CLEAN
seed capital
GROUP

DRIVING TECHNOLOGY DEVELOPMENT
IN MODERN AGRICULTURE

CSX
Listed on
TMX | TSX Venture Exchange

MANAGEMENT DISCUSSION & ANALYSIS
FIRST QUARTER 2018

WELCOME TO OUR MANAGEMENT DISCUSSION & ANALYSIS

This management discussion & analysis ("MD&A") includes information that will help you understand management's perspective of our condensed consolidated interim financial statements and notes thereto for the three month period ended September 30, 2017. This information is based on what we knew on November 28, 2017. This MD&A includes statements and information about our expectations for the future and things that have not yet taken place. We highlight the section titled "Forward-Looking Information" for additional information about future expectations.

We encourage you to read our condensed consolidated interim financial statements and notes thereto as you review this MD&A, as well as our audited consolidated financial statements and notes thereto for the year ended June 30, 2017. You can find more information about Clean Seed Capital Group Ltd., including our most recent filings on SEDAR, at www.sedar.com.

Unless we have otherwise specified, all dollar amounts are stated in Canadian dollars. The financial information included in this MD&A and in our consolidated financial statements and notes thereto is prepared according to International Financial Reporting Standards (IFRS).

Throughout this document, the terms we, us, our, the Company and Clean Seed refer to Clean Seed Capital Group Ltd. and our wholly owned subsidiaries, Clean Seed Agricultural Technologies Ltd. and Seed Sync Systems Ltd.

DRIVING TECHNOLOGY DEVELOPMENT
IN MODERN AGRICULTURE

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GENERAL

Clean Seed is the creator of the world's only SMART Seeder technology, as well as additional complementary technologies.

The Company was incorporated on January 28, 2010. On September 26, 2011, the Company (1) completed its initial public offering and (2) completed the acquisition of Vesco Agricultural Technologies Ltd. (subsequently renamed Clean Seed Agricultural Technologies Ltd.). On September 28, 2011, the Company began trading on the TSX Venture under the symbol CSX. Since incorporating, the Company has received several awards for its technology innovations and was recognized as a TSX Venture 50 Company two consecutive years.

The Company has one reportable operating segment.

INVESTOR INFORMATION

Common Shares

The Company's shares are traded on the Toronto Venture Exchange under the symbol CSX.

Transfer Agent

Computershare is the registrar and transfer agent for Clean Seed's common shares. For information on common shareholdings, lost share certificates and address changes, contact:

Computershare
510 Burrard Street
2nd Floor
Vancouver, BC
V6C 3B9, Canada
Phone: (604) 661-9400
Fax: (604) 661-9549

For Inquiries
Clean Seed Capital Group Ltd.
7541 Conway Avenue
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COMPANY OVERVIEW

Clean Seed is driving technology development in modern agriculture. The Company acquired, created, designed and developed its portfolio of intellectual property into smart technologies that balance innovation, productivity and sustainability on the farm. Clean Seed is positioning itself at the forefront of the smart revolution in the seeding and planting equipment marketplace. We are expecting that our smart seeding technology will contribute to the global farming community's ability to meet future agriculture crop production demand. Clean Seed is the creator and producer of the world's first and only SMART Seeder.

