CLEAN seed capital GROUP

DRIVING TECHNOLOGY DEVELOPMENT
IN MODERN AGRICULTURE

INTERIM FINANCIAL STATEMENTS
FIRST QUARTER 2018

CSX
Listed on
TMX | TSX Venture Exchange

Condensed Consolidated Interim Financial Statements

For the three month periods ended September 30, 2017 and 2016

Expressed in Canadian Dollars

(Unaudited - Prepared by Management)

Contents

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements, and accompanying notes, of Clean Seed Capital Group Ltd. for the three month periods ended September 30, 2017 and 2016 have been prepared by management and approved by the Company's Audit Committee and Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by Chartered Professional Accountants of Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.

/s/ Graeme Lempriere

Graeme Lempriere, Chief Executive Officer
Burnaby, BC Canada
November 28, 2017

/s/ Steven Brassard

Steven Brassard, Chief Financial Officer
Burnaby, BC Canada
November 28, 2017

Clean Seed Capital Group Ltd.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

	Notes		**September 30, 2017**		June 30, 2017
ASSETS					
Current Assets					
Cash and cash equivalents	**4**	**$**	**500,498**	$	262,464
Receivables	**5**		**22,675**		35,677
Prepaid expenses and deposits	**6**		**322,028**		322,556
Inventory	**7**		**149,987**		127,889
Total current assets			**995,188**		748,586
Non-Current Assets					
Intellectual property	**8**		**6,857,768**		6,935,122
Property and equipment	**9**		**76,773**		108,376
Total non-current assets			**6,934,541**		7,043,498
TOTAL ASSETS		**$**	**7,929,729**	$	7,792,084
LIABILITIES					
Current Liabilities					
Accounts payable	**10,11**	**$**	**770,895**	$	919,085
Due to related parties	**15b**		**343,417**		286,449
Total current liabilities			**1,114,312**		1,205,534
Non-Current Liabilities					
Loans payable	**12**		**771,530**		713,839
TOTAL LIABILITIES			**1,885,842**		1,919,373
SHAREHOLDERS' EQUITY					
Share capital	**13**		**15,215,488**		14,018,578
Share-based payment reserve	**14b**		**1,952,982**		1,749,681
Deficit			**(11,124,583)**		(9,895,548)
TOTAL SHAREHOLDERS' EQUITY			**6,043,887**		5,872,711
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**7,929,729**	$	7,792,084

Ability to Continue as a Going Concern (Note 2(d))
Commitments and contingencies (Note 16)
Subsequent Events (Note 17)

Approved on behalf of the Board:

/s/ Graeme Lempriere — Director

/s/ Colin Rush — Director

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

Clean Seed Capital Group Ltd.

Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars)

	Three Month Period Ended September 30, 2017	2016
Operating expenses		
Amortization of property and equipment (Note 9)	**$ 6,819**	$ 9,665
Depreciation of intellectual property (Note 8)	**110,081**	111,494
Development	**349,221**	358,738
Interest accretion on loans payable (Note 12)	**28,284**	-
Office and miscellaneous	**12,901**	13,998
Personnel	**341,311**	121,000
Premises	**17,629**	22,952
Professional	**38,860**	39,938
Share-based compensation (Note 14(b))	**292,191**	105,560
Travel and trade shows	**31,738**	32,780
Net and comprehensive loss for the period	**$ (1,229,035)**	$ (816,125)
Basic and diluted loss per share	**$ (0.03)**	$ (0.02)
Weighted average number of shares outstanding	**48,512,990**	44,136,386

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

Clean Seed Capital Group Ltd.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited – Expressed in Canadian Dollars)

