BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

FORM 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS

May 29, 2018

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 and six months ended March 31, 2018, and the comparable periods ended March 31, 2017. The discussion should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and six months ended March 31, 2018 and related notes thereto and the annual audited financial statements for the years ended September 30, 2017 and 2016. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All monetary amounts are reported in Canadian dollars unless otherwise noted. These documents, as well as additional information on the Company, are filed electronically through the System for Electronic Document Analysis and Retrieval (SEDAR) and are available online at www.sedar.com.

Forward-Looking Statements

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

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

Business Overview
The common shares of the Company commenced trading on the 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 six months ended March 31, 2018 and to the date of this MD&A:

- Commercialization plan: The Company is focused on the winter Florida strawberry market for it's commercialization efforts. Five notable, Florida-based strawberry growers used BVT's proprietary crop production system starting in late December 2017 through March 2018 across 13 fields and covering a total of over 170 acres. Abnormally difficult weather in the month of January, and conditions favouring development of disease at levels not seen in almost a decade made it hard for the growers to manage their crop whether they were using conventional practices, organic practices or the BVT system. Despite the difficult season, the BVT system was discussed favorably in the grower community, and the Company was able to solidify long-term partnerships with key growers with several growers already indicating their intention to continue using the system

- Field trials: The Company continued its program of validating the fit and developing additional opportunities in targeted crops through its field trial program. During the six months period the Company completed its first replicated trials on blueberries, in Nova Scotia, Canada. The trial was conducted with the Company's new honeybee dispenser system, representing the first time the new system was tested in a replicated R&D study. Results showed a reduction in incidence of *Monilinia* blight (mummy berry) by 21% and in increase in number of marketable berries per stem of 50% compared with chemical standard.

  The Company also completed its second year of replicated trials in sunflowers at North Dakota State University (NDSU) using bumblebees. The BVT system delivered a 47% reduction in incidence and a 20% reduction in the severity of *Sclerotinia* head rot on average across three different observations. Similar levels of reductions in disease were seen in the trials conducted in 2016. Yield differences could not be quantified this year due to collection issues during the harvest.

Additionally, a commercial demonstration with the new honeybee dispenser system was conducted on portions of a 200-acre field that is part of a large farming operation in the Munich, North Dakota area. There was generally low disease pressure in the field this year, but the crop in areas within the range of the flight of bees showed further disease suppression, and yield increases.

- Intellectual property: During the six-month period, the Company secured its first patent in South America (Chile), its first patents in Japan and Israel, and a second US patent for its unique Vectorite™ carrier formulation that allows beneficial microbes to be carried by bees. Chile and Japan are significant anchor countries for the agricultural markets of South America and Asia respectively and both are amongst the largest crop protection markets in the world. Israel is a significant innovation hub in agriculture and is widely considered to have the most extensive Ag start-up ecosystem outside of the US. The second US patent on Vectorite will expand protection of the formulation to include third party microbes allowing the Company to evaluate third party microbes for delivery through its bee delivery system for crop protection and/or growth enhancement, thus increasing the value-capture opportunity per acre of crop production. With these patents, the Company now has 15 allowed patents across 5 continents - North America, South America, Europe, Asia and Australia.

- Industry exposure: The Company continues to generate high levels of interest within the Agricultural industry and with the media. The Company was selected to present at two major industry events: BVT Business Manager for EAME (Europe, Africa, Middle East), Christoph Lehnen, presented successful development results at the ABIM 2017 in Basel, Switzerland. BVT Marketing Manager, Ian Collinson, presented to an attending crowd of growers and crop consultants at the Biocontrols East trade conference in Orlando, Florida. Amongst other news stories on the Company, the CEO was interviewed by the BBC World Service for a story that aired across all regions of the world. The Company was selected to present at least 2 additional important industry events in the summer months of 2018.

- Private placement: The Company successfully completed a non-brokered private placement for gross proceeds of $1.57 million on February 16, 2018, and a second larger one for gross proceeds of $3 million which closed on March 28, 2018. The proceeds will be used to continue the path to commercialization and on select market expansion projects. An additional smaller private placement for $125,000 was completed in May 4, 2018 subsequent to the six months ended March 31, 2018.

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 Company 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 three and six months ended March 31, 2018.

As at March 31, 2018 the Company had a cash and cash equivalents balance of $3,896,133 (September 30, 2017 - $824,312) and total current assets of $4,040,291 (September 30, 2017 - $1,084,204) (consisting of cash, sales tax receivable and prepaid expenses and deposits). During the period, long term assets increased to $1,124,174 from $1,033,615 mainly due to the registration of patents (included in intangible assets). Liabilities (all current) at March 31, 2018 totalled $195,162 (September 30, 2017 - $298,735) and comprised of trade payables and accruals.

Working capital, which is comprised of current assets less current liabilities, is $3,845,129 at March 31, 2018 compared to $785,469 at September 30, 2017.

For the three and six months ended March 31, 2018, the Company had a net loss of $882,814 and $1,578,416, respectively, compared to a net loss of $781,801 and $1,502,275 for the three and six months ended March 31, 2017. During the period, the Company continued to conduct trials and research to prove the benefits of the Company's technology, bring awareness of the Company and technology to the public through various initiatives, and continued general corporate activities.

