

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended September 30, 2023 and September 30, 2022

(expressed in Canadian Dollars)



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Bee Vectoring Technologies International Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Bee Vectoring Technologies International Inc. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 1 to the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended September 30, 2023 and, as of that date, the Company's current liabilities exceeded its total assets. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matter

The key audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgements. The communication of the key audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the key audit matter below providing a separate opinion on the key audit matter or on the accounts or disclosures to which it relates.

Evaluation of financial assets at fair value through profit and loss and convertible debentures

Description of the Matter

We draw attention to Notes 4, and Notes 12(x) to the financial statements. Effective July 11, 2022, the Entity entered into a series of agreements with a third party: Sorbie Bornholm LP ("Sorbie"), whereby the Company issued \$1,900,000 convertible debentures; and 11,176,471 common shares attached with warrants at proceeds of



\$1,900,000. These transactions resulted in the following assets and liabilities:

- a. Financial assets at fair value through profit and loss which is the value of the subscriptions or cash proceeds expected to be received under the terms of the arrangements. This was recognized at relative fair value at the inception date and subsequently remeasured at each reporting date to fair value.
- b. Convertible debenture which is recognized at relative fair value at the inception date and subsequently remeasured at each reporting date to fair value.

The financial asset at fair value through profit and loss and convertible debentures were valued using the Monte Carlo simulation. The method was chosen because the variation of terms with key inputs at the year-end included the historical volatility and discount rate.

Why the matter is a key audit matter

We identified the evaluation of the financial asset at fair value through profit and loss and convertible debentures as a key audit matter. This matter represented an area of significant risk of material misstatement due to the high degree of estimation uncertainty in determining the fair value of the derivative asset. Significant auditor judgement and specialized skills and knowledge were required in evaluating the management's estimates due to the sensitivity of the fair value of the derivative asset to minor changes in certain inputs.

How the matter was addressed in the audit

We engaged a professional appraiser to perform the evaluation for both financial assets and convertible debentures. The primary procedures performed to address this key audit matter included the following:

- a. We assessed the appropriateness of the valuation model that management used for their calculation.
- b. We assessed the reasonableness of assumptions and input used by management and tested the accuracy of their calculation.
- c. We evaluated the accuracy of the amounts stated in the consolidated financial statements by preparing a continuity schedule for the financial assets, convertible debentures, realized loss and unrealized loss.

Other Matter

The consolidated financial statements of the Company for the year ended September 30, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on January 30, 2023.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis;

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or



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error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical



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requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Julia Zhou.

DNTW Toronto LLP

January 29, 2024

Toronto, Ontario

Chartered Professional Accountants

Licensed Public Accountants

Bee Vectoring Technologies International Inc.

Consolidated Statements of Financial Position

(expressed in Canadian Dollars)

As at

	September 30, 2023	September 30, 2022
ASSETS		
Current assets		
Cash	\$ 133,541	\$ 210,301
Financial asset at fair value through profit and loss (note 4)	536,505	2,519,612
Accounts receivable	12,421	97,622
Sales tax receivable	62,956	129,375
Inventory (note 5)	69,221	59,897
Prepaid expense and deposits	163,016	251,879
	977,660	3,268,686
Long-term assets		
Right of use asset (note 6)	339,547	422,088
Intangible assets (note 8)	2,022,842	1,918,569
Equipment (note 7)	277,850	312,924
	\$ 3,617,899	\$ 5,922,267
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,590,687	\$ 1,188,754
Deferred revenue	16,825	-
Lease liability (note 10)	71,973	65,539
	1,679,485	1,254,293
Long-term liabilities		
Lease liability (note 10)	285,106	357,079
Loans payable (note 11)	60,000	60,000
Convertible debentures (note 12)	241,040	489,948
	2,265,631	2,161,320
Shareholders' equity		
Share capital (note 12)	27,067,022	25,858,204
Notes (note 12)	202,680	202,680
Warrants (note 12, 13)	688,790	1,943,056
Contributed surplus (note 14)	9,054,841	6,750,523
Accumulated other comprehensive loss	(8,781)	(15,971)
Accumulated deficit	(35,652,284)	(30,977,545)
	1,352,268	3,760,947
	\$ 3,617,899	\$ 5,922,267

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)**COMMITMENT (Note 20)****SUBSEQUENT EVENTS (Note 23)**

Approved by the Board of Directors

"Michael Collinson"

Director

"Jim Molyneux"

Director

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

Bee Vectoring Technologies International Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended September 30, 2023 and 2022
(expressed in Canadian Dollars)

	2023	2022
Sales (note 18)	\$ 601,647	\$ 496,743
Cost of sales	283,505	250,458
Gross profit	318,142	246,285
Expenses		
Office and general (note 19)	1,651,168	2,377,341
Investor and public relations	141,309	419,105
Sales, advertising and marketing	165,995	542,377
Share based payments (note 9 and 14)	1,520,348	543,029
Trials, research and development	435,556	914,874
Royalty payments	-	1,569
	3,914,376	4,798,295
Loss before other items	(3,596,234)	(4,552,010)
Loss on foreign exchange	12,950	(46,480)
Write-off of abandoned patents (note 8)	(152,188)	(38,968)
Gain on sale of equipment (note 7)	-	9,754
Loss on settlement of debt (note 12)	-	(53,006)
Gain on forgiveness of government grant (note 11)	-	26,762
Unrealized loss on financial asset at fair value through profit and loss (note 4)	(183,107)	(500,115)
Realized loss on financial asset at fair value through profit and loss (note 4)	(857,501)	(53,041)
Change in fair value of convertible debenture (note 12)	248,908	305,716
Interest expense	(187,862)	(30,672)
Interest and other income	40,295	-
Net loss	\$ (4,674,739)	\$(4,932,060)
Weighted average number of common shares outstanding – basic and diluted	137,555,578	120,206,835
Basic and diluted loss per common share (note 15)	\$ (0.03)	\$ (0.04)

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

Bee Vectoring Technologies International Inc.

