BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

For the three months ended December 31, 2018 and December 31, 2017

(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 (unaudited)
(expressed in Canadian Dollars)

	December 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash	**$ 1,961,827**	$ 2,701,982
Sales tax and other receivable	**88,428**	87,338
Prepaid expense and deposits	**98,850**	51,250
	2,149,105	2,840,570
Intangible assets *(note 5)*	**1,087,721**	1,041,973
Moulds and dies *(note 6)*	**793**	4,858
Property, plant and equipment *(note 4)*	**250,140**	265,224
	$ 3,487,759	$ 4,152,625
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**$ 248,194**	$ 281,359
	248,194	281,359
Shareholders' equity (deficit)		
Share capital *(note 8)*	**12,753,114**	12,753,114
Warrants *(note 8, 9)*	**1,382,817**	1,382,817
Contributed surplus *(note 10)*	**1,999,023**	1,986,353
Accumulated other comprehensive income	**59,137**	58,672
Accumulated deficit	**(12,954,526)**	(12,309,690)
	3,239,565	3,871,266
	$ 3,487,759	$ 4,152,625

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

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 and Comprehensive Loss (unaudited)
For the three months ended December 31, 2018 and December 31, 2017
(expressed in Canadian Dollars)

	2018	2017
Expenses		
Office and general (*note 14*)	**$ 367,105**	$ 313,638
Investor and public relations	**28,530**	172,435
Sales, advertising and marketing	**139,638**	21,707
Share based payments (*note 10*)	**12,670**	27,235
Trials, research and development	**103,690**	160,587
Loss before other items	**(651,631)**	(695,602)
Interest and other income	**6,795**	-
Net loss	**$ (644,836)**	$ (695,602)
Weighted average number of common shares outstanding - basic and diluted	**77,599,271**	58,687,018
Basic and diluted loss per common share (note 11)	**$ (0.01)**	$ (0.01)

	2018	2017
Net loss	**$ (644,836)**	$ (695,602)
Other comprehensive income		
Items that may be subsequently reclassified to earnings:		
Exchange differences on translating foreign operations	**465**	2,987
Comprehensive loss	**$ (644,371)**	$ (692,615)

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

Bee Vectoring Technologies International Inc.
Condensed Interim Consolidated Statements of Cash Flows (unaudited)
For the three months ended December 31, 2018 and December 31, 2017
(expressed in Canadian Dollars)

	2018	2017
Cash used in operating activities		
Net loss	**$ (644,836)**	$(695,602)
Items not affecting cash		
Share based payments	**12,670**	27,235
Foreign exchange differences	**465**	2,987
Depreciation and amortization	**23,714**	17,733
	(607,987)	(647,647)
Net changes in non-cash working capital items		
Sales tax and other receivables	**(1,090)**	(17,336)
Prepaid expenses and deposits	**(47,600)**	51,778
Accounts payable and accrued liabilities	**(33,165)**	140,960
	(689,842)	(472,245)
Cash used in investing activities		
Additions to intangibles	**(50,313)**	(59,392)
	(50,313)	(59,392)
Cash flow from financing activities		
Proceeds from exercise of options and warrants	**-**	74,375
	-	74,375
Decrease in cash	**(740,155)**	(457,262)
Cash, beginning of period	**2,701,982**	824,312
Cash, end of period	**$ 1,961,827**	$ 367,050

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

Bee Vectoring Technologies International Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (unaudited)

For the three months ended December 31, 2018 and December 31, 2017

(expressed in Canadian Dollars)

	Share Capital						
	Number of shares	Amount	Warrants	Contributed Surplus	Accumulated other Comprehensive Income	Deficit	Total
Balance, October 1, 2017	58,501,771	$ 9,090,738	$ 690,241	$ 1,325,064	$ 29,871	$ (9,316,830)	$ 1,819,084
Share based compensation	-	-	-	27,235	-	-	27,235
Shares issued on exercise of options	297,500	131,900	-	(57,525)	-	-	74,375
Net loss and comprehensive loss	-	-	-	-	2,987	(695,602)	(692,615)
Balance, December 31, 2017	**58,799,271**	**$ 9,222,638**	**$ 690,241**	**$ 1,294,774**	**$ 32,858**	**$ (10,012,432)**	**$ 1,228,079**
Balance, October 1, 2018	77,599,271	$ 12,753,114	$ 1,382,817	$ 1,986,353	$ 58,672	$ (12,309,690)	$ 3,871,266
Share based compensation	-	-	-	12,670	-	-	12,670
Net loss and comprehensive loss	-	-	-	-	465	(644,836)	(644,371)
Balance, December 31, 2018	**77,599,271**	**$ 12,753,114**	**$ 1,382,817**	**$ 1,999,023**	**$ 59,137**	**$ (12,954,526)**	**$ 3,239,565**

