a corporation owned by a director of the Company, for reviewing product development and marketing plans, reviewing data from trials, and other services as required.
- (v) \$18,000 (2016 - \$3,000) was charged by the daughter of a director of the Company for marketing services.
- (vi) The Company employs the son of a director of the Company as project manager. During the year ended September 30, 2016, the employee earned a salary and benefits of \$67,200 (2016 - \$54,660).

Proposed Transactions

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

Accounting Estimates and judgements

The preparation of these consolidated financial statements requires management to make judgments and estimates 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 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:

Intangible assets valuation

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. 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.

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 stock options and of common share purchase warrants issued. The model requires the input of highly 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.

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after October 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

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.

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 1 January 2018. Earlier application 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.

Financial Instruments

Fair Value

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

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

Market risk

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

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 September 30, 2017, the Company has current assets of \$1,084,204 (September 30, 2016 - \$1,644,279) and current liabilities of \$298,735 (September 30, 2016 – \$242,605) resulting in working capital of \$785,469 (September 30, 2016 – \$1,401,674).

Disclosure of Share Capital

As at the date of this report the Company had 58,749,271 common shares issued and outstanding.

As at the date of this report the Company had 7,274,220 share purchase warrants outstanding.

As at the date of this report the Company 4,279,100 stock options outstanding.

Risks

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