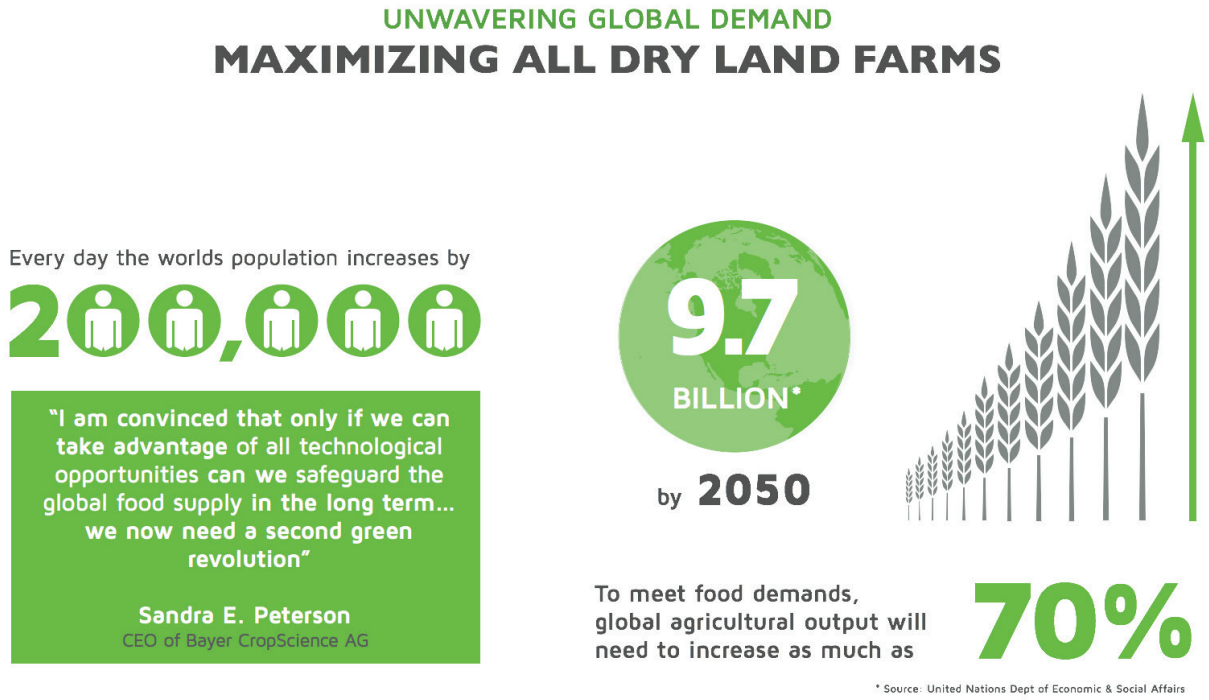
We designed our SMART Seeding technology with our diverse team of experts to create a farmer driven rethink from existing air seeding products in the marketplace. The result is the CX-6 SMART Seeder which has been designed to offer an unrivalled level of product input precision in the seeding operation. We believe this level of precision will provide improved farming outcomes compared to existing air seeder equipment; meaning increased crop production and reduction of product inputs and operating expenses.

Technological innovations impact every industry in a meaningful way. No industry has a further reach or is of more basic human importance than agriculture. Without sufficient agricultural production there is not enough food to meet current crop demand, let alone to meet increased levels of future crop demand. While some industries have embraced the use of technology to advance their capabilities, the agricultural seeding equipment sector in particular has lagged behind leaving a significant opportunity for Clean Seed to resolve existing limitations; we have done just that.

Seeding is and remains the best time in a plants' life to influence its physical, chemical and biological environment to impact its yield. To do so sustainably requires a holistic focus on supporting each plant inside every furrow with the agronomic formula it needs to reach its full potential. With the CX-6 SMART Seeder, farmers and agronomists (for the first time) can apply high-resolution prescriptions that place optimal amounts of seed, fertilizer and amendments inside each and every furrow at each ground contact (opener) point across the field. The ability to manage the field with this precision enables each plant to reach its reach optimal yields while using the optimal level of inputs along with superior seed placement.

At the farm level modern seeding equipment limitations have resulted in sub-optimal yields and overuse of farming inputs, reducing potential revenues while increasing farming operation costs. Crop production is already vulnerable enough, and while weather will always be a key factor to success, the farmer should not have to compromise overusing inputs to capture additional yield revenues or miss out on maximizing revenues to minimize input wastage. In most markets, farmers only have a short window to plant and every moment counts. Currently, compromises are made across every square foot of the farm because the farmer's seeding equipment cannot i) satisfy the varied soil conditions of their field down to the square foot and ii) be sufficiently efficient to maximize time available for planting.

At the global level seeding technology limitations negatively impact agricultural productivity. Firstly, we are reaching a point globally where agricultural supply cannot keep up with agricultural demand. Secondly, on a global basis, when the farmer overconsumes product inputs (as a result of equipment limitation) there is reduced global availability of farming inputs which could also limit global productivity when regions cannot get inputs in a timely manner. The trend of increasing crop demand is not reversing. If consumption patterns do not change, the United Nations estimates that agricultural crop production will need to increase by 70% to meet projected food demand in 2050.