Consolidated Statements of Loss and Comprehensive Loss (continued)

For the years ended September 30, 2023 and 2022

(expressed in Canadian Dollars)

	2023	2022
Net loss	\$ (4,674,739)	\$ (4,932,060)
Other comprehensive income		
Items that may be subsequently reclassified to earnings:		
Exchange differences on translating foreign operations	7,190	(1,462)
Comprehensive loss	\$ (4,667,549)	\$ (4,933,522)

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

Bee Vectoring Technologies International Inc.

Consolidated Statements of Cash Flows

For the years ended September 30, 2023 and 2022

(expressed in Canadian Dollars)

	2023	2022
Cash used in operating activities		
Net loss	\$ (4,674,739)	\$(4,932,060)
Items not affecting cash		
Share based payments	1,520,348	627,592
Loss on write-off of abandoned patents	152,188	38,968
Lease interest	29,924	4,304
Gain on forgiveness of government grant	-	(26,762)
Unrealized loss on financial asset at fair value through profit and	183,107	500,115
Realized loss on financial asset at fair value through profit and loss	857,501	53,041
Change in fair value of convertible debenture	(248,908)	(305,716)
Gain on sale of equipment	-	(9,754)
Shares issued for interest	133,182	84,195
Depreciation and amortization	245,319	239,741
Loss on settlement of debt	-	53,006
Net changes in non-cash working capital items		
Sales tax and other receivables	151,620	(119,943)
Prepaid expenses and deposits	88,863	(176,129)
Inventory	(9,324)	(28,247)
Deferred revenue	16,825	-
Accounts payable and accrued liabilities	401,933	1,102,640
	(1,152,161)	(2,895,009)
Cash used in investing activities		
Additions to intangible assets	(173,198)	(125,104)
Proceeds on sale of equipment	-	46,199
Additions to property, plant and equipment	(53,732)	(99,833)
	(226,930)	(178,738)
Cash flow from financing activities		
Proceeds from swap settlements	942,499	446,959
Proceeds from loans	-	-
Loan repayments	-	(63,860)
Lease payments	(95,463)	(82,812)
Proceeds from the issue of shares and warrants	449,000	264,600
Share issue costs	(840)	(34,515)
Proceeds from exercise of options and warrants	-	50,000
	1,295,196	580,372
(Decrease) Increase in cash	(83,895)	(2,493,375)
Effect of foreign exchange of on cash	7,135	(7,129)
Cash, beginning of year	210,301	2,710,805
Cash, end of year	\$ 133,541	\$ 210,301

Bee Vectoring Technologies International Inc.
Consolidated Statements of Cash Flows (continued)
For the years ended September 30, 2023 and 2022
(expressed in Canadian Dollars)

Supplemental cash flow information

	2023	2022
Cash paid for interest	\$ -	\$ 5,460
Cash paid for income taxes	\$ -	\$ -
Non-cash transactions		
Warrants issued on private placements	\$ -	\$ 610,777
Broker warrants issued	\$ 357	\$ -
Recognition of right-of-use asset and liability	\$ -	\$ 415,767
Shares for debt settlement	\$ 157,180	\$ 413,447
Issuance of convertible debentures and equity	\$ -	\$3,800,000

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

Bee Vectoring Technologies International Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended September 30, 2023 and 2022

(expressed in Canadian Dollars)

	Share Capital		Shares to be issued	Convertible debentures	Warrants	Contributed Surplus	Accumulated other Comprehensive Income	Deficit	Total
	Number of shares	Amount							
Balance, September 30, 2021	116,499,611	\$ 22,800,545	\$ -	\$ -	\$ 2,072,846	\$ 5,717,131	\$ (14,509)	\$ (26,045,485)	\$ 4,530,528
Share based compensation	-	-	-	-	-	627,592	-	-	627,592
Issuance of convertible debenture units	-	-	-	-	249,670	-	-	-	249,670
Shares issued for interest payment	431,770	84,195	-	-	-	-	-	-	84,195
Shares issued to settle debt	2,120,241	413,447	-	-	-	-	-	-	413,447
Issue of units from private placement	12,732,941	2,369,346	-	-	361,107	-	-	-	2,730,453
Share issue costs	-	(155,779)	-	-	(38,317)	-	-	-	(194,096)
Share issue costs - convertible debentures	-	-	-	202,680	-	-	-	-	202,680
Exercise of options	200,000	88,000	-	-	-	(38,000)	-	-	50,000
Exercise of RSUs	845,000	258,450	-	-	-	(258,450)	-	-	-
Expiry of warrants	-	-	-	-	(702,250)	702,250	-	-	-
Net loss	-	-	-	-	-	-	(1,462)	(4,932,060)	(4,933,522)
Balance, September 30, 2022	132,829,563	\$ 25,858,204	\$ -	\$ 202,680	\$ 1,943,056	\$ 6,750,523	\$ (15,971)	\$ (30,977,545)	\$ 3,760,947
Share based compensation	-	-	-	-	-	1,520,348	-	-	1,520,348
Shares issued for interest payment	1,882,384	133,182	-	-	-	-	-	-	133,182
Shares issued to settle debt	1,310,000	157,180	-	-	-	-	-	-	157,180
Issue of units from private placement	3,741,667	333,008	-	-	115,992	-	-	-	449,000
Share issue costs	-	(840)	-	-	-	-	-	-	(840)
Share issue costs - broker warrants (note 12)	-	(357)	-	-	357	-	-	-	-
Exercise of RSUs	3,589,831	586,645	-	-	-	(586,645)	-	-	-
Expiry of warrants	-	-	-	-	(1,370,615)	1,370,615	-	-	-
Net loss	-	-	-	-	-	-	7,190	(4,674,739)	(4,667,549)
Balance, September 30, 2023	143,353,445	\$ 27,067,022	\$ -	\$ 202,680	\$ 688,790	\$ 9,054,841	\$ (8,781)	\$ (35,652,284)	\$ 1,352,268

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

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2023 and September 30, 2022
(expressed in Canadian dollars)

1. Nature of operations and going concern

Bee Vectoring Technologies International Inc. (the “Company”) was incorporated under the laws of the province of British Columbia, Canada on May 20, 2011. The Company is focused on the control of pests and enhancement of crops and ornamentals through the use of biological controls in a variety of application processes.

The Company commenced trading on the TSX Venture Exchange under the symbol BEE on July 7, 2015. The address of the Company’s registered and records office is 4160 Sladeview Cres. #7, Mississauga, Ontario. The Company’s trade on the Canadian Stock Exchange (CSE) under the symbol “BEE.C”.