The accompanying notes are an integral part of these interim condensed 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. The Company is focused on the control of pests and enhancement of crops and ornamentals through the use of biological controls in a variety of application processes.

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

These condensed interim consolidated financial statements were approved for issuance by the Board of Directors on March 1, 2019.

Going concern assumption

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

The Company's ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to discharge its liabilities as they become due and generate positive cash flows from operations. To date the Company has not obtained its license under the Pest Management Regulatory Agency and the Environmental Protection Agency to sell its BioControl in Canada and the United States, and has not generated revenue from operations. During the three months ended December 31, 2018, the Company incurred a net loss of $644,836 (three months ended December 31, 2017 – $695,602), and as of that date, the Company's deficit was $12,954,526 (September 30, 2018 – $12,309,690). At December 31, 2018, the Company has current assets of $2,149,105 (September 30, 2018 - $2,840,570) and current liabilities of $248,194 (September 30, 2018 – $281,359) resulting in working capital of $1,900,911 (September 30, 2018 – $2,559,211).

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 December 31, 2018.

b) Basis of measurement

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

2. Basis of presentation (continued)

c) Significant accounting estimates and judgments (continued)

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

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

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

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

Estimates

Intangible assets valuation for impairment purposes
The Company assesses impairment by comparing the recoverable amount of an intangible asset with its carrying value. The recoverable amount is defined as the higher of value in use, or fair value less cost to sell. The determination of the recoverable amount involves management estimates. 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 property, plant and equipment
Significant estimates are made as to the useful lives of property, plant and equipment.

Valuation of share-based payments
The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of stock options and of common share purchase warrants issued. The model requires the input of subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

Judgments

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

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

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

2. Basis of presentation (continued)

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

d) Basis of consolidation

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

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

All intercompany transactions and balances have been eliminated in preparing the 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 consolidated financial statements as at and for the year ended September 30, 2018, with the exception of new and revised standards along with any consequential amendments, effective October 1, 2018. Accordingly, these condensed interim consolidated financial statements for the three-month period ended December 31, 2018 and 2017 should be read together with the annual consolidated financial statements as at and for the year ended September 30, 2018.

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 consolidated financial statements are listed below:

IFRS 16 –Leases sets out a new model for lease accounting, replacing IAS 17. "Leases" and related interpretations. Under this new standard which provides a single model for leases abolishing the current distinction between finance leases and operating leases, most leases will be recognized in the consolidated statement of financial position. Certain exemptions will apply for short-term leases and leases of low-value assets. IFRS 16 will be effective for accounting years beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. Based on the leases in the current year, the impact of IFRS 16 is not expected to be material.

The Company is in the process of evaluating the impact that these new policies may have on the condensed interim consolidated financial statements.

(expressed in Canadian dollars)

4. Property, plant and equipment

	Equipment	Computer	Office furniture	Site equipment	Leasehold improvements	Telephone Equipment	Total
Cost							
As at September 30, 2017	$ 6,299	$ 4,674	$ 12,467	$ 343,260	$ 38,617	$ 16,280	$ 421,597
Additions	-	10,861	-	65,637	-	8,651	85,149
As at September 30, 2018	6,299	15,535	12,467	408,897	38,617	24,931	506,697
Additions	-	-	-	-	-	-	-
As at December 31, 2018	$ 6,299	$ 15,535	$ 12,467	$ 408,897	$ 38,617	$ 24,931	$ 506,697
Accumulated depreciation							
As at September 30, 2017	$ 1,510	$ 3,464	$ 4,484	$ 134,566	$ 26,080	$ 7,597	$ 177,701
Additions	315	3,000	1,597	48,319	7,723	2,818	63,772
As at September 30, 2018	1,825	6,464	6,081	182,885	33,803	10,415	241,473
Additions	56	752	319	11,301	1,931	726	15,085
As at December 31, 2018	$ 1,881	$ 7,216	$ 6,400	$ 194,186	$ 35,734	$ 11,141	$ 256,558
Net book value							
As at September 30, 2018	$ 4,474	$ 9,071	$ 6,386	$ 226,012	$ 4,814	$ 14,516	$ 265,224
As at December 31, 2018	$ 4,418	$ 8,319	$ 6,067	$214,711	$ 2,883	$ 13,790	$250,140

