CLEAN
seed capital
GROUP

DRIVING TECHNOLOGY DEVELOPMENT
IN MODERN AGRICULTURE

AUDITED FINANCIAL STATEMENTS
YEAR-END

CSX
Listed on
TMX | TSX Venture Exchange

Consolidated Financial Statements
For the years ended June 30, 2017 and 2016
Expressed in Canadian Dollars

Contents

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Independent Auditor's Report

To the shareholders of Clean Seed Capital Group Ltd.

We have audited the accompanying consolidated financial statements of Clean Seed Capital Group Ltd., which comprise the consolidated statements of financial position as at June 30, 2017 and 2016, the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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 error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained from our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Clean Seed Capital Group Ltd. as at June 30, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2d in the consolidated financial statements, which indicates that the Company incurred accumulated losses of $9,895,548 since inception and is expected to incur further losses in the development of its business. These conditions, along with other matters as set forth in Note 2d, indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

(signed) "BDO CANADA LLP"

Chartered Professional Accountants

Vancouver, BC
October 27, 2017

Clean Seed Capital Group Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes		**June 30, 2017**		June 30, 2016
ASSETS					
Current Assets					
Cash and cash equivalents	**5**	**$**	**262,464**	$	494,427
Receivables	**6**		**35,677**		51,977
Prepaid expenses and deposits	**7**		**322,556**		347,806
Inventory	**8**		**127,889**		11,634
Total current assets			**748,586**		905,844
Non-Current Assets					
Intellectual property	**9**		**6,935,122**		7,466,484
Property and equipment	**10**		**108,376**		150,357
Total non-current assets			**7,043,498**		7,616,841
TOTAL ASSETS		**$**	**7,792,084**	$	8,522,685
LIABILITIES					
Current Liabilities					
Accounts payable	**11,12**	**$**	**919,085**	$	350,418
Due to related parties	**16b**		**286,449**		184,559
Total current liabilities			**1,205,534**		534,977
Non-Current Liabilities					
Loans payable	**13**		**713,839**		-
TOTAL LIABILITIES			**1,919,373**		534,977
SHAREHOLDERS' EQUITY					
Share capital	**14**		**14,018,578**		12,805,413
Share-based payment reserve	**15b**		**1,749,681**		1,471,626
Deficit			**(9,895,548)**		(6,289,331)
TOTAL SHAREHOLDERS' EQUITY			**5,872,711**		7,987,708
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**7,792,084**	$	8,522,685

Ability to Continue as a Going Concern (Note 2(d))
Commitments and contingencies (Note 17)
Subsequent Events (Note 22)

Approved on behalf of the Board:

/s/ Graeme Lempriere — Director

/s/ Colin Rush — Director

Clean Seed Capital Group Ltd.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended June 30, 2017	2016
Sales	$ -	$ 1,050,000
Cost of Sales	-	(860,787)
Gross Margin	-	189,213
Operating expenses		
Amortization of intellectual property (Note 9)	436,735	56,167
Amortization of property and equipment (Note 10)	36,894	34,560
Development	1,780,827	-
Foreign exchange	-	22,035
Interest on loans	56,637	14,298
Office and miscellaneous	79,103	126,048
Personnel	511,540	494,988
Premises	83,442	105,606
Professional	140,083	153,137
Share-based compensation (Note 15(b))	364,055	243,100
Travel and trade shows	116,901	151,693
	3,606,217	1,401,632
Net and comprehensive loss for the year	$ (3,606,217)	$ (1,212,419)
Basic and diluted loss per share	$ (0.08)	$ (0.03)
Weighted average number of shares outstanding	45,376,395	41,771,566

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

Clean Seed Capital Group Ltd.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital		Share-based Payment		
	Number	Amount	Reserve	Deficit	Total
Balance, June 30, 2015	**35,756,388**	**$ 9,381,531**	**$ 1,311,883**	**$ (5,076,912)**	**$ 5,616,502**
Units Issued for cash	4,492,000	1,796,800	-	-	1,796,800
Share issue costs	-	(177,805)	37,921	-	(139,884)
Shares issued for debt settlement	589,528	324,240	-	-	324,240
Shares issued upon exercise of share options	353,903	106,171	-	-	106,171
Transfer of fair value to share capital upon exercise of share options	-	84,253	(84,253)	-	-
Share issuance upon exercise of agents' share options	177,637	83,748	-	-	83,748
Transfer of fair value to share capital upon exercise of broker warrants	-	37,025	(37,025)	-	-
Share issuance upon exercise of warrants	2,598,778	1,169,450	-	-	1,169,450
Share-based compensation	-	-	243,100	-	243,100
Net loss and comprehensive loss for the year	-	-	-	(1,212,419)	(1,212,419)
Balance, June 30, 2016	**43,968,234**	**$ 12,805,413**	**$ 1,471,626**	**$ (6,289,331)**	**$ 7,987,708**
Shares issued for cash	3,441,669	1,032,501	-	-	1,032,501
Share issue costs	-	(12,586)	-	-	(12,586)
Shares issued upon exercise of share options	340,000	107,250	-	-	107,250
Transfer of fair value to share capital upon exercise of share options	-	86,000	(86,000)	-	-
Share-based compensation	-	-	364,055	-	364,055
Net loss and comprehensive loss for the year	-	-	-	(3,606,217)	(3,606,217)
Balance, June 30, 2017	**47,749,903**	**$ 14,018,578**	**$ 1,749,681**	**$ (9,895,548)**	**$ 5,872,711**

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

Clean Seed Capital Group Ltd.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended June 30, 2017	2016
Cash flows from operating activities		
Net loss for the year	**$ (3,606,217)**	$ (1,212,419)
Adjustments for items not affecting cash		
Amortization of property and equipment	**36,894**	34,560
Amortization of intellectual property	**436,735**	56,167
Benefit of government loan treated as a government grant included in development expenses	**(745,134)**	-
Foreign exchange	**-**	22,035
Write-off of property and equipment included in development expenses	**4,300**	-
Interest accretion and expense on loans payable	**56,637**	12,264
Share-based compensation	**364,055**	243,100
Loss on settlement of debt	**-**	23,581
Warranty provision	**-**	6,444
Changes in non-cash working capital items		
Receivables	**16,300**	(27,320)
Prepaid expenses and deposits	**(107,918)**	(335,556)
Inventory	**(116,255)**	(11,634)
Accounts payable	**568,666**	(72,442)
Due to related parties	**101,890**	81,166
	(2,990,047)	(1,180,054)
Cash flows from financing activities		
Proceeds from loans payable	**1,657,304**	-
Proceeds from private placements, net cash share issue costs	**1,019,916**	1,656,916
Proceeds from exercise of options	**107,250**	106,171
Proceeds from exercise of warrants	**-**	1,074,940
Repayment of notes payable to related party	**-**	(90,139)
Repayment of technology acquisition payable	**-**	(123,572)
	2,784,470	2,624,316
Cash flows from investing activities		
Purchase of property and equipment	**(26,386)**	(127,441)
Development of intellectual property, net of recoveries	**-**	(1,001,362)
	(26,386)	(1,128,803)
Increase (decrease) in cash and cash equivalents for the year	**(231,963)**	315,459
Cash and cash equivalents, beginning of year	**494,427**	178,968
Cash and cash equivalents, end of year	**$ 262,464**	$ 494,427

Supplemental Cash Flow (Note 21)

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

1. CORPORATE INFORMATION

Clean Seed Capital Group Ltd. (the "Company") was incorporated under the British Columbia Business Corporation Act on January 28, 2010. The Company is listed on the TSX Venture Exchange ("TSX-V"), having the symbol CSX.V. The Company's primary business is the production and distribution of CX-6 SMART Seeders and the advancement of its SMART Seeding technology developed from its portfolio of intellectual property. The Company operates in one segment, the agriculture equipment industry. All of the Company's revenues in 2016 was generated in Canada from one customer and all its assets are in Canada.

The address of the Company's registered office is Suite 2900, 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1J5. The address of the Company's principal place of business is 7541 Conway Avenue, Unit 14, Burnaby, British Columbia, V5E 2P7.

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements of the Company for the year ending June 30, 2017, including comparatives, has been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were approved and authorized for issue by the Audit Committee and Board of Directors of the Company on October 27, 2017.

b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments that are stated at fair value.

The consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar, unless otherwise indicated.

c) Use of estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. They form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision, and further periods, if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements, and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Note 4.

2. BASIS OF PREPARATION (continued)

d) Ability to Continue as a Going Concern

These consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. Prior to commercializing, the Company had been in the development stage by both advancing its intellectual property to increase its technological capability and by developing products from its intellectual property portfolio. During 2016, the Company commercialized its intellectual property by selling its first two Smart Seeders. The Company has never achieved profitable operations and did not record any sales during 2017. During the year, the Company completed a demonstration program with its Canadian distributor, initiated its 2018 CX-6 SMART Seeder order program and has continued development of its CX-6 SMART Seeder for future model years in anticipation of sales orders.

The Company's primary asset is its intellectual property portfolio. The underlying value of the intellectual property is dependent upon the Company's ability to i) generate future profitable business operations based upon that intellectual property, and ii) pay its obligations arising from business operations as they come due. While these consolidated financial statements have been prepared on the assumption that the Company is a going concern and will be able to realize its assets and meet its obligations in the normal course of operations, the following conditions and events may cast significant doubt on the validity of that assumption:

- as at June 30, 2017, the Company has an accumulated deficit of $9,895,548;
- the Company has incurred a loss of $3,606,217 for the year ended June 30, 2017;
- the Company does not have any sales during its 2017 fiscal year;
- the Company has net cash flows used in operating activities of $2,990,047 for the year ended June 30, 2017;
- the Company has a history of losses from operations and
- the Company has a net working capital deficit of $456,948.

The Company's ability to continue as a going concern is dependent on achieving profitable operations through the sales of its product or management's ability to raise the necessary funding through future equity issuances, debt issuances, asset sales or a combination thereof. There is no assurance that any necessary future financing will be sufficient to sustain operations until such time that the Company can generate sufficiently profitable operations on a continual basis to support its operations. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern. Such adjustments could be material. While these consolidated financial statements have been prepared on the assumption that the Company is a going concern and will be able to realize its assets and meet its obligations in the normal course of operations, these conditions and events may cast significant doubt on the validity of that assumption.

e) Subsidiaries

In addition to the Company, the consolidated financial statements include its subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding the majority of the voting rights. Subsidiaries are fully consolidated from the date on which the Company acquires control. They are de-consolidated from the date that control by the Company ceases.

(Expressed in Canadian Dollars, unless otherwise stated)

2. BASIS OF PREPARATION (continued)

f) Consolidation Principles

The subsidiaries of the Company are as follows:

Name of Subsidiary	Principal Activity	Fiscal Year-End	Place of Incorporation and Operation	Portion of Ownership Interest and Voting Power Held June 30, 2017	Portion of Ownership Interest and Voting Power Held June 30, 2016
Clean Seed Agricultural Technologies Ltd.	Agriculture Equipment	June 30	British Columbia, Canada	100%	100%
Seed Sync Systems Ltd.	Software Development	June 30	British Columbia, Canada	100%	100%

Assets, liabilities, revenues and expenses of the subsidiaries are recognized in accordance with the Company's accounting policies. Intercompany transactions are eliminated at consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Presentation Currency and Functional Currency

The Company's presentation currency is the Canadian dollar. The functional currency of the Company is the Canadian dollar. The functional currency of Clean Seed Agricultural Technologies Ltd. and Seed Sync Systems Ltd. is the Canadian dollar.

b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities that are readily convertible to known amounts of cash within three months or less and subject to an insignificant risk of change in value.

c) Inventory

Inventory is valued at the lower of cost or market using the weighted average cost method. Market is current replacement cost (by purchase or by reproduction dependent on the type of inventory). In cases where market exceeds net realizable value (i.e., estimated selling price less reasonably predictable costs of completion and disposal), inventories are stated at net realizable value. Raw materials consumed in the development of prototypes are transferred to Intellectual Property when it is determined future economic benefit exists and those prototypes meet the recognition criteria as an Intangible Asset, otherwise, they are charged to operations as development expense.

d) Property and Equipment

Recognition and Measurement

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property and equipment is subsequently measured at cost less accumulated amortization, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Property and Equipment (continued)

Subsequent Costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Major Maintenance and Repairs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Gains and Losses

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Amortization

Amortization is recognized in profit or loss and is provided for over the asset's estimated useful life:

Leasehold improvements	Term of the lease
Office furniture and equipment	20% declining basis
Computer equipment	50% declining basis
Computer software	50% declining basis
Shop equipment	30% declining basis
Production molds	12.5% declining basis

Amortization methods, estimated useful lives and residual values are reviewed at each year-end and adjusted if appropriate. The effect of any changes in estimate is accounted for on a prospective basis.

e) Intellectual Property

Intellectual property consists of patents, patents pending, prototypes, capital assets used in the development of the intellectual property and the costs related to the development of technologies and, related proprietary knowledge. Intellectual property is recorded at cost and amortized on a straight-line basis once is available for use. Amortization of intellectual property is as follows:

Patents and patents pending	the useful life of the patents pending
Development costs	the useful life of the patents pending

The Company amortizes intellectual property over 17 years, which represents the remaining life on its patents pending relating to the Smart Seeder technology. The components of the portfolio of intellectual property purchased on the acquisition of Clean Seed Agricultural Technologies Ltd. was integrated into the development of the Smart Seeder and therefore, those components are indistinguishable from the patents pending. Therefore, the value of the intellectual property portfolio is allocated 100% to the patents pending related to the Smart Seeder.

f) Impairment of Non-Financial Assets

Carrying values of property and equipment are reviewed at each reporting period as to whether indicators of impairment exist. If any indication of impairment exists an estimate of an asset's recoverable amount is calculated. An impairment loss is recognized when the carrying value of an asset or its cash-generating unit exceeds the recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Impairment of Non-Financial Assets (continued)

Intellectual property when in use is assessed for impairment by areas of interest if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Intellectual property not available for use will be tested annually for impairment similar to the basis above.

This requires an estimation of the recoverable amount of the cash-generating unit. Estimating the recoverable amount requires the Company to make an estimate of fair value less cost to sell or fair value in use, both of which are subject to estimates and judgment.

Impairment losses recognized in prior periods are assessed each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there is an indication that there has been a change in the estimates, conditions and or factors used to determine the recoverable amount. The amount of the reversal cannot exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior periods.

g) Revenues

Revenues from the sale of products are recognized when:

- the risks and rewards of ownership have passed to the customer based on the terms of the sales transaction,
- collection of any amount receivable is probable,
- evidence of an arrangement exists; and
- the sales price is fixed or determinable.

Ownership transfers to the customer upon shipment and the risk of loss upon damage, theft or destruction of the product is the responsibility of the customer. The only right the Company retains with respect to the product sold is a security interest enabling recovery of the goods in the event of a default on payment, if any amount is receivable. Product sales are payable in full within 30 days of shipment. The terms of sale require that a purchase order be issued before goods are shipped. The dealer may not return equipment once title has transferred. At the time a sale is recognized, the company records estimated future warranty costs.

h) Research and Development Costs

All research and development costs are expensed when incurred unless they meet specific criteria directly relating to the development of the intellectual property for deferral and amortization. The Company reassesses whether it has met the relevant criteria for deferral and amortization at each reporting date. Development costs deferred are not amortized until completion of the related development project. Amortization begins once the underlying development project is available for use.

i) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, the grant is recognized as a reduction in the relevant expense, over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it reduces the carrying amount of the asset. The grant is then recognized as income over the useful life of a depreciable asset by way of a reduced depreciation charge.

j) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Provisions (continued)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation and discount rates. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows discounted for the market discount rate. Over time the discounted liability is increased for the changes in the present value based on the current market discount rates and liability risks. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

k) Financial Instruments

Financial assets are classified into one of four categories:

- Fair value through profit or loss (“FVTPL”);
- Held-to-maturity investments (“HTM”);
- Available for sale (“AFS”); and
- Loans and receivables.