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

Going concern assumption

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

The Company’s ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to discharge its liabilities as they become due and generate positive cash flows from operations. On August 28, 2019 the Company received approval from the Environmental Protection Agency to sell its BioControl in the United States. To date the Company has not yet obtained regulatory approval to sell its BioControl from other regulatory bodies outside the US. The Company is currently also seeking regulatory approval in Mexico and Switzerland. During the year ended September 30, 2023, the Company incurred a net loss of \$4,674,739 (2022 – \$4,932,060), and as of that date, the Company’s deficit was \$35,652,284 (September 30, 2022 – \$30,977,545). At September 30, 2023, the Company has current assets of \$977,660 (September 30, 2022 - \$3,268,686) and current liabilities of \$1,679,485 (September 30, 2022 – \$1,254,293) resulting in working capital deficit of \$701,825 (September 30, 2022 – working capital of \$2,014,393).

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 consolidated financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report the Company’s assets and liabilities at liquidation values could be material to these consolidated financial statements.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2023 and September 30, 2022
(expressed in Canadian dollars)

2. Basis of presentation

a) Statement of compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

b) Basis of measurement

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

c) Significant accounting estimates and judgments

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

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

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

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

Estimates

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

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

Valuation of share-based payments

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

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2023 and September 30, 2022
(expressed in Canadian dollars)

2. Basis of presentation (continued)

Embedded derivatives

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

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

Judgments

Capitalization of development costs

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

Capitalization of regulatory costs

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

Functional currency

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

Income taxes and recoverability of potential deferred tax assets

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

Going concern

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

Convertible debentures

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

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2023 and September 30, 2022
(expressed in Canadian dollars)

2. Basis of presentation (continued)

d) Basis of consolidation

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

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

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

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

3. Significant accounting policies

Intangible Assets

The Company has intangible assets consisting of legal costs related to the application of patents, costs associated with Regulatory (including Environmental Protection Agency ("EPA")) applications and costs of developing the Company's technology. Intangible assets acquired separately are measured on initial recognition at cost, when they have the following attributes: are identifiable, controlled by the Company, and from which future benefits are expected. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there are indications that the intangible asset may be impaired. Intangible assets which are not yet available for use are tested annually for impairment regardless of whether impairment indicators exist. The amortization method and amortization period of an intangible asset with a finite life is reviewed at least annually. Changes in the expected useful life (based on expiry of patents) or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization is recognized in the statement of comprehensive loss on a straight-line basis over the estimated useful lives of intangible assets from the date the patent is granted and is available for use (20 years). Amortization of regulatory costs are amortized once approvals are received, and are amortized over their estimated useful life (20 years), being the term of the approval.

Equipment

Equipment is recorded initially at cost and subsequently at cost less accumulated amortization and accumulated impairment losses (if any). Amortization is provided over an asset's expected useful life using the following methods and annual rates:

Equipment	20 years	straight line
Computer	3 years	straight line
Furniture	20 %	declining balance
Site equipment	20 %	declining balance
Telephone equipment	20 %	declining balance
Vehicle	30 %	declining balance
Dispensers	3 years	straight line

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2023 and September 30, 2022
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3. Significant accounting policies (continued)

Residual values, useful lives and methods of amortization are reviewed at each financial year end and adjusted prospectively (if needed).

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. For unit offerings, the Company has adopted the relative fair value method with respect to the measurement of shares and warrants issued as equity units. The relative fair value method requires an allocation of the net proceeds received based on the pro rata relative fair values of the components. If and when the warrants are ultimately exercised, the applicable amounts are transferred from warrants to share capital. If the warrants expire unexercised, the applicable amount is transferred to contributed surplus. The fair value adjustment resulting from a modification to the terms of a warrant is recognized in share capital.

Financial Instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit and loss (“FVPL”) or fair value through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – Financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of income.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

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3. Significant accounting policies (continued)

Subsequent measurement – Financial assets at amortized cost

Financial assets are measured at amortized cost if both the following criteria are met and the financial assets are not designated as at FVPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

Subsequent measurement – Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities and loans payable, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2023 and September 30, 2022
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3. Significant accounting policies (continued)

Financial assets:

Cash	Amortized cost
Financial asset at fair value through profit and loss	FVPL
Accounts receivable	Amortized cost

Financial liabilities:

Accounts payable and accrued liabilities	Amortized cost
Convertible debenture	FVPL
Loans payable	Amortized cost

Impairment of non-financial assets

Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. Finite life intangible assets not yet available for use are tested annually for impairment. Other non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. An impairment loss is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized in profit or loss for the period, although such reversals are not applicable to goodwill.

Share based payment transactions

The Company has a stock option plan and a restricted share unit plan which are discussed in note 14. Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby they render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity cannot be specifically measured, the equity instruments are measured at fair value of the equity instrument. The fair value of the equity instruments is recognized together with a corresponding increase in equity over the period that services are provided or goods are received.

The costs of equity settled transactions with employees are measured by reference to the fair value at the date on which they are granted. The costs of equity settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative cost is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in contributed surplus. Upon exercise of the stock options, the consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital. No expense is recognized for awards that do not ultimately vest. The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2023 and September 30, 2022
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3. Significant accounting policies (continued)

The Company determines the fair value of restricted stock units issued with market-based performance conditions by using the market price of the Company's stock at the date of grant adjusted downward for the probability of units not vesting; the Company multiplies this by the number of restricted stock units granted. The Company then recognizes the associated share based compensation with an increase in share capital over the vesting period related to the market-based performance condition. Upon vesting, the Company will reconcile the share-based compensation and share capital to account for the number of units that ultimately vested.

The Company determines the fair value of restricted stock units issued with non-market based performance conditions by using the market price of the Company's stock at the date of grant; the Company multiplies this by the number of restricted stock units it expects to ultimately vest. The Company then recognizes the associated share based compensation with an increase in share capital over the estimated vesting period related to the non-market based performance condition. Upon vesting, the Company will reconcile the share-based compensation and share capital to account for the number of units that ultimately vested.