5. Intangible assets

Intangible assets consist of legal fees incurred towards the registration of various patents, regulatory and development costs as follows:
(amortization commences once the asset is available for use)

Cost	**Available-for-use**	**Work-in-progress**	**Total**
As at September 30, 2017	$ 222,733	$ 556,523	$ 779,256
Additions	59,694	234,406	294,100
Write-off of abandoned patents	-	(3,820)	(3,820)
As at September 30, 2018	282,427	787,109	$ 1,069,536
Additions	-	50,313	50,313
As at December 31, 2018	$ 282,427	$ 837,422	$ 1,119,849
Accumulated Amortization			
As at September 30, 2017	$ 10,655	$ -	$ 10,655
Additions	16,908	-	16,908
As at September 30, 2018	27,563	-	27,563
Additions	4,565	-	4,565
As at December 31, 2018	32,128	-	32,128
Net book value			
As at September 30, 2018	$ 254,864	$ 787,109	$ 1,041,973
As at December 31, 2018	$ 250,299	$ 837,422	$ 1,087,721

(expressed in Canadian dollars)

6. Moulds and dies

Cost		
As at September 30, 2017	$	81,296
Additions		-
As at September 30, 2018		81,296
Additions		-
As at December 31, 2018	$	81,296
Accumulated depreciation		
As at September 30, 2017	$	60,178
Additions		16,260
As at September 30, 2018		76,438
Additions		4,065
As at December 31, 2018	$	80,503
Net book value		
As at September 30, 2018	$	4,858
As at December 31, 2018	$	793

7. Related party balances and transactions

Key management includes members of the board, the Chief Executive Officer and the Chief Financial Officer. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows for the three months ended December 31, 2018 and December 31, 2017:

	2018	2017
CEO fees (i)	**$ 79,260**	$ 87,824
CFO fees (ii)	**7,500**	7,500
Consulting fees charged by a Chelsian Sales & Service (iii)	**15,000**	9,000
Consulting fees charged Flueckiger Consulting (iv)	**35,142**	18,928
Share based payments (ix)	**-**	176,646
	$ 136,902	$ 299,898

(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.
(iv) Consulting fees charged by Flueckiger Consulting, a corporation owned by a director of the Company, for reviewing product development and marketing plans, reviewing data from trials, and other services as required. As at December 31, 2018 $24,845 (September 30, 2018 - $6,826) was owed to Flueckiger consulting.
(v) $4,500 (2018 - $4,500) was charged by a relative of a director of the Company for marketing services.
(vi) The Company employs a relative of a director of the Company as project manager. During the three months ended December 31, 2018, the employee earned a salary and benefits of $24,000 (2017 - $16,800).
(vii) For shares issued to related parties, please see Note 10 point (iv), (v) and (vi).

(expressed in Canadian dollars)

8. Share capital

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

	Share capital	Value
Common shares		
Balance September 30, 2017	58,501,771	$9,090,738
Shares issued in connection with the private placement (i)(ii)(iii)	18,800,000	4,700,000
Fair value of warrants issued in connection of the private placement (i)(ii)(iii)	-	(1,026,038)
Share issued costs related to the private placement – cash (i)(ii)	-	(117,873)
Fair value of finder's warrants issued in connection with the private placement (i)(ii)	-	(25,613)
Common shares issued on the exercise of options (iv)	297,500	131,900
Balance September 30, 2018 and December 31, 2018	**77,599,271**	**$12,753,114**

(i) On February 16, 2018, the Company closed a non-brokered private placement of 6,300,000 Units ("Units") of the Company at a price of $0.25 per Unit for gross proceeds of $1,575,000, of which $1,404,458 was allocated to share capital and $170,541 was allocated to warrants using the relative fair value.