Financial liabilities are classified into one of two categories:

- FVTPL; and
- Other financial liabilities.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset. The Company’s financial instruments have been identified and classified as follows:

Financial Instrument	**Classification**
Cash and cash equivalents	Loans and receivables
Accounts payable	Other financial liabilities
Due to related parties	Other financial liabilities
Loans payable	Other financial liabilities

(i) Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash and other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

(ii) Other financial liabilities

Other financial liabilities are all financial liabilities that are not classified as FVTPL. Other financial liabilities are initially recognized at the transaction value and subsequently carried at amortized cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial Instruments (continued)

(iii) Effective interest method

The effective interest method calculates the amortized cost of a financial instrument and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(iii) Derecognition of financial assets and financial liabilities

A financial asset is derecognized when:

- the contractual right to the asset's cash flows expire; or
- if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

A financial liability is derecognized when the Company's obligations are discharged, cancelled or they expire.

l) Share Capital

Share capital represents the amount received on the issuance of shares. Shares issued for consideration other than cash are recorded at their fair value according to quoted market price on the day the shares are issued.

Proceeds from the exercise of share options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company along with the fair value of the option or warrant at the time of its grant.

The proceeds from the issuance of units are allocated between common shares and share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to share capital based on the fair value of the common shares and any residual value is allocated to share purchase warrants.

m) Share-Based Payments

The Company has a share option plan under which it grants stock options to directors, employees, consultants and service providers.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in Share-based Payment Reserve over the vesting period, described as the period during which all the vesting conditions are to be satisfied. The Company uses the Black-Scholes option pricing model to estimate the fair value of each stock option granted at the grant date. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied.

Where the terms and conditions of options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification, is also charged to the Share-based Payment Reserve over the remaining vesting period.

Where equity instruments are granted or issued to non-employees, the Company measures the value of the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Share-Based Payments (continued)

All equity settled share-based payments are reflected in Share-based Payment Reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in Share-based Payment Reserve is credited to Share Capital along with any consideration paid. Costs incurred related to the issuance of shares are recorded as a reduction of share capital.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of the vesting and recognizes the amount that otherwise would have been recognized for the services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

The Company has no cash settled share-based payment transactions.

n) Share Issuance Costs

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as equity. Share issuance costs related to uncompleted share subscriptions are charged to operations.

o) Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) available to common shareholders of the Company by the weighted average number of shares outstanding during the reporting period.

Diluted earnings (loss) per common share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and share purchase warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period. When the Company is in a loss position, basic and diluted loss per share will be the same.

p) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss of the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting or taxable income or loss.

Recognition of deferred tax assets of unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Future Accounting Pronouncements

i. IFRS 2 Share-based Payments

The IASB issued amendments to IFRS 2 in relation to classification and measurement of share-based payment transactions. The amendments address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. Due to the terms of the Company's share-based payments this standard is not expected to impact the consolidated financial statements.

ii. IFRS 7 Cash Flow Statement

The Company will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (eg drawdowns and repayments of borrowings) and non- cash changes such as acquisitions, disposals and accretion of interest and unrealized exchange differences. Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities. Entities may include changes in other items as part of this disclosure, for example by providing a 'net debt' reconciliation. However, in this case the changes in the other items must be disclosed separately from the changes in liabilities arising from financing activities. The information may be disclosed in tabular format as a reconciliation from opening and closing balances, but a specific format is not mandated. IFRS will be effective for the Company's June 30, 2018 year-end. The Company is currently evaluating the impact this standard is expects the standard will have an impact on cash flow disclosures relating to the loans payable.

iii. IFRS 9 Financial Instruments

IFRS 9 reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 will be effective for the Company's June 30, 2019 year-end, with early application permitted. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

iv. IFRS 15 Revenue from Contracts with Customers

The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts, and contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when, revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS will be effective for the Company's June 30, 2019 year-end. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Future Accounting Pronouncements (continued)

v. IFRS 16 Leases

IFRS The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting in an accounting treatment similar to finance leases under IAS 17 Leases. Exemptions for leases of very low value or short- term leases will be applicable. The new standard will result in an increase in lease assets and liabilities for the lessee.

Under the new standard the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under 17 Leases. IFRS 16 will be effective for the Company's June 30, 2020 year-end. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; in the period of the change and future periods, if the change affects both. Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below.

Capitalization of Development Costs in Intellectual Property

Prior to commercializing its CX-6 SMART Seeder in May 2016, the Company capitalized certain development costs to intellectual property. In determining whether development costs should be capitalized it needed to establish 1) whether completion of the intangible asset is technically feasible 2) whether the intangible asset would generate probable future economic benefits and 3) whether there were adequate technical, financial and other resources to complete the development and to use or sell the intangible asset. The development costs capitalized met the criteria up to the date of commercialization and were capitalized accordingly. Subsequent to commercialization, development costs related to the CX-6 Smart Seeder are recorded as development expenses as incurred. Development costs incurred by the Company since commercialization would have qualified for capitalization prior to commercialization.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Impairment of Intellectual Property

We review intangible assets available for use at each reporting period to determine whether there is an indication of impairment. An asset may be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the asset or fair value less cost to sell. In determining indicators of impairment of intangible assets, we consider external sources of information such as prevailing economic and market conditions including the Company's market value in comparison to its net book value. We also consider internal sources of information such as the historical and expected financial performance of the intangible assets. If an indication of impairment exists, the asset's recoverable amount is estimated. If the carrying amount exceeds the recoverable amount (on a discounted basis), the asset value is written down to the recoverable amount. There are no indications of impairment to the Company's intellectual property.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The Company uses the Black-Scholes option-pricing model to estimate the fair value of options granted and warrants issued as compensation for services. This estimate requires determining the most appropriate inputs for the Black-Scholes model including the expected life of the share option, volatility and dividend yield.

As the Company had its initial public offering and listing in September 2011, certain derivative instruments issued or granted have had expected lives longer than the Company's historical share price data.

- Where there is sufficient historical share price data of the Company to estimate expected future share price volatility, the Company uses its historical share price data.
- Where there was insufficient historical share price data of the Company from which to estimate expected future share price volatility, the Company estimated expected share price volatility based on the historical share price volatility of comparable entities.

The expected life of the share option is based on the full term of the instrument, as there is not reliable evidence, to suggest a more appropriate term. The risk-free interest rate is based on a Canadian treasury instrument whose term is consistent with the expected term of the stock options. We have not paid and do not anticipate paying cash dividends on our shares of common stock in the foreseeable future; therefore, the expected dividend yield is assumed to be zero. See note 15(b) for the assumptions applied.

(Expressed in Canadian Dollars, unless otherwise stated)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Loans Payable

During 2017 the Company entered into two repayable contribution agreements (the "Loans") with different ministries of the Federal Government of Canada. Each Loan is unsecured, bears 0% interest and allows for multiple drawdowns throughout the Loan's eligible contribution period.

As each Loan bears no interest, the interest rate of each Loan is below the market rate for a commercial loan with similar terms. The initial fair value of these Loans was determined by using a discounted cash flow analysis. To determine the discounted cash flow, the Company had determine the discount rate to apply. The discount rate selected at initial recognition has a significant impact on the amount recorded for the initial fair value of the Loans. In determining the appropriate discount rate, the Company considered the interest rates of similar long-term debt arrangements, with similar terms. These Loans were issued by the Federal Government of Canada to support innovation and economic development. Each Loan requires repayments starting one year after the end of each project. One Loan has a five-year repayment term and the other Loan has a nine-year repayment term. Accordingly, finding financing arrangements with non-government arm length parties similar terms requires judgement. We determined there was no observable market for the Company to obtain long-term, unsecured borrowing of this nature and management was required to use significant judgment in determining the appropriate discount rate to apply in the fair value calculation of these financial instruments.

Management used an average discount rate of 17% based on its analysis of:

1) other companies receiving similar Loans at early commercialization stages;
2) the cost of borrowing for debt instruments of comparable term for companies with a comparable investment grade to the Company and;
3) taking into account the Company's risk factors.

Using the discount rate, the difference between the calculated fair value and the face value liability of the financial instrument was $1,000,102. This difference of $1,000,102 reduces the original eligible expenditures proportionately based on how the Company was funded. The difference of $1,000,102 is being accreted as interest over the life of the instruments. We reviewed interest rates incurred by companies with a comparable investment grade and discount rates applied by venture stage companies in comparable circumstances and found they used a range of 8%-30% for unsecured term loans. We considered discount rates in the range of 12% - 22% in ultimately determining that the average discount rate of 17% was most appropriate. If the average discount rate used for the loans had been determined to be higher or lower by 5% (resulting in discount rates of 22% or 12%, respectively), the calculated fair value would have been an estimated $133,243 lower or $181,598 higher, respectively. See note 13 for additional information about the Loans.