Revenue:
The Company has been in the development stage and did not report any revenues.

Expenses:
A summary of the expenses for the three and six months ended March 31, 2018 and March 31, 2017 is as follows:

	Three months ended Mar. 31,		**Six months ended Mar. 31,**	
	2018	2017	**2018**	2017
Expenses				
Office and general	**$ 453,379**	$ 395,081	**$ 767,017**	$ 772,299
Investor and public relations	**53,828**	76,773	**226,263**	222,742
Sales, advertising and marketing	**65,987**	30,761	**87,694**	43,389
Share based payments	**202,894**	103,439	**230,129**	161,578
Trials, research and development	**106,726**	176,657	**267,313**	306,644
Loss before other items	**(882,814)**	(782,711)	**(1,578,416)**	(1,506,652)
Interest and other income	**-**	910	**-**	4,377
Net loss for the period	**$ (882,813)**	$ (781,801)	**$ (1,578,416)**	$ (1,502,275)

Office and general:
Below is a breakdown of what comprised office and general:

	Three months ended March 31,		Six months ended March 31,	
	2018	2017	**2018**	2017
Accounting and audit	$ 17,260	$ 15,779	$ 30,400	$ 36,434
Amortization and depreciation	23,060	20,727	40,793	41,012
Consulting	96,720	29,489	124,490	178,433
Insurance	5,894	4,672	12,017	10,211
Legal and regulatory	49,580	42,552	66,533	83,018
Occupancy costs	18,743	35,095	50,937	66,684
Office and general	26,160	39,728	52,910	60,696
Salaries and benefits	154,063	162,725	299,927	218,184
Warehouse supplies	1,326	3,228	3,122	8,142
Transfer agent	18,049	12,774	22,083	17,264
Travel	42,524	28,312	63,804	52,221
	$ 453,379	$ 395,081	$ 767,018	$ 772,299

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.

Share based payments:
This expense relates to the value of stock options that vested during the period. 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 ($)
31-Mar-18	-	(882,814)	(0.01)
31-Dec-17	-	(695,602)	(0.01)
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)

Liquidity and Capital Resources

	March 31, 2017	September 30, 2017
	$	$
Cash	**3,896,133**	824,312
Working capital	**3,845,129**	785,469

For the six months ended March 31:	**2018**	2017
	$	$
Cash used in operating activities	**(1,307,015)**	(2,060,180)
Cash used in investing activities	**(131,353)**	(320,528)
Cash from in financing activities	**4,510,189**	2,273,587

Cash used in operating activities

Cash used in operating activities for the six months ended March 31, 2018 and 2017 were as follows:

	2018	2017
Cash used in operating activities		
Net loss	**$ (1,578,416)**	$ (2,611,504)
Items not affecting cash		
Share based payments	**230,129**	227,484
Foreign exchange differences	**(11,683)**	-
Depreciation and amortization	**40,791**	82,654
Interest settled with issuance of common shares	**-**	-
	(1,319,179)	(2,301,366)
Net changes in non-cash working capital items		
Sales tax and other receivables	**31,260**	52,449
Prepaid expenses and deposits	**84,474**	49,330
Accounts payable and accrued liabilities	**(103,570)**	139,407
	(1,307,015)	(2,060,180)

Cash flows used in investing activities

Major components of this period included funds spent on patent registrations.

Cash flows from financing activities

Cash generated from financing activities included net proceeds from private placements in the amount of $4,435,814 and proceeds of $74,375 received from exercise of options.

Future Financing

Notwithstanding its cash position at March 31, 2018, the Company will need additional financing for costs related to operations, conducting trials 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 conduct research 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	4,888
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 six months ended March 31, 2018 and March 31, 2017:

	2018	2017
CEO fees (i)	**$ 203,145**	$ 139,909
CFO fees (ii)	**15,000**	15,000
Consulting fees charged by a Chelsian Sales & Service (iii)	**36,000**	50,625
Consulting fees charged Flueckiger Consulting (iv)	**44,081**	30,795
Share based payments	**114,000**	-
	$ 412,226	$ 236,329

(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 March 31, 2018 $nil (December 31, 2017 –$25,593) 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) $9,000 (six months ended March 31, 2017 - $9,000) 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 six months ended March 31, 2018, the employee earned a salary and benefits of $42,200 (six months ended March 31, 2017 - $33,600).

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. There 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 January 1, 2018 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 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 March 31, 2018 and September 30, 2017 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.

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 insignificant.

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 2018 and 2017. At March 31, 2018, the Company has current assets of $4,040,291 (September 30, 2017 - $1,084,204) and current liabilities of $195,162 (September 30, 2017 – $298,735) resulting in working capital of $3,845,129 (September 30, 2017 – $785,469).

Disclosure of Share Capital

As at the date of this report the Company had 77,599,271 common shares issued and outstanding.
As at the date of this report the Company had 23,346,620 share purchase warrants outstanding.
As at the date of this report the Company 4,956,600 stock options outstanding.

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