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$0.30 per common share until February 16, 2019. The Warrants were valued using the Black-Scholes option pricing model using the following assumptions: Term – 1 years; Volatility – 66%; Interest rate – 1.78%.

The Company paid commissions to finders under the private placement consisting of cash fees of $132,187 and the issue of 422,400 finder's warrants. Each finder's warrant entitles the holder to purchase one share of the Company at a price of $0.30 per share until February 16, 2019. The finder's warrants were valued at $29,990 using the Black-Scholes option pricing model using the following assumptions: Term – 1 years; Volatility – 66%; Interest rate – 1.78%.

(ii) On March 28, 2018, the Company closed a non-brokered private placement of 12,000,000 Units ("Units") of the Company at a price of $0.25 per Unit for gross proceeds of $3,000,000, of which $2,179,177 was allocated to share capital and $820,823 was allocated to warrants using the relative fair value.

Each Unit consists of one common share and one whole 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$0.35 per common share until March 28, 2020. The Warrants were valued using the Black-Scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 76%; Interest rate – 1.80%.

(expressed in Canadian dollars)

8. Share capital (continued)

No finders fees were payable on this private placement.

(iii) On May 2, 2018, the Company closed a non-brokered private placement of 500,000 Units ("Units") of the Company at a price of $0.25 per Unit for gross proceeds of $125,000, of which $90,326 was allocated to share capital and $34,674 was allocated to warrants using the relative fair value.

Each Unit consists of one common share and one whole 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$0.35 per common share until May 2, 2020. The Warrants were valued using the Black-Scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 76%; Interest rate – 1.94%.

No finder's fees were payable on this private placement.

(iv) No options were exercised during the three months ended December 31, 2018. The following summarizes the options exercised during the year ended September 30, 2018:

Date	Price	Fair value on date of exercise of common shares	Shares issued	Cash proceeds	Fair value
10/31/2017	$0.25	$0.31	100,000	$ 25,000	$ 19,336
11/07/2017	$0.25	$0.28	150,000	37,500	29,004
11/24/2017	$0.25	$0.28	47,500	11,875	9,185
			297,500	$ 74,375	$ 57,525

(v) No warrants were exercised in during the three months ended December 31, 2018 or the year ended September 30, 2018.

9. Warrants

The warrants issued and outstanding as at September 30, 2018 and December 31, 2018 are as follows:

	Number of warrants	Weighted average strike price
Balance, September 30, 2017	7,274,220	$ 0.46
Warrants granted (note 8(iv)(v)(vi))	16,072,400	$ 0.34
Warrants expired	(2,127,000)	$ 0.65
Balance, September 30, 2018 and December 31, 2018	21,219,620	$ 0.35

(expressed in Canadian dollars)

9. Warrants (continued)

All warrants issued during the year ended September 30, 2018 and year ended September 30, 2017 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 December 31, 2018, the following warrants were outstanding:

Strike price		Number	Weighted average remaining contractual life (in years)	Expiry date
$	0.40	2,479,800	0.02	3/21/2019
$	0.40	616,720	0.01	4/21/2019
$	0.35	2,050,700	0.07	9/19/2019
$	0.30	3,572,400	0.02	2/16/2019
$	0.35	12,000,000	0.70	3/28/2020
$	0.35	500,000	0.03	5/2/2020
		21,219,620	0.859	

10. Stock options

The Company adopted a rolling stock option plan in 2011, 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.