Foreign operations and currency translation

Within each entity, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in the consolidated statements of loss. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

The accounts of the Company are presented in Canadian dollars. The financial statements of foreign subsidiaries for which the functional currency is not the Canadian dollar are translated into Canadian dollars using the exchange rate in effect at the end of the reporting period for assets and liabilities and the average exchange rates for the period for revenue, expenses and cash flows. Foreign exchange differences arising on translation are recognized in other comprehensive income and in accumulated other comprehensive loss in shareholders' equity.

Loss per share

The calculation of loss per common share is based on the reported net loss divided by the weighted average number of shares.

Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options, warrants and vesting of restricted share units, if dilutive. As the potentially dilutive equity instruments are anti-dilutive, basic and diluted earnings per share are the same.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions at September 30, 2023 and September 30, 2022.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2023 and September 30, 2022
(expressed in Canadian dollars)

3. Significant accounting policies (continued)

Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

Rendering of services - Revenue from a contract to provide services is recognized over time as the services are rendered based on a per acre basis. This revenue is generated (and performance obligation met) by providing a service to growers (installing and maintaining the Company's inoculum dispenser system) over the growers farming season. Sale of goods - Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery (ie performance obligation is met upon the shipment of the Hives).

The Company recognizes revenue based on the following criteria: when a contract exists with a customer, the contract identifies the performance obligation, performance obligation has been met, the transaction price is determinable and collectability is reasonably assured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method using the standard costing method which is updated regularly to reflect current conditions and approximate cost. The cost of finished goods inventory comprises raw materials, direct labour, other direct costs and related production overhead expenditure. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory is reviewed monthly to determine if the carrying value exceeds net realizable value. If so, impairment is recognized. The impairment may be reversed if the circumstances which caused it no longer exist.

Lease and Right of Use Assets

A lease is recognized as a right-of-use asset and a corresponding lease obligation liability at the date of which the leased asset is available for use by the Company. The right-of-use asset is measured initially at cost, and subsequently at cost less any accumulated depreciation and impairment losses. The initial cost recognized includes the lease liability, any lease prepayments made, less any lease incentives, and any direct costs incurred by the lessee. The right-of-use asset is amortized over the term of the lease. Lease payments are allocated between the liability and finance cost. The finance cost is charged to the statement of income over the lease period.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2023 and September 30, 2022
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3. Significant accounting policies (continued)

The lease liability upon initial measurement includes the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable;
- Variable lease payments that are based on an index or rate;
- Expected payments by the lessee under residual value guarantees;
- The exercise price of a purchase option of the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate.

Payments for short-term leases or leases of low-value assets are recognized on a straight-line basis as an expense in the statement of income. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise of small items of office equipment.

4. Financial asset at fair value through profit and loss

	2023	2022
Opening balance	\$ 2,519,612	\$ -
Acquisition	-	3,519,727
Cash received on monthly swap settlements to date	(942,499)	(446,959)
Realized loss on settlement received to date	(857,501)	(53,041)
Unrealized loss – financial assets at fair value	(183,107)	(500,115)
Total	\$ 536,505	\$ 2,519,612

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

- The Company issued 1,900 unsecured convertible debentures of \$1,000 each that totaled \$1,900,000, convertible at maturity in three years into common shares at \$0.195 per share.
- The Company issued 11,176,471 units, at a price of \$0.17 per unit, consisting of one common share and one common share purchase warrant, with each warrant entitling the holder to purchase one additional common share (the "Units").
- In connection with the convertible debentures and the units, the Company issued a total of 20,919,671 warrants exercisable at a price of \$0.27 per share for 36 months.
- Equity sharing agreements (equity swaps) whereby the net proceeds of the transaction and the 20 million shares were put into an escrow account, are to be released based on a predetermined schedule. The equity swaps settle on a monthly basis over 24 months, and commenced August 2022, with one swap settling each month. The monthly settlement amount payable to the Company by the counter-party is determined by an independent settlement agent with the amount due calculated via reference to the average of the volume weighted average price of the Company's shares as traded on the Canadian Securities Exchange for the twenty days preceding the settlement date ("VWAP"), compared to the benchmark price of \$0.21. Each one cent difference between the VWAP and the benchmark price results in a monthly premium or discount to the amount to be received by the Company for the swap at settlement. If the Company's share price is to exceed the base price of \$0.21, the payments will increase to reflect the increase in share price, however, if the share prices fall below the based prices, the proceeds are adjusted for the decline and Sorbie retains the difference of the scheduled payments and the calculated payments. During the year the Company received \$466,959 of the cash held in escrow and realized a loss of \$53,041 based on the terms of the agreement and the Company's share price.
- On July 11, 2022, the total 11,176,471 common shares were issued by the Company and released in line with the schedule.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2023 and September 30, 2022
(expressed in Canadian dollars)

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

The above transactions resulted in the following assets and liabilities:

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

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

5. Inventory

	2023	2022
Raw materials	\$ 64,693	\$ 59,326
Finished goods	4,528	571
Total	\$ 69,221	\$ 59,897

During the year ended September 30, 2023, \$283,505 (2022 - \$250,458) of inventory was recognized as cost of sales. There was no inventory write downs in 2023 and 2022. No inventory was pledged as collateral.

6. Right of use asset

	Office Lease
Balance, September 30, 2021	\$ 82,137
Additions - leases	415,767
Depreciation	(75,816)
Balance, September 30, 2022	422,088
Depreciation	(82,541)
Balance, September 30, 2023	\$ 339,547

Leases are depreciated over their term, being 5 years.