	Share Capital		Share-based Payment		
	Number	Amount	Reserve	Deficit	Total
Balance, June 30, 2016	**43,968,234**	**$ 12,805,413**	**$ 1,471,626**	**$ (6,289,331)**	**$ 7,987,708**
Shares issued upon exercise of share options	310,000	96,750	-	-	96,750
Transfer of fair value upon exercise of share options	-	72,380	(72,380)	-	-
Share-based compensation	-	-	105,560	-	105,560
Net loss for the period	-	-	-	(816,125)	(816,125)
Balance, September 30, 2016	**44,278,234**	**$ 12,974,543**	**$ 1,504,806**	**$ (7,105,456)**	**$ 7,373,893**
Units 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	30,000	10,500	-	-	10,500
Transfer of fair value upon exercise of share options	-	13,620	(13,620)	-	-
Share-based compensation	-	-	258,495	-	258,495
Net loss for the period	-	-	-	(2,790,092)	(2,790,092)
Balance, June 30, 2017	**47,749,903**	**$ 14,018,578**	**$ 1,749,681**	**$ (9,895,548)**	**$ 5,872,711**
Shares issued for cash	2,500,000	1,000,000	-	-	1,000,000
Share issue costs	-	(5,750)	-	-	(5,750)
Shares issued upon exercise of share options	321,000	113,770	-	-	113,770
Transfer of fair value upon exercise of share options	-	88,890	(88,890)	-	-
Share-based compensation	-	-	292,191	-	292,191
Net loss for the period	-	-	-	(1,229,035)	(1,229,035)
Balance, September 30, 2017	**50,570,903**	**$ 15,215,488**	**$ 1,952,982**	**$ (11,124,583)**	**$ 6,043,887**

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

Clean Seed Capital Group Ltd.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Expressed in Canadian Dollars)

	Three Month Period Ended September 30, 2017	2016
Cash flows from operating activities		
Net loss for the period	$ **(1,229,035)**	$ (816,125)
Adjustments for items not affecting cash		
Amortization of intellectual property	**110,081**	111,494
Depreciation of property and equipment	**6,819**	9,665
Benefit of government loan treated as a government grant	**(25,282)**	-
Write-off of property and equipment included in development expenses	**35,232**	-
Interest accretion on loans payable	**28,284**	-
Share-based compensation	**292,191**	105,560
Changes in non-cash working capital items		
Receivables	**13,002**	32,188
Prepaid expenses and deposits	**528**	3,114
Inventory	**(22,098)**	4,969
Accounts payable	**(60,529)**	(31,149)
Due to related parties	**56,968**	(5,113)
	(793,839)	(585,397)
Cash flows from financing activities		
Proceeds from loans payable	**54,688**	724,751
Proceeds from exercise of options	**-**	96,750
Proceeds from private placements, net cash share issue costs	**994,250**	-
	1,048,938	821,501
Cash flows from investing activities		
Purchase of property and equipment	**(6,617)**	(6,852)
Development of intellectual property	**(10,448)**	-
	(17,065)	(6,852)
Increase in cash and cash equivalents for the period	**238,034**	229,252
Cash and cash equivalents, beginning of period	**262,464**	494,427
Cash and cash equivalents, end of period	$ **500,498**	$ 723,679
Cash and cash equivalents:		
Cash	$ **477,380**	$ **120,350**
Cash equivalents	**23,118**	**603,329**
Supplemental Cash Flow Information		
Fair value of share options exercised	$ **88,890**	$ 72,380
Options exercised through debt extinguishment	**113,770**	-
Intellectual property enhancements included in accounts payable	**26,110**	-

The accompanying notes are an integral part of these condensed consolidated interim 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 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 condensed consolidated interim financial statements of the Company for the three month period ending September 30, 2017, including comparatives, has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements have been prepared on the basis of and using accounting policies, methods of computation and presentation consistent with those applied in the audited annual consolidated financial statements for the year ended June 30, 2017.

The condensed consolidated interim financial statements do not include all the information required for full annual financial statements. On November 28, 2017, the Company's Audit Committee and its Board of Directors approved and authorized these condensed consolidated interim financial statements for issue.

b) Basis of measurement

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

The condensed consolidated interim 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 3.