Complicating matters is that increased crop demand must be met through higher yields since increasing the land used for agriculture carries major environmental costs. Most of the additional land that could be used for agriculture crops is under forests, wetlands or grasslands, and converting these to cropland would cause a loss of biodiversity, imbalance in important ecological systems, reduce the effectiveness of ecosystem services and greatly increase greenhouse gas emissions.

As a result, the amount of Canadian cropland is actually declining based on census data. Farming operations that focus on short-term crop yield at the cost of soil health result in land that must be left fallow for extended periods to rehabilitate (the time relationship between soil left fallow and soil being productive is not reciprocal). In order to meet the increasing demand for food, we need to combine productive farmland with technologies that enhance yields on a continuous, sustainable basis.

While this raises concerns about the implications of widespread crop production shortages, it highlights the global opportunity for technology solutions that can improve crop yields sustainably to help the global farming community meet this increasing demand.

The long-term solution is to farm smarter. Technological advancement will facilitate smarter farming, and Clean Seed is at the forefront of technology-based seeding solutions. The Company has created revolutionary sustainable farming technology that will change how farmers can seed operations. We believe that the CX-6 SMART Seeder will redefine an efficient and effective seeding operation and that our SMART Seeder technology can be further developed to enhance the large grain (corn and soy) planting operation in Canada and the United States.

A significant portion of the Company is owned by Canadian Prairie commercial farmers which we believe is a strong indication of consumer level product support for our SMART Seeder technology.

TECHNOLOGY & INTELLECTUAL PROPERTY

Technology Overview

The Company has taken an innovative farmer driven approach to developing its SMART Seeder technology. Our team of engineers, researchers, agronomists, farmers and intellectual property professionals have focused on addressing the significant limitations faced by the farmer's seeding operation. In modern farm operations, air seeding equipment continues to be the major farming limitation restricting crop yield. With our technology, the limiting factor of the operation (aside from weather) will be what the soil allows. Our SMART Seeder technology will enable the farmer to reach the potential of their field through our patent-protected metering and distribution system and an innovative product logistics system.

Product Metering and Distribution

Product metering and distribution is how seeding equipment places farming inputs into the ground. Soil conditions are constantly changing across the field and do not limit themselves to symmetrical zones. Traditional air seeders do not have the flexibility to allow the farmer to put farming inputs into the ground across each square foot of the field to match soil conditions. This means the farmer has to compromise with input blends and product application levels across the full or partial length of the air seeder, leading to lost revenues or increased product application rates (costs), or an uneconomic combination of both. The CX-6 SMART Seeder can plant independent combinations of up to six product inputs at each square foot of the field to match constantly changing soil conditions.

Photo: 1:1 Scale Prescription Map Overlay CX-6 SMART Seeder

Product Logistics and Delivery

Product logistics and delivery refer to how the farming inputs get from the storage to the seeding equipment. Traditional air seeders require downtime to reload farming inputs and have significant issues that limit their use of more than three farming inputs. If the farmer cannot blend inputs to match the field conditions, there is compromise in terms of yield generation against product application. Furthermore, reloading, or changing products is challenging due to the downtime required. The downtime is expensive in terms of on-farm labour, lost operations and general challenges with the short time window available to seed during the seeding and planting seasons.

The Company has created the SMART Cart as a supplementary component to its SMART Seeder to eliminate the product logistics and delivery challenges with air seeders. The SMART Cart facilitates on the go-refilling which creates flexibility and reduces downtime. Our SMART Cart is much smaller than existing cart options used by air-seeders which produces a number of benefits from reduction of compaction to lower projected capital and operating costs. We are projecting a farming operation to have multiple SMART Carts that can be strategically placed on their field sites to effectively refill and change products in the field. The SMART Cart can be placed in the field based on the projected product input usage prescriptions for planting, requires only a quick hook-up to the SMART Seeder in the field and enables the continuance of seeding activities. With multiple SMART Carts, an operation can continuously have a full SMART Cart in place for the next required refill while the previous one is taken to get refilled off field.