In August 2020, the Company entered into a five-year extension on the lease of its office and production facility. The lease commenced on November 1, 2020 for a period of two years until October 31, 2022, with no further options to renew at the current terms. Under the lease, the Company is required to pay a monthly base rent of \$6,901. At the commencement of the lease, the right of use asset was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 8.62%, which is the Company's incremental borrowing rate in Canada.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**Notes to Consolidated Financial Statements**

For the years ended September 30, 2023 and September 30, 2022
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7. Equipment

	Equipment	Computer	Furniture	Site equipment	Telephone Equipment	Dispensers	Total
Cost							
As at September 30, 2021	\$ 15,909	\$ 30,026	\$ 12,467	\$ 429,645	\$ 24,931	\$ 102,066	\$ 680,876
Additions	-	1,660	-	2,797	-	95,376	99,833
Disposals	-	-	-	-	-	-	(65,832)
Foreign currency adjustment	-	(578)	-	-	-	-	(578)
As at September 30, 2022	15,909	31,108	12,467	432,442	24,931	197,442	714,299
Additions	-	-	-	855	-	52,877	53,732
Foreign currency adjustment	-	-	-	-	-	-	-
As at September 30, 2023	\$ 15,909	\$ 31,108	\$ 12,467	\$ 433,297	\$ 24,931	\$ 250,319	\$ 768,031
Accumulated depreciation							
As at September 30, 2021	\$ 4,104	\$ 18,890	\$ 9,196	\$ 297,418	\$ 17,498	\$ -	\$ 353,689
Additions	795	4,933	654	26,866	1,486	20,204	77,742
Foreign currency adjustment	(739)	70	-	-	-	-	(669)
Disposals	-	-	-	-	-	-	(29,387)
As at September 30, 2022	4,160	23,893	9,850	324,284	18,984	20,204	401,375
Additions	795	5,199	523	21,804	1,189	59,465	88,975
Foreign currency adjustment	-	(169)	-	-	-	-	(169)
As at September 30, 2023	\$ 4,955	\$ 28,923	\$ 10,373	\$ 346,088	\$ 20,173	\$ 79,669	\$ 490,181
Net book value							
As at September 30, 2022	\$ 11,749	\$ 7,215	\$ 2,617	\$ 108,158	\$ 5,947	\$ 177,238	\$ 312,924
As at September 30, 2023	\$ 10,954	\$ 2,185	\$ 2,094	\$ 87,209	\$ 4,758	\$ 170,650	\$ 277,850

During the year ended September 30, 2023, \$nil (2022 - \$1,809) of depreciation was capitalized to inventory as overhead and subsequently recognized as cost of sales.

During the year ended September 30, 2022, the Company disposed of certain vehicles for total proceeds of \$46,199 (2021 - \$nil), resulting in a gain on disposal of \$9,754 (2021 - \$nil).

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2023 and September 30, 2022
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8. Intangible assets

	Available-for-use			Work-in-process		Total
	Regulatory			Patents	Regulatory cost	
	Patents	cost	Development			
Cost						
As at September 30, 2021	\$ 669,576	\$ 404,047	\$ 316,325	\$ 638,058	\$ 113,846	\$ 2,141,852
Additions	15,238	-	-	38,009	71,857	125,104
Re-class to available for use	88,145	-	-	(88,145)	-	-
Write-off of abandoned patents	(48,142)	-	-	-	-	(48,142)
Foreign currency adjustment	-	-	-	-	592	592
As at September 30, 2022	724,817	404,047	316,325	587,922	186,295	2,219,406
Additions	-	-	-	8,303	322,075	330,378
Write-off of abandoned patents	(208,520)	-	-	-	-	(208,520)
Foreign currency adjustment	-	-	-	-	(116)	(116)
As at September 30, 2023	\$ 516,297	\$ 404,047	\$ 316,325	\$ 596,225	\$ 508,254	\$ 2,341,148
Accumulated amortization						
As at September 30, 2021	\$ 143,886	\$ 41,119	\$ 38,823	\$ -	\$ -	\$ 223,828
Additions	50,164	20,202	15,817	-	-	86,183
Write-off of abandoned patents	(9,174)	-	-	-	-	(9,174)
As at September 30, 2022	184,876	61,321	54,640	-	-	300,837
Additions	37,783	20,202	15,816	-	-	73,801
Write-off of abandoned patents	(56,332)	-	-	-	-	(56,332)
As at September 30, 2023	\$ 166,327	\$ 81,523	\$ 70,456	\$ -	\$ -	\$ 318,306
Net book value						
As at September 30, 2022	\$ 539,941	\$ 342,726	\$ 261,685	\$ 587,922	\$ 186,295	\$ 1,918,569
As at September 30, 2023	\$ 349,970	\$ 322,524	\$ 245,869	\$ 596,225	\$ 508,254	\$ 2,022,842

9. Related party balances and transactions

Key management includes members of the board, the Chief Executive Officer and the Chief Financial Officer. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows for the years ended September 30, 2023 and September 30, 2022:

	2023	2022
*CEO fees (i)	\$ 150,339	\$ 368,157
*CFO fees (ii)	(7,500)	30,000
*Consulting fees charged by a Chelsian Sales & Service (iii)	30,000	56,000
*Consulting fees charged Exelerate Inc. (v)	-	49,348
Shares based payments - Options	390,377	303,800
Share based payments – RSUs (i,ii,iii)	366,688	13,750
	\$ 929,904	\$ 821,055

*represents key management remuneration

- (i) Salary and/or consulting fees paid to the CEO for services rendered was \$150,339 in 2023 compared to \$368,157 in 2022. \$242,250 of additional amount for 2023 was paid with RSUs and was included in Share based payments – RSUs. As at September 30, 2023, \$140,833 (September 30, 2022 - \$93,565) is owed to the CEO for past fees and health benefits. In 2022, the CEO also received RSUs with a fair value of \$60,500 which had not yet vested and were not included in share based payments. On August 16, 2022, \$101,333 of amounts owing to the CEO was settled with the issuance of 596,078 common shares.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

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9. Related party balances and transactions (continued)

- (ii) Consulting fees charged by CFO Advantage Inc, a corporation owed by the CFO of the Company, for services of the Chief Financial Officer. As at September 30, 2023 \$nil (2022 –\$5,650) was owed to CFO Advantage Inc. The full amount of the \$67,500 expensed as CFO fees, were paid with \$75,000 of RSUs minus \$7,500 adjustment. On August 16, 2022, \$16,950 of amounts owing to the CFO was settled with the issuance of 99,706 common shares.
- (iii) \$30,000 of Consulting fees charged by Chelsian Sales & Service Inc (“Chelsian”), a corporation owned by a director, for assisting with day-to-day operations (2022 - \$56,000). As at September 30, 2023 \$31,835 (2022 –\$1,300) was owed to Chelsian. \$49,438 of the additional fees charged in 2023 were paid with RSUs and was included in the Share based payments – RSUs. In 2022, the director received RSUs that with a fair value of \$233,750. On August 16, 2022, \$39,550 of amounts owing to Chelsian was settled with the issuance of 232,647 common shares.
- (iv) The Company employs a relative of a director of the Company as sales manager. During the year ended September 30, 2023, the employee earned a salary and benefits of \$100,173(2022 - \$116,600).
- (v) In 2022, consulting fees charged by Exelerate Inc, a corporation owned by a former director of the Company, for governance and business development services. In 2022, the director also received RSUs that vested with a fair value of \$13,750 and options with a fair value of \$16,275 which was included in share based payments.