Below is a summary of transactions for the three months ended December 31, 2018 and the year ended September 30, 2018:

Transaction	**Date**	**# Options**
Balance September 30, 2017		4,529,100
Granted	03/01/2018	365,000
Granted	03/28/2018	600,000
Granted	04/25/2018	200,000
Granted	06/01/2018	100,000
Expired		(440,000)
Exercised		(297,500)
Balance September 30, 2018 and December 31, 2018		5,056,600

(expressed in Canadian dollars)

10. Stock options (continued)

As at December 31, 2018 the Company had the following stock options outstanding:

Date Issued	# Options	# Exercisable	Value	Exercise Price	Expiry date
6/30/2015	50,000	50,000	$ 6,534	$ 0.25	6/30/2020
7/6/2015	1,580,000	1,580,000	$ 300,200	$ 0.25	7/6/2020
8/8/2015	1,600	1,600	$ 371	$ 0.30	8/8/2020
9/07/2015	100,000	100,000	$ 24,862	$ 0.31	9/07/2020
11/16/2015	275,000	275,000	$ 91,575	$ 0.43	11/16/2020
6/23/2016	225,000	225,000	$ 115,050	$ 0.50	6/23/2021
8/30/2016	1,000,000	562,495	$ 310,000	$ 0.32	8/30/2026
10/21/2016	100,000	100,000	$ 23,400	$ 0.32	10/21/2021
12/5/2016	100,000	100,000	$ 16,500	$ 0.24	12/5/2021
4/21/2017	360,000	360,000	$ 76,680	$ 0.25	4/21/2022
3/1/2018	365,000	365,000	$ 77,015	$ 0.25	3/1/2023
3/28/2018	600,000	600,000	$ 149,400	$ 0.25	3/28/2023
4/25/2018	200,000	200,000	$ 52,600	$ 0.25	4/25/2023
6/1/2018	100,000	75,000	$ 16,500	$ 0.28	6/1/2021
	5,056,600	4,569,095			

The weighted average expiry date of the options is 3.59 years. The weighted average exercise price of the options is $0.29.

(i) On March 1, 2018, the Company issued 365,000 options to consultants of the Company. 75,000 of these options were issued to a related party. These options were valued at $77,015 using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 116.06%; Interest rate – 1.99%; Dividend yield – nil; Forfeiture rate – nil, stock price – $0.26.

(ii) On March 28, 2018, the Company issued 600,000 options to directors of the Company. These options were valued at $149,400 using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 115.34%; Interest rate – 2.00%; Dividend yield – nil; Forfeiture rate – nil, stock price - $0.30.

(iii) On April 25, 2018, the Company issued 200,000 options to a director of the Company. These options were valued at $52,600 using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 115.31%; Interest rate – 2.18%; Dividend yield – nil; Forfeiture rate – nil, stock price - $0.32.

(iv) On June 1, 2018, the Company issued 100,000 options to a consultant of the Company. These options were valued at $16,500 using the Black-Scholes option pricing model using the following assumptions: Expected life – 3 years; Volatility – 104.05%; Interest rate – 2.00%; Dividend yield – nil; Forfeiture rate – nil, stock price - $0.28.

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

11. Loss per share

The warrants and options outstanding were excluded from the computation of diluted loss per share for the three months ended December 31, 2018 and December 31, 2017 because their impact was anti-dilutive.

12. Financial instruments

Fair Value
Financial instruments of the Company as at December 31, 2018 and September 30, 2018 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 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 both financial institutions in Canada and the United States, and management believes that exposure to credit risk is not significant.

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

The Company's accounts payable and accrued liabilities are subject to normal trade terms and have contractual maturities payable within 30 days for 2018 and 2017. At December 31, 2018, the Company has current assets of $2,149,105 (September 30, 2018 - $2,840,570) and current liabilities of $248,194 (September 30, 2018 – $281,359) resulting in working capital of $1,900,911 (September 30, 2018 – $2,559,211).

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.

(expressed in Canadian dollars)

13. Capital management (continued)

As at December 31, 2018, managed capital was $3,239,565 (September 30, 2018 - $3,871,266). Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

14. Office and general

Three months ended December 31,		**2018**		2017
Accounting and audit	**$**	**15,100**	$	13,140
Amortization and depreciation		**23,714**		17,733
Consulting		**45,872**		27,770
Insurance		**10,008**		6,123
Legal		**10,983**		16,953
Occupancy costs		**32,915**		32,194
Office and general		**26,309**		26,751
Salaries and benefits		**172,163**		145,864
Warehouse supplies		**2,718**		1,796
Transfer agent		**1,376**		4,034
Travel		**25,947**		21,280
	$	**367,105**	$	313,638

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**	
2019	$	56,789
2020		58,515
thereafter		4,888
Total	$	120,192