SMART Seeder Technology vs. Air Seeder Technology

The SMART Seeder technology has the following incremental benefits as compared to existing air seeders:

	CURRENT AIR SEEDERS	CX-6 SMART SEEDER™
Flawless integration with soil maps	✗	✓
Plant level metering at each opener	✗	✓
6 product handling capability	✗	✓
Turn compensation for non-linear travel	✗	✓
Fully electronic	✗	✓
Wireless in-cab controls	✗	✓
Seed bounce	✓	✗
Inconsistent product placement	✓	✗
Uniform distribution	✗	✓
On-the-go refilling	✗	✓

Based on internal calculations, the incremental benefits from adopting and using our SMART Seeder products could be as high as $100 per acre per year. This is considered forward-looking information based on the Company's calculations made by its internal farming and agronomy professionals and has not been independently verified. Any significant incremental benefit compared to the marketplace will form the SMART Seeder's competitive advantage as compared to air seeders.

When we verify that adopting our SMART Seeder technology creates significant incremental benefits as compared to existing air-seeding technology, we believe the value proposition will be too significant to ignore. At the individual farm level, the opportunity cost to the operation of not adopting our technology will be too substantial, and at the global level, the requirement for increased production is too significant.

Intellectual Property Portfolio

Clean Seed has secured its SMART Seeder's projected $100 per acre incremental benefit (its value proposition compared to air seeders) through its comprehensive intellectual property portfolio which consists of patents and patent applications on our:

- variable ratio metering system
- flow control air distribution
- in-ground opener system

Through our robust portfolio of patents, the Company has secured its patent protection in almost every major stable seeding and planting equipment marketplace as illustrated below:

SEEDING/PLANTING EQUIPMENT VALUE

Global: $9.2 Billion

Total Patent Coverage:

$7,175,455,360

▲ 77.9%

ANNUAL CROP PRODUCTION (TONS)

Global: 2.7 Billion (Tons)

Total Patent Coverage:

2,364,758,386

▲ 78.6%

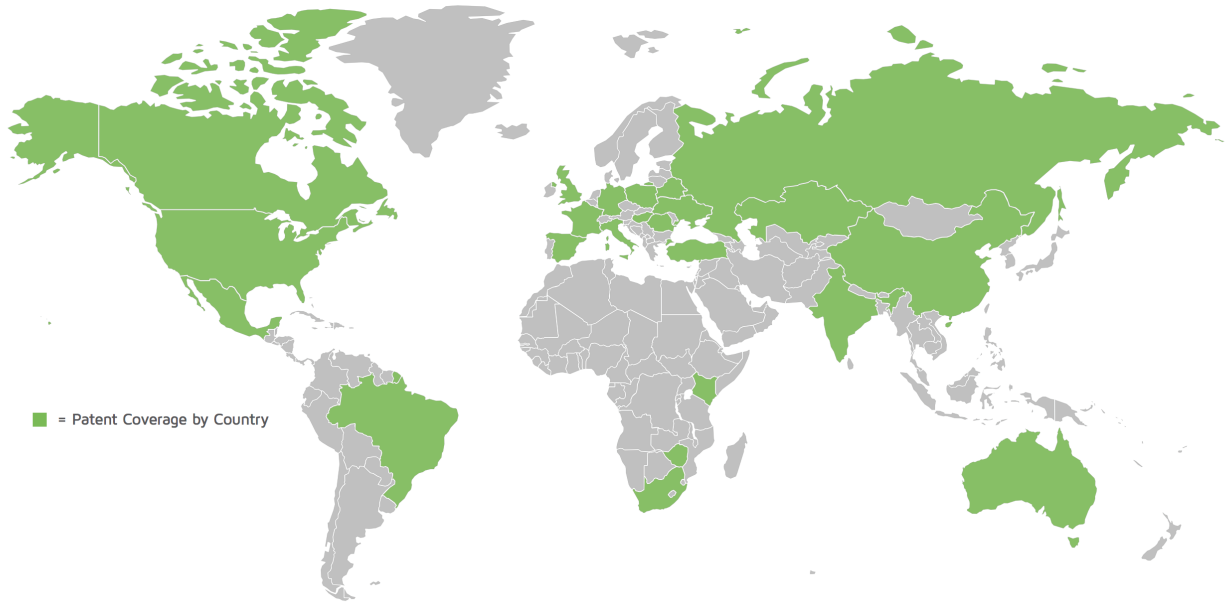
CROP PRODUCTION AREA (ACRES)