10. Lease liability

Balance, September 30, 2021	\$ 85,359
Additions	4,304
Interest expense	415,767
Lease payments	(82,812)
Balance, September 30, 2022	422,618
Interest expense	29,924
Lease payments	(95,463)
Balance, September 30, 2023	\$ 357,079
Allocated as:	September 30, 2023
Current	\$ 71,973
Long Term	\$ 285,106

In August 2020, the Company entered into a five-year extension on the lease of its office and production facility. The lease commenced on November 1, 2020 for a period of two years until October 31, 2022, with no further options to renew at the current terms. Under the lease, the Company is required to pay a monthly base rent of \$6,901. At the commencement of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 8.62%, which is the Company’s incremental borrowing rate in Canada.

On March 18, 2022, the Company entered into a five-year extension on the lease of its office and production facility. The lease extension will commence on November 1, 2022 for a period of five years until October 31, 2027, with no further options to renew at the current terms. Under the lease, the Company is required to pay a monthly base rent of \$8,051 increasing annually to \$9,058 in the final term. At the extension of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 8.62%, which is the Company’s incremental borrowing rate in Canada.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2023 and September 30, 2022

(expressed in Canadian dollars)

11. Loans payable

- (i) On May 1, 2020, the Company received a \$40,000 Canada Emergency Business Account loan. Up to \$10,000 of that amount will be eligible for loan forgiveness if \$30,000 is fully repaid on or before December 31, 2023. As at September 30, 2022, none of the loan has been repaid. If the loan is not repaid by December 31, 2023, it will be extended for an additional 3-year term bearing an interest rate of 5% per annum. The loan can be repaid at any time without penalty and no principal payments are required until December 31, 2025 when the full amount of the loan is due. Monthly interest must be paid during the additional 3-year term. An additional, \$20,000 was received in January, 2021 under the same terms and conditions.
- (ii) On May 5, 2020, the Company received a U.S Small Business Administration ("SBA") paycheque loan of \$40,629. The loan bears an interest rate of 1%, and matures 2 years from the date of issuance (but can be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities). An additional \$23,999, was received in March 2021 under the same terms. The Company had submitted a loan forgiveness application related to this loan, which was accepted on April 22, 2022, and the loan was forgiven resulting in a gain on forgiveness of \$26,762.
- (iii) In June 2021, the Company received a US\$50,000 loan to finance a vehicle. The loan bears interest at 2.15% and has a 5-year term with interest only payments. The loan was repaid in full on July 21, 2022.

12. Share capital

Authorized - Unlimited number of common shares without par value

Issued and outstanding

- (i) During the year ended September 30, 2022, 845,000 RSUs were exercised. The RSUs had a fair value of \$258,450.
- (ii) During the year ended September 30, 2022, 200,000 options were exercised for proceeds of \$50,000. The options had a fair value of \$38,000.
- (iii) During the year ended September 30, 2023, 3,589,831 RSUs were exercised. The RSUs had a fair value of \$586,645.
- (iv) On July 11, 2022, the Company closed a non-brokered private placement (the "Sorbie Private Placement") of units ("Units") and unsecured convertible notes ("Notes") to Sorbie Bornholm LP ("Sorbie"), an institutional investor, for gross proceeds of \$3.8 million. The proceeds of the Sorbie Private Placement were used to acquire government bonds in connection with the Company and Sorbie entering into the Sharing Agreement (as defined below), which is described in more detail below. The Company issued the following securities to Sorbie in connection with the Sorbie Private Placement:
 - 11,176,471 Units issued at a price of \$0.17 per Unit. Each Unit consists of one common share of the Company (each, a "Share") and one Share purchase warrant (each, a "Warrant"), with each Warrant entitling the holder thereof to purchase one additional Share of the Company at an exercise price of \$0.27 for a period of 36 months from issuance, unless such exercise period is accelerated or extended in accordance with the terms of the warrant instrument. The Warrants were valued at \$286,398 using the Black-Scholes option pricing model using the following assumptions: Term – 3 years; Volatility – 90.68%; Interest rate – 3.18%.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2023 and September 30, 2022

(expressed in Canadian dollars)

12. Share capital (continued)

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

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

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

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

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

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

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

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2023 and September 30, 2022
(expressed in Canadian dollars)

12. Share capital (continued)

Summary of convertible debentures issued during the year ended September 30, 2023 and the year ended September 30, 2022:

	September 30, 2023	September 30, 2022
Opening balance	\$ 489,948	\$ -
Issuance of convertible debentures at fair value	-	838,663
Issue costs	-	(42,999)
Change in fair value of convertible debentures	(248,908)	(305,716)
Closing balance	\$ 241,040	\$ 489,948