5. CASH AND CASH EQUIVALENTS

		June 30, 2017		June 30, 2016
Cash	**$**	**239,401**	$	340,544
Redeemable Guaranteed Investment Certificates		**23,063**		153,883
	$	**262,464**	$	494,427

(Expressed in Canadian Dollars, unless otherwise stated)

6. RECEIVABLES

		June 30, 2017		June 30, 2016
Goods and sales tax receivable	**$**	**35,677**	$	51,977

7. PREPAID EXPENSES AND DEPOSITS

		June 30, 2017		June 30, 2016
Production deposits	**$**	**293,166**	$	326,334
Legal retainer for patent applications		**2,273**		1,937
Other		**27,117**		19,535
	$	**322,556**	$	347,806

See note 13(a) for discussion regarding the impact of the benefit on loans payable that reduced the cost of certain production deposits included within prepaid expenses and deposits.

8. INVENTORY

The Company's inventory consists of raw materials and finished goods inventory. Raw materials consumed in the development of prototypes prior to commercialization of the CX-6 SMART Seeder were capitalized to intellectual property. Raw materials consumed in development activities subsequent to commercialization are recorded as development expense. Raw materials consumed in production of CX-6 SMART Seeders are transferred to working in progress and then finished goods upon completion of production. Finished goods inventory is transferred to cost of goods sold when the inventory is sold.

		June 30, 2017		June 30, 2016
Raw materials, opening balance	**$**	**11,634**	$	-
Purchases		**232,592**		1,178,626
Transferred to finished goods		**-**		(777,995)
Transferred to intellectual property		**-**		(388,997)
Consumed in development activities		**(116,337)**		-
Raw materials, ending balance	**$**	**127,889**	$	11,634
Finished goods, opening balance	**$**	**-**	$	-
Transferred from raw materials		**-**		777,995
Finished goods sold		**-**		(777,995)
Finished goods, ending balance	**$**	**-**	$	-
Inventory, ending balance	**$**	**127,889**	$	11,634

(Expressed in Canadian Dollars, unless otherwise stated)

9. INTELLECTUAL PROPERTY

Intellectual property consists of the underlying technology that encompasses our portfolio of patents, patents pending, patent applications for which there no conflicting claims and the development costs incurred to translate those patents into products, including the Company's Award Winning CX-6 SMART Seeder. Costs capitalized to intellectual property include amounts related to acquisition, legal, patent, personnel, materials, components, and travel and development facilities.

The intellectual property has a finite life based on the remaining useful life of the patents and patents pending for the underlying technology of the intellectual property. As the Company sold its first two CX-6 Smart Seeders in May 2016, the Company began amortizing the intellectual property over the remaining life of the patents and patents pending, which was approximately 17 years from that date.

In February 2017, the Company submitted an application to the World Intellectual Property Organization under the Patent Cooperation Treaty (PCT) to the PCT member countries for additional innovations related to the Company's smart seeder technology. If the application is free of conflicting claims or prior art, the Company can submit patent applications to the PCT member countries. If successful in obtaining the new patents, it will provide patent protection for the smart seeder technology until 2036.

	Cost	Accumulated Amortization	Impairment	Net Book Value
Balance, June 30, 2015	$ 6,197,358	$ -	$ -	$ 6,197,358
Additions	1,325,293	-	-	1,325,293
Amortization	-	(56,167)	-	(56,167)
Balance, June 30, 2016	$ 7,522,651	$ (56,167)	$ -	$ 7,466,484
Benefit on Loans	(94,627)	-	-	(94,627)
Amortization	-	(436,735)	-	(436,735)
Balance, June 30, 2017	**$ 7,428,024**	**$ (492,902)**	**$ -**	**$ 6,935,122**

See note 13(a) for discussion regarding the impact of the benefit on loans payable that reduced the cost of certain intellectual property amounts.

(Expressed in Canadian Dollars, unless otherwise stated)

10. PROPERTY AND EQUIPMENT

	Leasehold Improvements	Office Furniture	Computer Equipment	Computer Software	Shop Equipment	Production Molds	Total
Cost							
Balance, June 30, 2015	$ 13,394	$ 16,849	$ 25,215	$ 29,783	$ 27,051	$ 99,117	$ 211,409
Additions for the year	-	748	6,754	3,748	43,308	72,883	127,441
Transfers to intellectual property	-	-	-	-	-	(99,116)	(99,116)
Balance, June 30, 2016	13,394	17,597	31,969	33,531	70,359	72,884	239,734
Benefit on Loans (notes 4 and 13)	-	-	(890)	(2,098)	-	(24,185)	(27,173)
Additions for the period	6,866	1,029	5,563	8,124	804	4,000	26,386
Transfers to development	-	-	-	-	-	(4,725)	(4,725)
Balance, June 30, 2017	**$ 20,260**	**$ 18,626**	**$ 36,642**	**$ 39,557**	**$ 71,163**	**$ 47,974**	**$ 234,222**
Amortization							
Balance, June 30, 2015	$ 2,905	$ 8,851	$ 11,447	$ 20,122	$ 13,616	$ 26,907	$ 83,848
Amortization for the year	1,339	1,675	8,573	5,768	10,526	6,679	34,560
Transfers to intellectual property	-	-	-	-	-	(29,031)	(29,031)
Balance, June 30, 2016	4,244	10,526	20,020	25,890	24,142	4,555	89,377
Amortization for the period	4,412	1,517	7,144	5,328	13,985	4,508	36,894
Transfers to development	-	-	-	-	-	(425)	(425)
Balance, June 30, 2017	**$ 8,656**	**$ 12,043**	**$ 27,164**	**$ 31,218**	**$ 38,127**	**$ 8,638**	**$ 125,846**
Carrying Amounts							
At June 30, 2015	$ 10,489	$ 7,998	$ 13,768	$ 9,661	$ 13,435	$ 72,210	$ 127,561
At June 30, 2016	$ 9,150	$ 7,071	$ 11,949	$ 7,641	$ 46,217	$ 68,329	$ 150,357
At June 30, 2017	**$ 11,604**	**$ 6,583**	**$ 9,478**	**$ 8,339**	**$ 33,036**	**$ 39,336**	**$ 108,376**

(Expressed in Canadian Dollars, unless otherwise stated)

11. ACCOUNTS PAYABLE

		June 30, 2017		June 30, 2016
Trade Payable	**$**	**678,477**	$	156,239
Personnel Payable		**204,284**		150,392
Finance Lease Obligation (note 12)		**28,131**		35,591
Other		**8,193**		8,196
	$	**919,085**	$	350,418

12. FINANCE LEASE OBLIGATION

The Company leases certain shop equipment. The finance lease obligation represents the minimum lease payments payable, net of imputed interest at an effective rate of 8.28%.

The Company's finance lease obligation consists of:

		June 30, 2017		June 30, 2016
Equipment finance lease payable in monthly instalments of $844 including interest at 8.28% per annum.	**$**	**32,081**	$	42,111
Less: Interest		**(3,950)**		(6,620)
	$	**28,131**	$	35,591

Minimum repayments over the next four years are as follows:

2018	$	8,103
2019		8,800
2020		9,556
2021		1,672
	$	28,131

13. LOANS PAYABLE

The loans payable are as follows.

	Note		June 30, 2017		June 30, 2016
AgriInnovation Repayable Contribution	13a)	**$**	**621,169**	$	-
Western Innovation Initiative Repayable Contribution	13b)		**92,670**		-
		$	**713,839**	$	-

(Expressed in Canadian Dollars, unless otherwise stated)

13. LOANS PAYABLE (continued)

a) AgriInnovation Repayable Contribution

The AgriInnovation repayable contribution activity is as follows:

		Principal		Interest Accretion		Contribution Payable
Balance at June 30, 2015 and 2016	$	-	$	-	$	-
Contributions		1,480,304		-		1,480,304
Benefit on Loan		(911,731)		-		(911,731)
Interest accretion		-		52,596		52,596
Balance at June 30, 2017	**$**	**568,573**	**$**	**52,596**	**$**	**621,169**

On July 18, 2016 the Company entered into a repayable contribution agreement (the "AgriInnovation Agreement") with Her Majesty the Queen in Right of Canada as represented by the Minister of Agriculture and Agri-Food. Under the terms of the AgriInnovation Agreement, the Company can borrow up to $1,825,000 as a 50% reimbursement for spending incurred on pre-approved eligible expenditures. The eligible costs are related to commercializing the Company's CX-6 SMART Seeder and consists of personnel, production and inventory expenditures. The Company can submit claims for reimbursement on eligible amounts it incurs under the AgriInnovation Agreement on or before March 31, 2017 and had until September 30, 2017 to submit its final claim (note 22).