2. BASIS OF PREPARATION (continued)

d) Ability to Continue as a Going Concern

These condensed consolidated interim 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. To date, the Company has never achieved profitable operations as it has primarily been focused on technology both technology development and business development activities. During 2017, the Company performed a demonstration program with its distributor for customer targets for sales in 2018. The Company not record any sales during 2017. The Company is actively marketing its CX-6 SMART Seeder and expects to generate sales during 2018. Additionally, has continued development of its SMART Seeder technology to increase its capabilities and capacities and has continued development of its CX-6 SMART Seeder for future model years.

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 condensed consolidated interim 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 September 30, 2017, the Company has an accumulated deficit of $11,124,583;
- the Company has incurred a loss of $1,229,035 for the three month period ended September 30, 2017;
- the Company did not have any sales during the three months ended September 30, 2017, or for the year-end June 30, 2017;
- the Company has net cash flows used in operating activities of $793,839 for the three month period ended September 30, 2017;
- the Company has a history of losses from operations and
- the Company has a net working capital deficit of $119,124.

The Company's ability to continue as a going concern is dependent on achieving profitable operations through the sales of its product, revenues from licensing arrangements, 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. While these condensed consolidated interim 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. These condensed consolidated interim 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.

e) Subsidiaries

In addition to the Company, the condensed consolidated interim 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.

(Unaudited – 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	
				September 30, 2017	June 30, 2017
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. 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

The Company capitalizes development costs to intellectual property when they meet the definition of an intangible asset under IFRS. 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. Development costs related strictly to the CX-6 SMART Seeder are expensed as they are incurred since the Company has commercialized that product. Development costs that relate to the SMART Seeder technology portfolio and are separate and identifiable from the CX-6 SMART Seeder, are controllable and can provide future benefit, are capitalized to intellectual property.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Impairment of Intellectual Property

We review intellectual property (intangible assets) 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 Compensation

The Company incurs share-based Compensation expense from the grant of incentive options or issuance of compensatory warrants. These transactions provide the holder the option to acquire common shares of the Company at a set price, and are considered equity-settled transactions under IFRS.

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.

The Company uses its historical share price data to estimate expected future share price volatility. 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 14(b) for the assumptions applied.

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Loans Payable

During the 2017 fiscal year, 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.

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.

Using a discount rate of 17%, 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. 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.

4. CASH AND CASH EQUIVALENTS

		September 30, 2017		June 30, 2017
Cash	**$**	**477,380**	$	239,401
Redeemable Guaranteed Investment Certificates		**23,118**		23,063
	$	**500,498**	$	262,464

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

5. RECEIVABLES

		September 30, 2017		June 30, 2017
Goods and sales tax receivable	**$**	**22,675**	$	35,677

6. PREPAID EXPENSES AND DEPOSITS

		September 30, 2017		June 30, 2017
Production deposits	**$**	**293,166**	$	293,166
Legal retainer for patent applications		**4,703**		2,273
Other		**24,159**		27,117
	$	**322,028**	$	322,556

7. 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.

		September 30, 2017		June 30, 2017
Raw materials, opening balance	**$**	**127,889**	$	11,634
Purchases		**22,098**		232,592
Consumed in development activities		**-**		(116,337)
Raw materials, ending balance	**$**	**149,987**	$	127,889
Finished goods, opening and ending balance	**$**	**-**	$	-
Inventory, ending balance	**$**	**149,987**	$	127,889

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

8. INTELLECTUAL PROPERTY

Intellectual property consists of the Company's SMART Seeder technology and complimentary technologies, which encompass 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, consulting fees, patent application costs, 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. The Company has identified additional opportunities for its SMART Seeder technology, which are separate and identifiable from its CX-6 SMART Seeder. These costs are capitalized when they qualify under IFRS.