Global: 2.1 Billion (Acres)

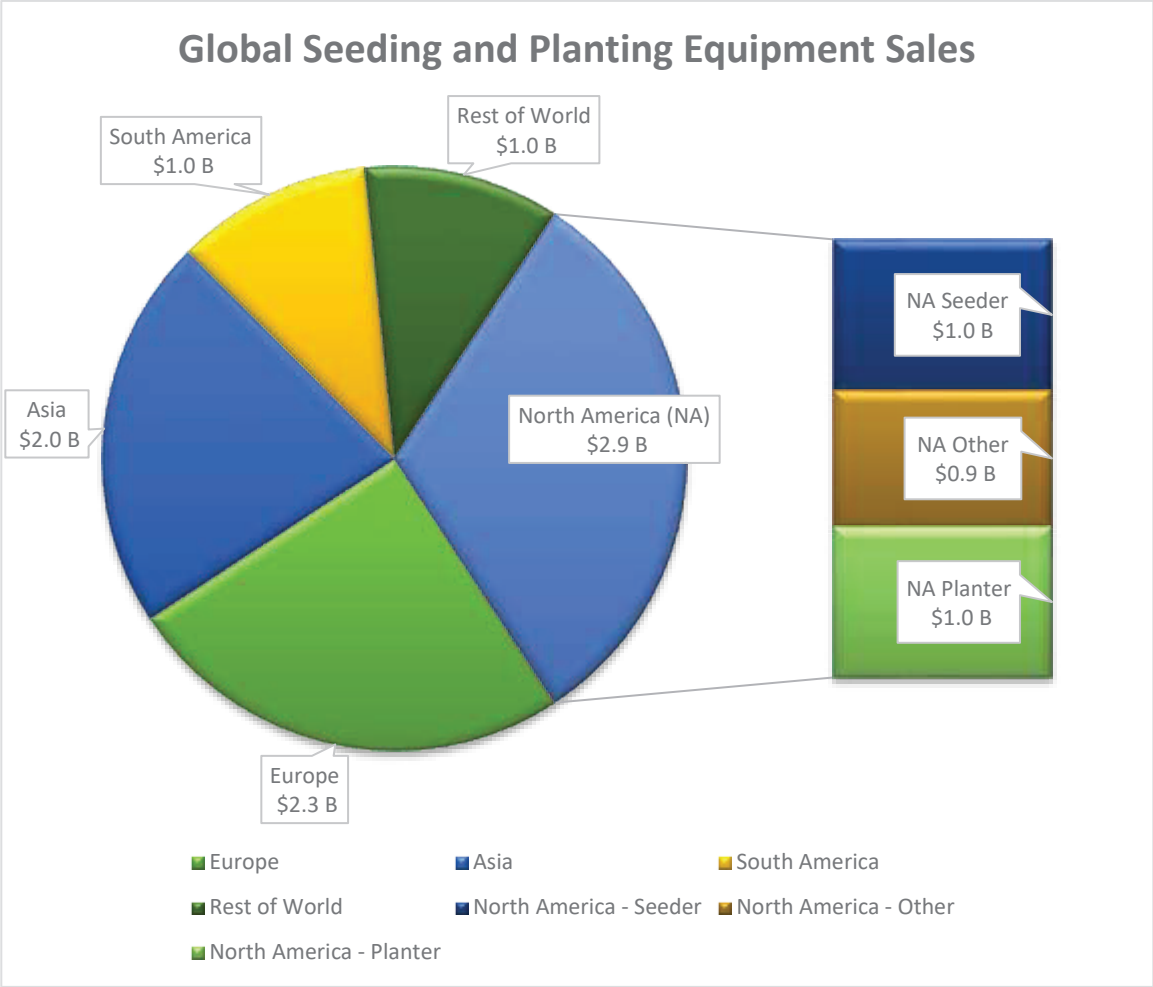
Total Patent Coverage:

1,468,326,260

▲ 69.0%



We believe our SMART Seeder technology will be scalable to address the needs of the global farming community, not just the lucrative Canada and United States air seeder marketplace. The chart below shows that the Canadian and United States air seeder marketplace makes up approximately 11% of overall global seeding and planting equipment sales.