The Company will be obligated to repay all contributions received in equal monthly payments over 9 years commencing April 1, 2019. Amounts received bear a 0% interest rate and are unsecured. Any repayments that are not made in time will incur interest of prime +3% from the period starting the day after the payment was due until such time as the amount is paid.

Based on the amount received by the Company under the Contribution Agreement to date, the monthly repayment is expected to be $13,707 (June 30, 2016 - $Nil). If the Company were to receive the full contribution of $1,825,000, the monthly repayment will be approximately $16,900.

The Company calculated the fair value of the AgriInnovation loan using a discounted cash flow model with the following assumptions:

Discount rate	**16.45%**
Number of Monthly Repayments	**108**
Monthly Installment Amount	**$13,707**
Monthly Installment Start Date	**April 1, 2019**

See note 4 for discussion in determining the discount rate.

As a result, the Company calculated a difference of $911,731 between the face value of the liability and the fair value of this instrument using the discounted cash flow calculation. The difference of $911,731 was allocated to reduce the cost incurred for the originating eligible expenditures as follows:

Prepaid expenses and deposits	-	$133,168
Property and equipment	-	$27,173
Intellectual property	-	$94,627
Development expenses	-	$656,763

(Expressed in Canadian Dollars, unless otherwise stated)

13. LOANS PAYABLE (continued)

b) Western Innovation Initiative Repayable Contribution

The Western Innovation Initiative Repayable Contribution activity is as follows:

		Principal		Interest Accretion		Contribution Payable
Balance at June 30, 2015 and 2016	$	-	$	-	$	-
Contributions		177,000		-		177,000
Benefit on contributions		(88,371)		-		(88,371)
Interest accretion		-		4,041		4,041
Balance at June 30, 2017	**$**	**88,629**	**$**	**4,041**	**$**	**92,670**

The Company entered into a repayable contribution agreement (the “WINN Agreement”) with Her Majesty the Queen in Right of Canada as represented by Western Economic Diversification Canada. Under the terms of the WINN Agreement, the Company can borrow up to $425,000 as a 50% reimbursement for spending incurred on eligible expenditures. The eligible costs are related to preparations of the CX-6 SMART Seeder for production and activities to market and sell the CX-6 SMART Seeder. The Company can submit claims for contribution for amounts it incurs on or before March 31, 2018.

The Company will obligated to repay all contributions in equal monthly payments over 5 years commencing April 1, 2019. Amounts received bear a 0% interest rate and are unsecured. Any repayments that are not made in accordance with the WINN Agreement will incur interest of prime +3% from the period starting the day after the payment was due until such time as the amount is paid.

Based on the amount received by the Company under the WINN Agreement, the monthly repayment is expected to be $2,950 (June 30, 2016 - $Nil). If the Company were to receive the full contribution of $425,000, the monthly repayment will be approximately $7,100.

The Company calculated the fair value of the Western Innovation loan using a discounted cash flow model with the following assumptions:

Discount rate	**17.36%**
Number of Monthly Repayments	**59**
Monthly Installment Amount	**$2,950**
Monthly Installment Start Date	**April 1, 2019**

See note 4 for discussion in determining the discount rate.

As a result, the Company calculated a difference of $88,371 between the face value of the liability and the fair value of this instrument using the discounted cash flow calculation. The difference of $88,371 was allocated to reduce the cost incurred of originating development expenses.

(Expressed in Canadian Dollars, unless otherwise stated)

13. LOANS PAYABLE (continued)

c) Notes Payable to Related Party

The notes payable to related party activity is as follows:

	Principal	Interest	Notes Payable
Balance, June 30, 2015	$ 88,050	$ -	$ 88,050
Interest accrued	-	2,089	2,089
Repayments	(88,050)	(2,089)	(90,139)
Balance, June 30, 2016 and 2017	**$ -**	**$ -**	**$ -**

The notes payable repaid during the year ended June 30, 2016 was as follows:

Principal	Accrued Interest	Total	Interest Rate	Maturity Date	Related Party	Security
$ 88,050	$ 2,089	$ 90,139	7%	On Demand	Yes	Unsecured

The notes payable were due to a company controlled by the Company's Chief Executive Officer (CEO). The noteholder agreed to defer payment of the principal until the later of:

- the day on which the Company raised an aggregate of at least $5,000,000 through the sale of its equity, including the initial public offering, or
- September 30, 2013.

The noteholder had agreed to amend the due date of the remaining notes payable until the Company raised aggregate proceeds of at least $8,875,000. As at the time the notes payable were repaid, the Company had raised more than $10,000,000 through the sale of its equity.

d) Technology Acquisition Note Payable

The technology acquisition note payable activity is as follows:

	Principal	Accrued Interest	Notes Payable
Balance at June 30, 2015	$ 322,351	$ 12,467	$ 334,818
Interest accrued	-	10,175	10,175
Repayments	(343,444)	(23,571)	(367,015)
Foreign exchange	21,093	929	22,022
Balance, June 30, 2016 and 2017	**$ -**	**$ -**	**$ -**

The Company completed the acquisition of certain intellectual property consisting of a portfolio of patents that comprise elements of its Smart Seeder technology. The Company acquired the rights to acquire the portfolio of patents pursuant to an agreement with Marvelle Corporate Development Group, a related party controlled by the Company’s CEO (“Marvelle Development”). Marvelle Development obtained the rights through Agreement of Sale dated March 1, 2007 (the “Technology Sale Agreement”), from the holder of the intellectual property (the “Holder”). The Holder is the father of the CEO of the Company.

13. LOANS PAYABLE (continued)

d) Technology Acquisition Note Payable (continued)

Marvelle Development was to pay the Holder US$520,000, payable as follows:

(i) US$20,000 on signing of that agreement (which was paid);

(ii) US$250,000 on June 1, 2007 (paid September 26, 2011); and

(iii) US$250,000 on or before April 15, 2008 (paid November 17, 2015).

Pursuant to an Assignment Agreement dated July 30, 2007, Marvelle Development assigned all of its rights under the Technology Sale Agreement to Clean Seed Agricultural (at the time, Vesco Agricultural Technologies Ltd.), with the consent of the patent holder. By way of subsequent Amending Agreements dated July 30, 2007 and June 20, 2010 respectively, between Clean Seed Agricultural Technologies Ltd. and the Holder, the payment terms under the Technology Sale Agreement were amended such that the total consideration payable remains US$520,000, and the payment dates for the two outstanding amounts were extended to:

(i) US$250,000 (plus interest at the annual rate of 7.8% thereon) on or before Clean Seed Agricultural Technologies Ltd. obtains a public listing on a recognized stock exchange (which was satisfied by the Company listing its shares on the TSX-V, on September 26, 2011 and has been paid); and

(ii) US$250,000 (plus interest at the annual rate of 7.8% thereon) upon the later of:

- 12 months following the Listing Date of September 26, 2011 (September 26, 2012); or
- such date Clean Seed Agricultural Technologies Ltd. completes the construction of two demonstration machines and upon independent verification that use of the technology qualifies for no-till carbon offset credits in the agricultural sector (one has qualified to date).

The Company repaid the remaining balance of the loan on November 17, 2015 through the issuance of 477,365 common shares at a deemed price of $0.51 per share. The fair value of the shares upon issuance was $0.55 resulting in a loss on the settlement of debt of $19,095 included in office and miscellaneous expense.

14. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value.

b) Issued

During the year ended June 30, 2017, the following share capital transactions occurred:

i. On March 3, 2017, the Company completed a private placement by issuing 3,441,669 shares at a price of $0.30 per share for gross proceeds of $1,032,501. Share issue costs for this private placement totaled $12,586 in cash.

ii. The Company received proceeds of $107,250 upon exercise of 340,000 incentive share options at an average exercise price of $0.32 per option. The fair value of the incentive options exercised totaling $80,780 was transferred from share-based payment reserve to share capital upon exercise.