In February 2017, the Company submitted an application to the World Intellectual Property Organization under the Patent Cooperation Treaty (PCT) for additional innovations related to the Company's SMART Seeder technology. The Company has received clearance that its claims that were reviewed in the PCT application were innovative and novel with no conflicting claims. The Company can now advance to the national phase in submitting applications. 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, 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
Additions	32,727	-	-	32,727
Amortization	-	(110,081)	-	(110,081)
Balance, September 30, 2017	**$ 7,460,751**	**$ (602,983)**	**$ -**	**$ 6,857,768**

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

9. PROPERTY AND EQUIPMENT

	Leasehold Improvements	Office Furniture	Computer Equipment	Computer Software	Shop Equipment	Production Molds	Total
Cost							
Balance, June 30, 2016	$ 13,394	$ 17,597	$ 31,969	$ 33,531	$ 70,359	$ 72,884	$ 239,734
Benefit on Loans (note 12)	-	-	(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 intellectual property	-	-	-	-	-	(4,725)	(4,725)
Balance, June 30, 2017	20,260	18,626	36,642	39,557	71,163	47,974	234,222
Additions for the period	-	-	5,769	4,679	-	-	10,448
Transfers to development	-	-	-	-	-	(43,089)	(43,089)
Balance, September 30, 2017	**$ 20,260**	**$ 18,626**	**$ 42,411**	**$ 44,236**	**$ 71,163**	**$ 4,885**	**$ 201,581**
Depreciation							
Balance, June 30, 2016	$ 4,244	$ 10,526	$ 20,020	$ 25,890	$ 24,142	$ 4,555	$ 89,377
Depreciation for the period	4,412	1,517	7,144	5,328	13,985	4,508	36,894
Transfers to intellectual property	-	-	-	-	-	(425)	(425)
Balance, June 30, 2017	8,656	12,043	27,164	31,218	38,127	8,638	125,846
Depreciation for the period	1,657	329	1,323	811	2,478	221	6,819
Transfers to development	-	-	-	-	-	(7,857)	(7,857)
Balance, September 30, 2017	**$ 10,313**	**$ 12,372**	**$ 28,487**	**$ 32,029**	**$ 40,605**	**$ 1,002**	**$ 124,808**
Carrying Amounts							
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
At September 30, 2017	**$ 9,947**	**$ 6,254**	**$ 13,924**	**$ 12,207**	**$ 30,558**	**$ 3,883**	**$ 76,773**

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

10. ACCOUNTS PAYABLE

		September 30, 2017		June 30, 2017
Trades Payable	$	**488,987**	$	678,477
Personnel Payable		**247,544**		204,284
Finance Lease Obligation (note 11)		**26,171**		28,131
Other		**8,193**		8,193
	$	**770,895**	$	919,085

11. 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:

		September 30, 2017		June 30, 2017
Equipment finance lease payable in monthly instalments of $844 including interest at 8.28% per annum.	$	**29,548**	$	32,081
Less: Interest		**(3,376)**		(3,950)
	$	**26,172**	$	28,131

Minimum repayments over the next four years are as follows:

2018	$	6,144
2019		8,800
2020		9,556
2021		1,672
	$	26,172

12. LOANS PAYABLE

The loans payable are as follows.

	Note		September 30, 2017		June 30, 2017
AgriInnovation Repayable Contribution	12a	$	**645,275**	$	621,169
Western Innovation Initiative Repayable Contribution	12b		**126,255**		92,670
		$	**771,530**	$	713,839

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

12. LOANS PAYABLE (continued)

a) AgriInnovation Repayable Contribution

The AgriInnovation repayable contribution activity is as follows:

		Principal		Interest Accretion		Contribution Payable
Balance at June 30, 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
Interest accretion		-		24,106		24,106
Balance at September 30, 2017	**$**	**568,573**	**$**	**76,702**	**$**	**645,275**

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 could 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. During the three months ended September 30, 2017, the Company submitted a final claim under the AgriInnovation Agreement of $119,157.

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, 2017 - $13,707).

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 3 for discussion in determining the discount rate.

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

12. 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, 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
Contributions	54,688	-	54,688
Benefit on contributions	(25,282)	-	(25,282)
Interest accretion	-	4,179	4,179
Balance at September 30, 2017	**$ 118,035**	**$ 8,220**	**$ 126,255**

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 be 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 $3,861 (June 30, 2017 - $2,950). 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	**$3,861**
Monthly Installment Start Date	**April 1, 2019**

See note 3 for discussion in determining the discount rate.

13. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value.

b) Issued

During the three month period ended September 30, 2017, the following share capital transactions occurred:

i. On September 5, 2017, the Company completed a private placement by issuing 2,500,000 shares at a price of $0.40 per share for gross proceeds of $1,000,000. Share issue costs for this private placement totaled $5,750 in cash.

ii. The Company settled of $113,770 payables upon exercise of 321,000 incentive share options at an average exercise price of $0.35 per option. The fair value of the incentive options exercised totaling $88,890 was transferred from share-based payment reserve to share capital upon exercise.

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

i. On March 6, 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 $86,000 was transferred from share-based payment reserve to share capital upon exercise.

14. 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.

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

14. 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, 2016	$ 1,172,707	$ 234,100	$ 64,819	$ 1,471,626
Options granted under stock option plan	221,395	-	-	221,395
Options modified under stock option plan	142,660	-	-	142,660
Transfer of fair value of options/warrants exercised	(86,000)	-	-	(86,000)
Balance, June 30, 2017	**$ 1,450,762**	**$ 234,100**	**$ 64,819**	**$ 1,749,681**
Options granted under stock option plan	292,191	-	-	292,191
Transfer of fair value of options exercised	(88,890)	-	-	(88,890)
Balance, September 30, 2017	**$ 1,654,063**	**$ 234,100**	**$ 64,819**	**$ 1,952,982**

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 which has been approved annual by the shareholders of the Company and the TSX Venture Exchange. Under the Company Share Option Plan, 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.

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

14. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve (continued)

The following table summarizes incentive share option activity for the three month period ended September 30, 2017 and year ended June 30, 2017:

	Number of Options	Weighted Average Exercise Price	Share-based Payment Reserve
Balance, June 30, 2016	**3,906,097**	**$ 0.38**	**$ 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**
Granted	1,031,000	0.40	292,191
Exercised	(321,000)	0.35	(88,890)
Expired	(180,000)	0.30	-
Balance, September 30, 2017	**4,630,097**	**$ 0.39**	**$ 1,654,063**

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 2017 fiscal year were modified to:

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

During the year ended June 30, 2017 there was an additional fair value of $142,660 recorded using the Black Scholes pricing model related to this modification. The difference was calculated by comparing the fair value amount calculated using the assumptions at grant and the fair value 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%**

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

14. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve (continued)

i. Incentive Share Options (continued)

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

	September 30, 2017			**June 30, 2017**		
Expiry Date	Number of Options Outstanding		Weighted Average Exercise Price	Number of Options Outstanding		Weighted Average Exercise Price
September 11, 2017	-	$	-	150,000	$	0.30
September 18, 2017	-		-	30,000		0.30
January 4, 2018	150,000		0.20	150,000		0.20
April 4, 2018	50,000		0.30	100,000		0.30
July 1, 2018	100,000		0.30	100,000		0.30
January 24, 2019	455,000		0.35	505,000		0.35
April 17, 2019	350,000		0.50	350,000		0.50
May 22, 2019	25,000		0.60	25,000		0.60
August 1, 2019	50,000		0.60	50,000		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	50,000		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	229,000		0.37	300,000		0.37
April 12, 2021	150,000		0.35	150,000		0.35
August 18, 2021	314,000		0.35	364,000		0.35
September 28, 2021	556,097		0.35	606,097		0.35
December 21, 2021	315,000		0.35	315,000		0.35
January 25, 2022	25,000		0.35	25,000		0.35
February 6, 2022	100,000		0.35	100,000		0.35
April 13, 2022	125,000		0.35	125,000		0.35
September 1, 2022	100,000		0.40	-		-
September 5, 2022	781,000		0.40	-		-
September 29, 2022	100,000		0.40	-		-
	4,630,097	**$**	**0.39**	4,100,097	$	0.38
Weighted Average Remaining Contractual Life (years)			**3.30**			2.97
Weighted Average Fair Value of Options Granted		**$**	**0.27**		$	0.28
Weighted Average Share Price During Period		**$**	**0.38**		$	0.36