- (v) Concurrent with the Sorbie Private Placement the Company also closed a concurrent private placement of 1,556,470 Units (the "Concurrent Private Placement") for gross proceeds of \$264,600, with the Units having the same terms as the Units issued pursuant to the Sorbie Private Placement. These warrants were valued at \$74,710 using relative fair value method with the warrants fair value determined by using the Black-Scholes option pricing model using the following assumptions: Term – 3 years; Volatility – 89%; Interest rate – 3.23%. No finder's fees were paid in connection with the Concurrent Private Placement.
- (vi) On August 18, 2022, the Company settled debt in the amount of \$360,441 with the issuance of 2,120,241 common shares. On the date of issuance, the shares had a fair market value of \$413,447 resulting in a loss on settlement of \$53,006. \$157,833 of the debt was settled with related parties.
- (vii) On March 6, 2023, the Company settled debt in the amount of \$157,180 with the issuance of 1,310,000 common shares. On the date of issuance, the shares had a fair market value of \$157,180.
- (viii) On March 6, 2023, the Company closed a non-brokered private placement of 1,491,667 units (the "Units") issued at a price of \$0.12 per Unit for gross aggregate proceeds of \$179,000 (the "Private Placement"). Each Unit is comprised of one common share (each a "Share") and one common share purchase warrant (each a "Warrant"). Each Warrant is exercisable to acquire one additional Share of the Company for a period of 36 months from closing at a price of \$0.20. The Company paid \$840.00 in cash and issued 7,000 broker warrants on the same terms noted above to qualified parties in connection with the Private Placement. The warrants were valued at \$46,241 using relative fair value method with the warrants fair value determined by using the Black-Scholes option pricing model using the following assumptions: Term – 3 years; Volatility – 78%; Interest rate – 4.00%. The broker warrants were valued at \$357 using the same assumptions.
- (ix) On May 11, 2023, the Company closed a non-brokered private placement of 2,250,000 units (the "Units") issued at a price of \$0.12 per Unit for gross aggregate proceeds of \$270,000 (the "PP #2"). Each Unit is comprised of one common share (each a "Share") and one common share purchase warrant (each a "Warrant"). Each Warrant is exercisable to acquire one additional Share of the Company for a period of 36 months from closing at a price of \$0.20. The Company paid no finders fees. The warrants were valued at \$69,750 using relative fair value method with the warrants fair value determined by using the Black-Scholes option pricing model using the following assumptions: Term – 3 years; Volatility – 78%; Interest rate – 4.00%.
- (x) On May 11, 2023, the Company issued 771,014 common shares for the semi annual interest payment on the Sorbie Notes, and another 1,111,370 shares on July 1, 2023 for another interest payment totaling \$133,182.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**Notes to Consolidated Financial Statements**

For the years ended September 30, 2023 and September 30, 2022
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13. Warrants

The warrants issued and outstanding as at September 30, 2023 and September 30, 2022 are as follows:

	Number of warrants	Weighted average strike price
Balance, September 30, 2021	17,602,720	\$ 0.50
Expired	(3,140,437)	\$ 0.54
Issued with the Sorbie Private Placement of Units	11,176,471	\$ 0.27
Issued with Sorbie Notes	9,743,200	\$ 0.27
Issued with Concurrent Private Placement	1,556,470	\$ 0.27
Balance, September 30, 2022	36,938,424	\$ 0.36
Expired	(14,462,283)	\$ (0.48)
Issued	3,748,667	\$ 0.20
Balance, September 30, 2023	26,224,808	\$ 0.26

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

At September 30, 2023, the following warrants were outstanding and exercisable:

Strike price	Number	Weighted average remaining contractual life (in years)	Expiry date
\$ 0.27	22,476,141	1.78	07/11/2025
\$ 0.20	1,498,667	2.43	03/06/2026
\$ 0.20	2,250,000	2.61	05/11/2026
	26,224,808	1.89	

14. Stock options and restricted share units

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

Options

Below is a summary of transactions for the year ended September 30, 2023 and the year ended September 30, 2022:

Transaction	# Options	Weighted Average Strike Price
Balance, September 30, 2021	11,242,051	\$0.29
Expired	(2,883,751)	\$0.30
Exercised	(200,000)	\$0.25
Granted	2,575,000	\$0.275
Balance, September 30, 2022	10,733,300	\$0.276
Granted	5,850,000	\$0.120
Expired	(725,000)	\$0.250
Balance, September 30, 2023	15,858,300	\$0.223

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**Notes to Consolidated Financial Statements**

For the years ended September 30, 2023 and September 30, 2022

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14. Stock options and restricted share units (continued)

As at September 30, 2023 the Company had the following stock options outstanding:

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

The fair values of the stock options granted were calculated using the Black-Scholes Option Pricing Model using the weighted average assumptions below. The weighted average expiry date of the options is 4.98 years. The weighted average exercise price of the options is \$0.22.

	Year ended September 30, 2023	Year ended September 30, 2022
Risk-free interest rate	3.17%	0.40%
Expected life of options	5-10 years	8.25 years
Annualized volatility	86%	86%
Share price	\$0.08-\$0.12	\$0.275
Forfeiture rate	0%	0%
Dividend rate	0%	0%
Weighted average fair value per options	\$0.06-\$0.10	\$0.20

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**Notes to Consolidated Financial Statements**

For the years ended September 30, 2023 and September 30, 2022
(expressed in Canadian dollars)

14. Stock options and restricted share units (continued)**Restricted share units (“RSU’s”)**

Below is a summary of transactions for the year ended September 30, 2023 and the year ended September 30, 2022:

Transaction	# RSUs
Balance, September 30, 2021	1,953,000
Granted	1,866,806
Exercised	(845,000)
Expired	(55,000)
Balance, September 30, 2022	2,919,806
Granted	8,998,440
Exercised	(3,589,831)
Balance, September 30, 2023	8,328,415

As at September 30, 2023, the Company had the following RSUs outstanding:

Date Issued	# RSUs	# Vested	Value per RSU
04/24/2020	778,000	778,000	\$0.31
02/08/2022	645,000	-	\$0.275
12/23/2022	208,696	208,696	\$0.110
05/01/2023	4,514,375	4,514,375	\$0.100
06/27/2023	841,172	841,172	\$0.080
09/15/2023	1,341,172	670,586	\$0.075
	8,328,415	7,012,829	

The grant date fair value of the RSU equals the fair market value of the corresponding shares at the grant date. The fair value of these equity-settled awards is recognized as compensation expense with a corresponding increase in equity. The total amount expensed is recognized over the vesting period, which is the period over which all the specified vesting conditions should be satisfied.

Option and RSU expense reconciliation for the year ended September 30, 2023 and 2022:

As per the statement of changes in shareholders’ equity

	2023	2022
Share based compensation	\$ 551,368	\$ 543,029
RSU grants	968,980	84,563
Total	\$ 1,520,348	\$ 627,592

As per the statement of loss

Share based compensation – options portion	\$ 1,198,998	\$ 543,029
Investor and public relations	-	39,613
Office and general (consulting)	321,350	13,750
Sales and marketing	-	31,200
Total	\$ 1,520,348	\$ 627,592

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2023 and September 30, 2022
(expressed in Canadian dollars)

15. Loss per share

The warrants and options outstanding were excluded from the computation of diluted loss per share for the years ended September 30, 2023 and 2022 because their impact was anti-dilutive.