14. SHARE CAPITAL (continued)

b) Issued

During the year ended June 30, 2016, the following share capital transactions occurred:

i. On September 8, 2015, the Company completed a private placement of 4,492,000 units, with each unit consisting of one common share and one half share purchase warrant at a price of $0.40 per unit for gross proceeds of $1,796,800. The proceeds of $1,796,800 were allocated to share capital. Each share purchase warrant entitles the holder to purchase one common share for a period of 24 months at a price of $0.60 per share. Share issue costs for the private placement totaled $177,805 and consisted of $139,884 in cash and 291,702 finders warrants valued at $37,921. The finders warrants are exercisable at $0.40 per share for 12 months from the date of issuance

ii. On December 8, 2015, the Company issued 589,528 common shares to settle outstanding debts. The Company extinguished $243,456 of technology acquisition payable for 477,365 common shares at a deemed price of $0.51 and $57,203 of accounts payable for 112,163 common shares at a deemed price of $0.51. The fair value of the shares at the time of issuance was $0.55 resulting in a loss on the settlement of debt of $23,581 that is included in Office and Miscellaneous.

iii. The Company received proceeds of $106,171 upon exercise of 353,903 incentive share options at an exercise price of $0.30 per option. The fair value of the incentive options exercised totaling $84,253 was transferred from share-based payment reserve to share capital upon exercise.

iv. The Company received proceeds of $83,748 upon exercise of 73,680, 45,047 and 58,910 broker warrants at an exercise price of $0.45, $0.60 and $0.40 per broker warrant respectively. The fair value of the share broker warrant exercised totaling $37,025 was transferred from share-based payment reserve to share capital upon exercise.

v. The Company received proceeds of $991,192 and extinguished amounts due to related parties of $178,258 upon exercise of 2,598,778 share purchase warrants at an exercise price of $0.45 per share purchase warrant. The fair value of the share purchase warrants exercised totaled $nil. No amount transferred from share-based payment reserve to share capital upon exercise.

15. EQUITY AND RESERVES

a) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company’s balance sheet include ‘Share-based Payment Reserve’, and ‘Accumulated Deficit’.

- ‘Share-based Payment Reserve’ is used to recognize the fair value of derivative equity instruments granted or issued by the Company.
- ‘Deficit’ is used to record the Company’s change in deficit from net and comprehensive income or loss from period to period.

(Expressed in Canadian Dollars, unless otherwise stated)

15. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve

The share-based payment reserve consists of the following amounts:

	Incentive Options	Warrants	Broker Warrants	Share-based Payment Reserve
Balance, June 30, 2015	$ 1,013,860	$ 234,100	$ 63,923	$ 1,311,883
Options granted under stock option plan	243,100	-	-	243,100
Broker warrants issued	-	-	37,921	37,921
Transfer of fair value of options/warrants exercised	(84,253)	-	(37,025)	(121,278)
Balance, June 30, 2016	**$ 1,172,707**	**$ 234,100**	**$ 64,819**	**$ 1,471,626**
Options granted under stock option plan	364,055	-	-	364,055
Transfer of fair value of options exercised	(86,000)	-	-	(86,000)
Balance, June 30, 2017	**$ 1,450,762**	**$ 234,100**	**$ 64,819**	**$ 1,749,681**

The Company uses the Black-Scholes pricing model to determine the fair value of incentive options granted and compensatory broker warrants issued. This model requires the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share options and warrants.

The Company uses the residual value method to allocate value to warrants issued as part of a unit.

i. Incentive Share Options

The Company has a share option plan under which directors, officers, consultants and employees of the Company and its subsidiaries are eligible to receive stock options. The aggregate number of shares to be issued upon the exercise of all options granted under the plan shall not exceed 10% of the issued shares of the Company at the time of granting the options. The maximum number of common shares optioned to any one optionee shall not exceed 5% of outstanding common shares of the Company. Options granted must not exceed ten years and typically vest on the day of grant or at terms to be determined by the directors at the time of grant. The exercise price of each option shall be determined by the directors at the time of grant but shall not be less than the price permitted by the policies of the TSX Venture Exchange.

(Expressed in Canadian Dollars, unless otherwise stated)

15. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve (continued)

The following table summarizes incentive share option activity for the years ended June 30, 2017 and 2016:

	Number of Options		Weighted Average Exercise Price		Share-based Payment Reserve
Balance, June 30, 2015	**3,480,000**	**$**	**0.37**	**$**	**1,013,860**
Granted	880,000		0.43		243,100
Exercised	(353,903)		0.30		(84,253)
Cancelled	(100,000)		0.35		-
Balance, June 30, 2016	**3,906,097**	**$**	**0.39**	**$**	**1,172,707**
Granted	1,029,000		0.35		221,395
Modified	-		-		142,660
Exercised	(340,000)		0.32		(86,000)
Cancelled	(495,000)		0.50		-
Balance, June 30, 2017	**4,100,097**	**$**	**0.38**	**$**	**1,450,762**

During the year ended June 30, 2017, 706,097 incentive share options previously granted at an exercise price of $0.30 per share for a term of five years that were set to expire in the current fiscal year were modified to:

- increase the exercise price to $0.35 and
- extend the expiry date September 28, 2021.

There was an additional fair value of $142,660 recorded using the Black Scholes pricing model related to this modification as the difference between the amount calculated using the assumptions at grant and the amount calculated using the assumptions after the modification:

	Before Modification	After Modification
Risk-free interest rate	**0.54%**	**0.63%**
Expected life of options	**0.04 Years**	**5 Years**
Annualized volatility	**79 - 85%**	**105%**
Dividend Rate	**0.00%**	**0.00%**

(Expressed in Canadian Dollars, unless otherwise stated)

15. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve (continued)

i. Incentive Share Options (continued)

Options outstanding at June 30, 2017 and 2016 were as follows:

	June 30, 2017			**June 30, 2016**		
Expiry Date	Number of Options Outstanding		Weighted Average Exercise Price	Number of Options Outstanding		Weighted Average Exercise Price
September 28, 2016	-	$	0.30	550,000	$	0.30
November 4, 2016	-		0.30	40,000		0.30
November 21, 2016	-		0.30	100,000		0.30
January 30, 2017	-		0.30	150,000		0.30
April 10, 2017	-		0.25	50,000		0.25
September 11, 2017	150,000		0.30	150,000		0.30
September 18, 2017	30,000		0.30	30,000		0.30
January 4, 2018	150,000		0.20	150,000		0.20
April 4, 2018	100,000		0.30	101,097		0.30
July 1, 2018	100,000		0.30	150,000		0.30
August 27, 2018	-		0.30	10,000		0.30
January 24, 2019	505,000		0.35	580,000		0.35
April 17, 2019	350,000		0.50	350,000		0.50
May 22, 2019	25,000		0.60	30,000		0.60
August 1, 2019	50,000		0.60	350,000		0.60
September 23, 2019	25,000		0.40	25,000		0.40
October 9, 2019	50,000		0.40	50,000		0.40
December 16, 2019	25,000		0.38	25,000		0.38
January 28, 2020	50,000		0.58	60,000		0.58
May 19, 2020	75,000		0.40	75,000		0.40
August 20, 2020	30,000		0.40	30,000		0.40
September 17, 2020	250,000		0.50	250,000		0.50
October 13, 2020	150,000		0.50	150,000		0.50
March 21, 2021	300,000		0.37	300,000		0.37
April 12, 2021	150,000		0.35	150,000		0.35
August 18, 2021	364,000		0.35	-		-
September 28, 2021	606,097		0.35	-		-
December 21, 2021	315,000		0.35	-		-
January 25, 2022	25,000		0.35	-		-
February 6, 2022	100,000		0.35	-		-
April 13, 2022	125,000		0.35	-		-
	4,100,097	**$**	**0.38**	3,906,097	$	0.39
Weighted Average Remaining Contractual Life (years)			**2.97**			2.49
Weighted Average Fair Value of Options Granted		**$**	**0.28**		$	0.28
Weighted Average Share Price During Period		**$**	**0.36**		$	0.54

(Expressed in Canadian Dollars, unless otherwise stated)

15. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve (continued)

i. Incentive Share Options (continued)

At June 30, 2017, of the incentive stock options expiring on December 21, 2021, February 6, 2022 and April 13, 2022, 250,000, 75,000 and 100,000 had not vested respectively. All other incentive stock options are fully vested.