As we advance our business, we plan to seek licensing, partnership and other strategic opportunities to advance our Company from operating within the $1B per year air seeder marketplace to become a global player in the estimated $9B+ per year global seeding and planting equipment marketplace.

Each marketplace is different. As a technology company focused on farmer driven solutions, we believe we will be sufficiently scalable to deliver solutions to most major marketplaces in an efficient manner. These solutions will range from product line extensions, retrofit solutions, brand extensions such as planter technologies and licensing opportunities

MARKETPLACE & PRODUCTS

The number of large farms (1,600+ acres) in Canada continues to increase while the total land actively farmed in Canada continues to decrease. In 2016, for the first time since 2001, the acres of cropland actually increased while overall farming acres decreased. We estimate that this means more farms were categorized with Census Canada as a crop farm (as opposed to livestock) then from the previous Census.

Consistent with the 2011 Census, the average farm size in Canada has continued to increase and the number of crop farms above 1600 acres continues to increase. In general, farms are continuing to consolidate while becoming larger.

This is important because increasing crop production to meet the United Nations 2050 crop demand estimates will not be met by farming more land; it will be met by progressive commercial farming operations that have the scale, capability and capital to adopt new technologies and methodologies to sustainably increase yield.

Marketplace for Seeding Equipment

All crop-based farming operations require seeding or planting equipment. The overwhelming majority of North American commercial crop farms use air seeders (except for those farms primarily planting corn or soybean which generally use "planters" as there planting equipment). In 2006, the Alberta Ministry of Agriculture and Forestry estimated 14,000 air seeders were in use in the Northern Great Plains area (Canada and the United States). In the 2016, there were approximately 9,700 Canadian crop farms that were larger than 2500 acres, which we believe substantially all of which would be using air seeders (not to mention smaller farms that have adopted small air seeders). We believe the US market size for air seeders (small grain seeding equipment) would be approximately the same (the large grain planting equipment market size in the US is significant larger, reaching as high as 11,000 units). Our own research indicates that the annual marketplace for air seeders in Canada and the United States is between 2,000 – 3,000 units per year with year-to year fluctuations within that range. We believe that the annual air seeder marketplace will fluctuate within that range based on a number of factors including crop yields, crop prices, economic conditions and the supply of used farm equipment. To translate into dollars, we believe the annual marketplace is valued between $800M and $1.2B per annum, with significant room for an increase in marketplace value for products that can provide a significant incremental benefit through increasing crop yields and reducing product inputs applied; the SMART Seeder technology's value proposition.

Flagship Product - The CX-6 SMART Seeder

The Company developed the CX-6 SMART Seeder as its flagship product from its SMART Seeder technology intellectual property portfolio. The CX-6 SMART Seeder was built for the large scale Canadian and US prairie to resolve their seeding limitations. Our product will provide the most significant impact on this scale of farming operation and provide the best return on investment to the farmers. We believe we will be able to build other SMART Seeder models to suit different sized farming operations necessary for market acceptance into new jurisdictions. We believe we must first gain market acceptance from the Canadian and US prairie farm. More information on the CX-6 SMART Seeder can be found at www.cx6smartseeder.com.

Other Products

The Company has three other products that have been completed and are ready for sale. The Company is not marketing any of these machines for sale at this time due to its focus on commercializing the CX-6 SMART Seeder. Based on the smaller size of the products, the Company would need to achieve wide-scale distribution, which would require infrastructure and support requirements that the Company is neither currently prepared to create, develop or acquire, nor has the funds available to pursue. Once the Company has achieved wide scale distribution of the CX-6 SMART Seeder, it may have the infrastructure in place so that the distribution of these other products would be economically feasible. The company is also evaluating licencing opportunities which could accelerate distribution of these products.