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

14. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve (continued)

i. Incentive Share Options (continued)

At September 30, 2017, 350,000 (June 30, 2017: 200,000) of the incentive stock options 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:

	September 30, 2017	June 30, 2017
Risk-free interest rate	**1.67 - 1.78%**	0.66% - 1.19%
Expected life of options	**5 Years**	5 Years
Annualized volatility	**93 - 95%**	102 – 105%
Dividend Rate	**0.00%**	0.00%

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 three month period ended September 30, 2017 and year ended June 30, 2017:

	Number of Warrants	**Weighted Average Exercise Price**	**Share-based Payment Reserve**
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**
Expired	(2,246,000)	0.60	-
Balance, September 30, 2017	**-**	**$ -**	**$ 234,100**

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

14. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve (continued)

ii. Warrants (continued)

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

	September 30, 2017			**June 30, 2017**		
Expiry Date	Number of Warrants Outstanding		Exercise Price	Number of Warrants Outstanding		Exercise Price
September 8, 2017	**-**	**$**	**0.60**	2,246,000	$	0.60
Remaining Contractual Life (years)			**0.00**			0.19
Fair Value of Warrants Issued			**N/A**			N/A

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 three month period ended September 30, 2017 and year ended June 30, 2017:

	Number of Broker Warrants		**Weighted Average Exercise Price**		**Share-based Payment Reserve**
Balance, June 30, 2015	**232,792**	**$**	**0.40**	**$**	**64,819**
Expired	(232,792)		0.40		-
Balance, June 30, 2017 and September 30, 2017	**-**	**$**	**-**	**$**	**64,819**

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

15. RELATED PARTY TRANSACTIONS & BALANCES

a) Key management personnel

Compensation to key management, which consists of executives and management directors, for the three month periods ended September 30, 2017 and 2016 was as follows:

		September 30, 2017	September 30, 2016
Short-term benefits	**$**	**327,565**	$ 102,000
Share-based payments		**255,886**	28,500
	$	**583,451**	$ 130,500

Short-term benefits includes compensation for six executives as at September 30, 2017 (five - September 30, 2016). During the period ended September 30, 2017, bonuses of $132,000 were granted to key management personnel to exercise their option to acquire 271,000 shares of the Company.

b) Due to related parties

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

		September 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.	**$**	**343,417**	$	286,449

c) Related party transactions

Transactions with related parties for the three month periods ended September 30, 2017 and 2016 were as follows:

		September 30, 2017		September 30, 2016
Lease expense for leases from a company controlled by a director and officer of the Company including within development expense	**$**	**22,050**	$	22,050

16. COMMITMENTS & CONTINGENCIES

As at September 30, 2017		**June 30, 2018**		**June 30, 2019**		**June 30, 2020**		**June 30, 2021**		**June 30, 2022 & Beyond**		**Total**
Accounts payable	$	750,867	$	8,800	$	9,556	$	1,672	$	-	$	**770,895**
Due to related parties	$	343,417	$	-	$	-	$	-	$	-	$	**343,417**
Loans payable	$	-	$	52,704	$	210,816	$	210,816	$	1,237,656	$	**1,711,992**
Premises leases	$	54,828	$	54,828	$	-	$	-	$	-	$	**109,656**
	$	**1,149,112**	**$**	**116,332**	**$**	**220,372**	**$**	**212,488**	**$**	**1,237,656**	**$**	**2,935,960**

16. COMMITMENTS & CONTINGENCIES (continued)

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.

17. SUBSEQUENT EVENTS

Subsequent to the three month period ended September 30, 2017:

- 1,631,097 incentive share options were exercised for total consideration of $590,384.
- The Company granted 1,536,100 incentive share options with an exercise price of $0.48 per share for a term of five years to employees and consultants of the Company.

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