The Company used the Black-Scholes option pricing model to estimate the fair value of the options granted at the grant date using the following assumptions:

	June 30, 2017	June 30, 2016
Risk-free interest rate	**0.66 - 1.19%**	0.67% - 0.83%
Expected life of options	**5 Years**	5 Years
Annualized volatility	**102 - 105%**	62 - 63%
Dividend Rate	**0.00%**	0.00%

The Company used the historical volatilities of its own share price to estimate the volatility of the share price in 2017 where as in 2016 and prior it used comparable companies to estimate the volatility of the share price.

ii. Warrants

The Company has issued share purchase warrants ("warrant") as a part of units issued in past private placements. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated to share capital based on the fair value of the common shares and any residual value is allocated to the warrants.

The following table summarizes warrants activity for the years ended June 30, 2017 and 2016:

	Number of Warrants	**Weighted Average Exercise Price**	**Share-based Payment Reserve**
Balance, June 30, 2015	**6,449,278**	**$ 0.61**	**$ 234,100**
Issued	2,246,000	0.60	-
Exercised	(2,598,778)	0.45	-
Expired	(1,350,500)	0.45	-
Balance, June 30, 2016	**4,746,000**	**$ 0.95**	**$ 234,100**
Expired	(2,500,000)	1.25	-
Balance, June 30, 2017	**2,246,000**	**$ 0.60**	**$ 234,100**

On September 8, 2015, the Company completed a private placement consisting of 4,492,000 units issued at a unit price of $0.40. Each unit consisted of one common share and one-half warrant. The warrants are exercisable at $0.60 per share and all 2,246,000 warrants expired unexercised on September 8, 2017. There was no value allocated to these warrants.

(Expressed in Canadian Dollars, unless otherwise stated)

15. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve (continued)

ii. Warrants (continued)

Warrants outstanding at June 30, 2017 and 2016 are as follows:

	June 30, 2017			**June 30, 2016**		
Expiry Date	Number of Warrants Outstanding		Exercise Price	Number of Warrants Outstanding		Exercise Price
July 16, 2016	**-**	**$**	**-**	2,500,000	$	1.25
September 8, 2017	**2,246,000**		**0.60**	2,246,000		0.60
	2,246,000	**$**	**0.60**	4,746,000	$	0.95
Remaining Contractual Life (years)			**0.19**			0.59
Fair Value of Warrants Issued			**N/A**			$0.00

iii. Broker Warrants

The Company has issued warrants to brokers as part of their compensation for services received for private placements completed by the Company. The Company uses the Black-Scholes pricing model to determine the fair value of warrants issued to brokers as compensation.

The following table summarizes warrants activity for the years ended June 30, 2017 and 2016:

	Number of Broker Warrants		**Weighted Average Exercise Price**		**Share-based Payment Reserve**
Balance, June 30, 2015	**217,460**	**$**	**0.55**	**$**	**63,923**
Issued	291,702		0.40		37,921
Exercised	(177,637)		0.47		(37,025)
Expired	(98,733)		0.60		-
Balance, June 30, 2016	**232,792**	**$**	**0.40**	**$**	**64,819**
Expired	(232,792)		0.40		-
Balance, June 30, 2017	**-**	**$**	**-**	**$**	**64,819**

On September 8, 2015, the Company completed a private placement and issued 291,702 broker warrants upon closing. The broker warrants were exercisable at $0.40 per share for 12 months until they expired on September 8, 2016. The broker warrants issued had a fair value of $37,921.

(Expressed in Canadian Dollars, unless otherwise stated)

15. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve (continued)

iii. Broker Warrants (continued)

Broker warrants outstanding at June 30, 2017 and 2016 are as follows:

	June 30, 2017			**June 30, 2016**		
Expiry Date	Number of Broker Warrants Outstanding		Exercise Price	Number of Broker Warrants Outstanding		Exercise Price
September 8, 2016	**N/A**	**$**	**N/A**	232,792	$	0.40
	N/A	**$**	**N/A**	232,792	$	0.40
Remaining Contractual Life (years)			**N/A**			0.19
Fair Value of Broker Warrants Issued			**N/A**		$	0.13

16. RELATED PARTY TRANSACTIONS & BALANCES

a) Key management personnel

Compensation to key management, which consists of executives and management directors, for the years ended June 30, 2017 and 2016 was as follows:

		June 30, 2017		June 30, 2016
Short-term benefits	**$**	**638,000**	$	492,812
Share-based payments		**64,389**		130,500
	$	**702,389**	$	623,312

b) Due to related parties

Amounts due to related parties as at June 30, 2017 and 2016 were as follows:

		June 30, 2017		June 30, 2016
Amounts due to companies controlled by directors and officers of the Company. Amounts are non-interest bearing, unsecured and are due on demand.	**$**	**286,449**	$	184,559

(Expressed in Canadian Dollars, unless otherwise stated)

16. RELATED PARTY TRANSACTIONS & BALANCES

c) Related party transactions

Transactions with related parties for the years ended June 30, 2017 and 2016 were as follows:

		June 30, 2017		June 30, 2016
Interest accrued on notes payable to a company controlled by the Chief Executive Officer	**$**	**-**	$	2,089
Interest accrued on technology acquisition payable to a relative of the Chief Executive Officer of the Company	**$**	**-**	$	10,175
Lease expense for leases from a company controlled by a director and officer of the Company including within development expense	**$**	**88,200**	$	88,200

17. COMMITMENTS & CONTINGENCIES

As at June 30, 2017		**June 30, 2018**		**June 30, 2019**		**June 30, 2020**		**June 30, 2021**		**June 30, 2022 & Beyond**		**Total**
Accounts payable	$	899,057	$	8,800	$	9,556	$	1,672	$	-	$	**919,085**
Due to related parties	$	286,449	$	-	$	-	$	-	$	-	$	**286,449**
Loans payable	$	-	$	49,970	$	199,878	$	199,878	$	1,207,578	$	**1,657,304**
Premises leases	$	85,604	$	54,828	$	-	$	-	$	-	$	**140,432**
	$	**1,271,110**	**$**	**113,598**	**$**	**209,434**	**$**	**201,550**	**$**	**1,207,578**	**$**	**3,003,270**

Premises Leases

Effective April 1, 2016, the Company entered into a premises lease for its headquarters in Burnaby for a term of three years commencing on April 1, 2016 for approximately $5,400 per month.

On January 1, 2014, the Company entered into a premises lease for its facility in Midale, Saskatchewan for a term of three years commencing on January 1, 2014. The Company pays rent of $6,250 per month over the life of the lease, which includes basic rent, operating costs and utilities. The lease expired on December 31, 2016 and the agreement is continuing on a month-to-month basis under the same terms with a requirement to provide the owner with two months' notice for terminating the lease.

Development Costs

The Company's manufacturing partner has been conducting production, development and engineering work on behalf of the Company with respect to its CX-6 SMART Seeder under its manufacturing agreement. Under the terms of its manufacturing agreement, the Company has committed to producing one hundred (100) CX-6 SMART Seeders with WS Steel. To date, the Company has produced three (3) CX-6 SMART Seeders. The Company will have future payments related to the preparation of the CX-6 SMART Seeder for production, the completion of future CX-6 SMART Seeder units committed to under the agreement and for on-going engineering work related to enhancements and preparing new annual models for production as necessary.