CLEAN SEED'S BUSINESS MODEL

Our initial business model focuses on the Canadian production and Canadian and United States distribution of the CX-6 SMART Seeder by combining our innovative technology with the manufacturing capabilities of WS Steel and the distribution network of Rocky Mountain Equipment Canada and Torgerson's LLC. This structure allows Clean Seed to leverage its technology portfolio and benefit from the expertise, infrastructure and capacity of WS Steel Manufacturing, Rocky Mountain Equipment and Torgerson's. We believe this process is the most effective use of resources and quickest path for gaining significant market acceptance of our CX-6 SMART Seeder.

Technology and Product Development

Since its formation, Clean Seed has had the mission to facilitate progress in modern agriculture by driving technology development. The award winning CX-6 SMART Seeder represents a complete re-think in seeding equipment and has attracted favourable attention from the farming community, agriculture industry, investment community and media. The Company has patents and patents pending for its SMART seeder technology in every stable marketplace where significant amounts of seeding equipment are sold. We believe our SMART Seeder technology will be scalable beyond the air-seeder segment, to all segments of the $8B seeding and planting equipment marketplace. The Company is actively working to advance its technology portfolio to broaden its product offerings including 1) an extended line of SMART Seeder models and 2) developing a smart technology solution for the corn and soy farmers in Canada and the United States. As we develop new technologies, Clean Seed will continue to broaden its intellectual property coverage and extend its patent protection life.

Manufacturing

WS Steel is a Manitoba-based original equipment manufacturer (OEM) with a twenty-five year history as a component producer and final assembly provider for agricultural equipment brands of all sizes from small emerging companies to fortune 500 companies. WS Steel is manufacturing the Company's first 100 CX-6 SMART Seeder units. WS Steel performs the manufacturing of all components except for the Company's metering system and related electronics and software, which production is sub-contracts to multiple vendors. WS Steel also completes the final assembly and preparations of the CX-6 SMART Seeder for shipping. WS Steel has the capacity to produce 75 units per year and has invested over $1M in pre-production costs as part of the CX-6 commercialization. As production demands grow WS steel is committed to expanding its facilities to meet the production expansion needs. Initial plans for production expansion are being assessed.

Distribution

Rocky Mountain Equipment is Canada's largest independent agriculture equipment dealer with a network of full-service agriculture and industrial equipment stores across the Canadian Prairies. They offer their customers a one-stop solution for equipment needs through new and used equipment sales, parts sales, repairs and maintenance services and third-party equipment financing and insurance services. In addition, Rocky provides or arranges other ancillary services such as GPS signal subscriptions and geomatics services. Rocky Mountain Equipment sells three of the biggestseeding equipment brands and is viewed as the leading seeding equipment distributor in Canada. Rocky Mountain purchased the first two CX-6 Smart Seeder units which were used in farmer demonstration throughout spring 2017.

Torgerson's is a 4th generation farm implement dealer with 8 locations throughout the farming belt of Montana. Montana is an important entry point into the United States as it annually plants 20 million acres of crop for commercial production across 28,000 farms.

Outlook

Clean Seed continues to explore opportunities to work collaboratively with likeminded organization and individuals as part of its efforts to build Clean Seed into a major player in the agricultural seeding equipment segment. The industry is active with strategic transactions including mergers, acquisitions and joint ventures that we believe could be beneficial for our advance into new marketplaces. The Company plans to advance its business model by evaluating opportunities to advance its products or technologies into different segments of the seeding and planting equipment marketplace and into new countries / regions.

The Company remains committed to the guiding principles of innovation on which it was founded.

We highlight the area entitled "material risks" within the Forward Looking Information Section.

2018 OUTLOOK

We anticipate that the following key activities will drive our performance for the 2018 fiscal year:

- selling our CX-6 SMART Seeders to Rocky Mountain Equipment customers in spring 2018 as part of the joint Clean Seed and Rocky Mountain Equipment Early Adopter Program;
- preparing large scale production and distribution plans for the 2019 CX-6 SMART Seeder;
- launching our 2019 CX-6 SMART Seeder sales program in summer 2018;
- expanding our distribution network into unallocated sales territories within the Canadian and the US Prairies;
- holding demonstrations in key regions of the Canadian and United States prairies;
- determining our development and commercialization strategy for SMART planting technologies aimed at the large seed marketplace (which includes corn and soy crops) and the planter equipment market in the Canadian and United States Prairies;
- securing sufficient financing to support large scale production and distribution of the 2019 CX-6 SMART Seeder;
- formalizing the Variable Ratio patent in the remaining jurisdictions still reviewing our application, and
- obtaining clearance on Patent Cooperation Treaty Application from the World Intellectual Property Organization for the Flow Control Innovation (obtained).