16. Financial instruments

Fair Value

Financial instruments of the Company as at September 30, 2023 and September 30, 2022 consist of cash, accounts receivables, financial asset at fair value through profit and loss, accounts payable and accrued liabilities, convertible debentures and loans payable. There are no significant differences between the carrying amounts of the cash, accounts receivables and accounts payables and accrued liabilities reported on the consolidated statements of financial position and their estimated fair values because of the short-term maturities of these items. Loans payables are recognized initially and subsequently at amortized cost and approximate fair value due to the market rate of interest applied. Financial asset at fair value through profit and loss and convertible debentures are revalued at each reporting date based on level 3 inputs in the fair value hierarchy as disclosed in Note 4 and 12.

Fair value hierarchy

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

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

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

Market risk

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of a change in foreign exchange rates. The Company is exposed to foreign currency risk on cash, other receivables and accounts payable and loans denominated in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at September 30, 2023, the Company had \$(195,844) of net financial instruments denominated in U.S. dollars. The effect on comprehensive loss before income tax of a 10% change in the foreign currency against the Canadian dollar on the above-mentioned net monetary assets and liabilities of the Company is estimated to be an increase/decrease of \$19,500, assuming that all other variables remained constant.

Interest rate risk

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

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2023 and September 30, 2022

(expressed in Canadian dollars)

16. Financial instruments (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at the end of the reporting period is the carrying value of its cash and accounts receivable and the face value of its asset carried at fair value through profit and loss, being \$745,000. Cash is held with both financial institutions in Canada and the United States, and management believes that exposure to credit risk is not significant. The Company manages its credit risk related to trade and other receivables by establishing procedures to establish payment terms and approval policies of customers. In the opinion of management, the credit risk is moderate, and no credit losses are expected.

Price risk

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

Liquidity risk

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

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

At September 30, 2023, the Company has current assets of \$977,660 (September 30, 2022- \$3,268,686) and current liabilities of \$1,679,485 (September 30, 2022 – \$1,254,293) resulting in working capital deficit of \$(701,825) (September 30, 2022 – working capital \$2,014,393).

17. Capital management

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

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

As at September 30, 2023, managed capital was \$1,352,268 (September 30, 2022 - \$3,760,947). Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach to capital management during the year ended September 30, 2023. The Company is not exposed to externally imposed capital requirements.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**Notes to Consolidated Financial Statements**

For the years ended September 30, 2023 and September 30, 2022
(expressed in Canadian dollars)

18. Sales

Revenue from contracts with customers	2023	2022
Rendering of services over time	\$ 587,689	\$ 496,743
Sales of goods	13,958	-
	\$ 601,647	\$ 496,743

All revenue was earned in the United States.

19. Office and general

	2023	2022
Accounting and audit	\$ 122,161	\$ 98,002
Amortization and depreciation	186,535	237,932
Consulting	308,332	474,435
Insurance	31,949	31,496
Legal and regulatory	91,249	168,969
Occupancy costs	48,612	43,797
Office and general	157,606	219,396
Salaries and benefits	538,589	855,487
Warehouse supplies	14,538	36,833
Transfer agent	50,003	41,572
Travel	101,594	169,422
	\$ 1,651,168	\$ 2,377,341

20. Commitment

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

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

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**Notes to Consolidated Financial Statements**

For the years ended September 30, 2023 and September 30, 2022
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21. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2023	2022
Loss before income taxes	\$ 4,674,739	\$ 4,932,060
Tax rate	26.5%	26.5%
Calculated income tax recovery	(1,239,000)	(1,332,000)
Non-deductible expense	363,000	269,000
Change in tax rates in foreign jurisdictions and other	915,000	1,299,000
Change in deferred taxes not recognized	(39,000)	(236,000)
Income tax expense	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2023	Expiry dates	2022	Expiry dates
Non-Capital losses	\$		\$	
Canada	19,077,000	2031 – 2042	18,942,000	2030 – 2041
United States	1,165,000	2038 - indefinite	990,000	2037 - indefinite
Property and equipment	846,000	No expiry	833,000	No expiry
Exploration and evaluation assets	73,000	No expiry	73,000	No expiry
Debt with accretion	(2,030,000)	No expiry	(2,005,000)	No expiry
Share issue costs	34,000	2043 – 2046	34,000	2042 – 2045

22. Segmented information

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

Total long term assets	2023	2022
Canada	\$ 2,631,628	\$ 2,643,497
United States of America	8,611	10,084
	\$ 2,640,239	\$ 2,653,581
Revenues	202	2022
United States of America	\$ 601,647	\$ 496,743
	\$ 601,647	\$ 496,743

23. Subsequent events

The Company closed a debt settlement agreement pursuant to which the Company issued an aggregate of 2,765,138 Common shares at a deemed price of \$0.06 per Common share to the creditor in full satisfaction of an outstanding cash payment due in the amount of \$165,908 for legal fees.

The Company entered into debt settlement agreements (the "Settlement Agreement") to settle outstanding cash payments owed to certain creditors totaling \$1,130,000. Pursuant to the Settlement Agreements, the Company has issued 18,833,334 Common shares at a deemed price of \$0.06 per Common share.

The Company issued an aggregate of 6,868,155 restricted share units (the "RSUs") to directors, employees and consultants pursuant to the Company's shareholder approved restricted share unit plan (the "RSU Plan"). 50% of the

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2023 and September 30, 2022
(expressed in Canadian dollars)

23. Subsequent events (continued)

RSUs will vest immediately with the remaining 50% vesting in ranges between three month and four months from the date of issuance. Each RSU shall entitle the holder thereof to acquire one common share of the Company by delivering a notice of acquisition to the Company in accordance with the RSU Plan. In accordance with the RSU Plan, the RSUs were priced at \$0.05 which was above the closing market price on December 21, 2023. The RSUs were awarded to directors, employees and consultants who have agreed to restructure their compensation and receive RSUs in lieu of certain cash payments for future services.

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

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

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

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