(Expressed in Canadian Dollars, unless otherwise stated)

18. INCOME TAXES

A reconciliation of income taxes at Canadian statutory rates of 26% (2016 - 26%) with the reported taxes is as follows for the years ended June 30, 2017 and 2016 are as follows:

		2017		2016
Net loss for the year	**$**	**(3,606,217)**	$	(1,212,419)
Expected income tax recovery		**(938,000)**		(315,000)
Items not deductible for income taxes		**97,000**		67,000
Other		**(4,000)**		(37,000)
Unrecognized benefit of deferred income tax assets		**845,000**		285,000
Income tax expense (recovery)	**$**	**-**	$	-

The significant components of the Company's future income tax assets and liabilities after applying enacted corporate tax rates at June 30, 2017 and 2016 are as follows:

		2017		2016
Non-capital loss carry forwards	**$**	**11,492,000**	$	8,762,000
Property and equipment		**308,000**		163,000
Cumulative eligible capital		**(2,550,000)**		(2,985,000)
Share issuance cost		**165,000**		227,000
		9,415,000		6,167,000
Statutory rates		**26%**		26%
		2,448,000		1,603,000
Unrecognized deferred income tax asset		**(2,448,000)**		(1,603,000)
Deferred income tax assets (liabilities)	**$**	**-**	$	-

(Expressed in Canadian Dollars, unless otherwise stated)

18. INCOME TAXES (continued)

Deferred Income Taxes

Deferred tax benefits that may arise as a result of these amounts have been fully offset reflecting the Company's estimate that these amounts, are not considered probable, that sufficient future taxable profit will allow the deferred tax asset to be recovered at this time.

The Company has available non-capital losses that may be carried forward to apply against future years' income for income tax purposes. The Company has accumulated Canadian non-capital tax losses of $11.49 million. The non-capital tax losses expire as follows:

2027	$	16,000
2028		155,000
2029		120,000
2030		21,000
2031		124,000
2032		759,000
2033		992,000
2034		1,215,000
2035		2,741,000
2036		2,515,000
2037		2,830,000
	$	14,490,000

19. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure that optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and makes adjustments, based on the funds available to the Company, in order to support its business activities and to safeguard the Company's ability to continue as a going concern. The capital structure of the Company consists of components of equity attributable to common shareholders' equity as follows:

		June 30, 2017
Share capital	**$**	**14,013,358**
Share-based payment reserve		**1,749,681**
	$	**15,763,039**

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

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 in the Company's approach to capital management during the year ended June 30, 2017.

The Company's investment policy is to invest its excess cash in low risk, highly liquid short-term interest bearing investments, selected with regards to the expected timing of upcoming expenditures. The Company will raise additional funds to carry its operations through its upcoming operating period and to satisfy its obligations.

20. FINANCIAL INSTRUMENTS

The Company's consolidated financial instruments are exposed to certain financial risks. The carrying values of the Company's financial instruments approximate their fair values due to their short-term maturities. The risk exposures and the impact on the Company's financial instruments are summarized below.

a) Fair value of financial instruments

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.

Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. The Company has no Level 2 financial instruments.

Level 3 – valuation techniques with significant unobservable market inputs. The Company has no Level 3 financial instruments.

Cash is measured at fair value using level one inputs as the basis for measurement in the fair value hierarchy. The recorded amounts for receivables, trade and other payables and due to related parties approximate their fair value due to their short-term nature. Loans payable were measured at their fair value using level 3 inputs as the basis for measurement in the fair value hierarchy. See notes 4 and 13 for discussion about the calculation of fair value of the loans payable.

	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	$262,464		
Loans Payable			$713,839

The Company's financial assets and financial liabilities are exposed to various risk factors that may affect the fair value presentation or the amount ultimately received or paid on settlement of its assets and liabilities. The Company manages these risks through prudent investment and business decisions, and, where the exposure is deemed too high, the Company may choose to enter into derivative contracts to reduce this exposure. The Company does not utilize derivative financial instruments for trading or speculative purposes.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk to its financial assets is summarized below:

		June 30, 2017
Cash and cash equivalents	$	**262,464**

The Company's current policy is to invest excess cash in investment-grade short-term, redeemable investment certificates issued by Canadian Chartered Banks with which it keeps its bank accounts. Management believes the risk of financial loss from cash held in its bank accounts and cash held in GICs, both of which are held with a Canadian Chartered Bank, to be remote.

(Expressed in Canadian Dollars, unless otherwise stated)

20. FINANCIAL INSTRUMENTS (continued)

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations associated with its financial liabilities as they fall due. The Company's objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for a minimum of twelve months. As of June 30, 2017 the Company does not have sufficient funds on hand to meet current liabilities and the expected operations for the coming year. The Company has cash and cash equivalents $262,464, current liabilities of $1,205,535 and current net monetary liabilities of $907,394.

The following table summarizes the maturity profile of our financial liabilities based on contractual payments.

June 30, 2017	Carrying Value	Contractual Cash Flows	Less than one year	One to three years	Four to five years	More than five years
Accounts payable	$ 919,085	$ 919,085	$ 899,056	$ 18,357	$ 1,672	$ -
Due to related parties	$ 286,449	$ 286,449	$ 286,449	$ -	$ -	$ -
Loans payable	$ 713,839	$ 1,657,304	$ -	$ 249,848	$ 399,756	$ 1,007,700
Premise leases	$ -	$ 140,432	$ 67,328	$ 73,104	$ -	$ -
	$ 1,919,373	$ 3,003,270	$ 1,252,833	$ 341,309	$ 401,428	$ 1,007,700

The Company has no formal revolving credit facilities available at this time and given the Company's current stage of development, it is not expected that such credit facilities will become available to the Company in the next fiscal year.

The Company is in the process of raising the funds necessary to enable the continuation of its business plan and to meet its administrative requirements for the next eighteen months. The Company will seek to gain financing through the issuance of common shares, the issuance of debt instruments and the exercise of incentive share options outstanding. There is no assurance that such funding will be available to the Company, or that it will be obtained on terms favorable to the Company. Failure to obtain sufficient financing may result in delaying or failure to

- investigate or participate in new ventures that the Company would otherwise seek involvement;
- continue the advancement of its technology;
- expand commercial sales of its Smart Seeder; or
- meet its obligations and contractual commitments as they come due.

Management believes the Company's overall liquidity risk continues to be high and has completed financing steps to mitigate that risk subsequent to year (note 22)

d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk consists of two components:

i) Interest rate cash flow risk is the risk that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates. The Company's GICs are variable rate instruments tied to Canadian prime interest rate. A 1% change in interest rates would have a nominal effect on net and comprehensive income of the Company.

20. FINANCIAL INSTRUMENTS (continued)

d) Market risk (continued)

Interest Rate Risk (continued)

ii) Interest rate price risk is the risk that changes in prevailing market interest rates differ from the interest rate on the Company's monetary assets and liabilities. The Company is not exposed to interest rate price risk.

The Company is not materially exposed to interest rate changes.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is exposed to foreign exchange risk on a small amount of its accounts payable and accrued liabilities denominated in U.S. Dollars. A fluctuation in the exchange rates between the Canadian and US dollar of 10% would result in a nominal change in the net income and comprehensive loss of the Company. The Company does not use any techniques to mitigate against foreign exchange risk.

Other Price Risk

The Company is not exposed to other price risk.

21. SUPPLEMENTAL CASH FLOW

	Year Ended June 30,			
		2017		2016
Benefit of loan payable decreasing intellectual property	$	**94,627**	$	-
Benefit of loan payable decreasing prepaid expenses and deposits	$	**133,168**	$	-
Benefit of loan payable decreasing property and equipment	$	**27,173**	$	-
Fair value of warrants issued to brokers as compensation on unit issuance	$	-	$	37,921
Fair value of warrants exercised	$	-	$	37,025
Fair value of stock options exercised	$	-	$	84,253
Warrants exercised through related party debt extinguishment	$	-	$	178,258
Issuance of common shares through debt extinguishment	$	-	$	324,240
Intellectual property enhancements included in accounts payable	$	-	$	49,969
Intellectual property enhancements included in due to related parties	$	-	$	203,877
Property and equipment transferred to intellectual property	$	-	$	70,085

22. SUBSEQUENT EVENTS

Subsequent to the year ended June 30, 2017:

- The Company received proceeds of $54,688 under the WINN Agreement.
- The Company submitted a final claim under the AgriInnovation Agreement of $119,157
- The Company completed a private placement on September 5, 2017, of 2,500,000 common shares at a price of $0.40 per unit for gross proceeds of $1,000,000. Share issue costs for the private placement included $5,000 in legal fees.
- 321,000 incentive share options were exercised for total consideration of $113,770.
- The Company granted 1,031,000 incentive share options with an exercise price of $0.40 per share for a term of five years. 721,000 incentive share options were granted to directors and officers of the Company, and 210,000 incentive share options were granted to employees of the Company.

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