The Company is on track to meet its targets for its 2018 fiscal year.

RESULTS OF OPERATIONS

Three Months Period Ended September 30, 2017

During the three month period ended September 30, 2017, the net and comprehensive loss was $1,229,035 ($0.03 per share) as compared to net and comprehensive loss of $816,125 ($0.02 per share) for the three month period ended September 30, 2016. The increase in operation loss between the two periods was primarily due to higher interest accretion on loans, personnel and share-based compensation expenses;

- incremental amounts totaling 28,284 for interest accretion on loans was incurred during the period ended September 30, 2017 as a result of interest accretion on the applying the fair value interest rate to the Company's 0% interest government repayable contributions for which there was no interest accretion incurred in the comparative period;
- incremental amounts totaling $220,311 for personnel were incurred during the period ended September 30, 2017 related to additional key management hired, and
- incremental amounts totaling $186,631 for share-based compensation were incurred during the period ended September 30, 2017 as a result of an increase in the number of options granted, which were primarily awarded to new directors and key management.

	Three Months Ended September 30,				$	%
		2017		2016	Change	Change
Operating Expenses						
Amortization of intellectual property	$	110,081	$	111,494	(1,413)	(1)
Amortization of property and equipment		6,819		9,665	(2,846)	(29)
Development		349,221		358,738	(9,517)	(3)
Interest accretion on loans		28,284		-	28,284	~
Office and miscellaneous		12,901		13,998	(1,097)	(8)
Personnel		341,311		121,000	220,311	182
Premises		17,629		22,952	(5,323)	(23)
Professional		38,860		39,938	(1,078)	(3)
Share-based compensation		292,191		105,560	186,631	177
Travel and trade shows		31,738		32,780	(1,042)	(3)
Net and comprehensive loss	$	(1,229,035)	$	(816,125)	(412,910)	51

Significant operating expenses incurred in the current year and variations of operating expenses as compared to the prior period include:

Amortization of Intellectual Property	**2017**	**2016**	**Change ($)**	**Change (%)**
Expense	$ 110,081	$ 111,494	(1,413)	(1)

The Company amortizes its intellectual property available for use in accordance with IFRS. Since the commenced revenue generating activities during the year ended June 30, 2016 by commercializing its CX-6 SMART Seeder, the intellectual property related to developing the CX-6 SMART Seeder is amortized on a straight-line basis over the remaining life of the related portfolio of patents. Amortization of intellectual property was comparable to the prior period.

Development	2017	2016	Change ($)	Change (%)
Expense	$ 349,221	$ 358,738	(9,517)	(3)

Development expenses are costs incurred to develop the CX-6 SMART Seeder and consist of technical staff costs, consulting fees, materials, purchases, travel, testing and testing facilities. Prior to commercializing its intellectual property in 2016, development expenditures that met the definition of an intangible asset were capitalized to intellectual property. Under IFRS, once the CX-6 SMART Seeder was commercialized, the related development costs are expensed as they are incurred.

The primary development activities during the quarter ended September 30, 2017 was the preparation of the 2018 CX-6 SMART Seeder for production. The costs during the quarter ended September 30, 2016 related to the preparation of the 2017 CX-6 SMART Seeder for the Company's demonstration program.

Below is a summary of development expenses incurred during the period as compared with enhancements to intellectual property during the same period in the prior year:

	Three Months Ended September 30,	
Cost Type	**2017**	**2016**
Personnel	**$ 204,203**	$ 127,864
Purchases	**122,968**	137,764
Premises	**18,750**	18,750
Patent applications	**-**	38,521
Vehicle	**3,300**	3,300
Travel	**-**	32,539
	$ 349,221	$ 358,738

Included in the figure above for the three month period ended September 30, 2017 is $11,842 (2016: $NIL) related to the Benefit on the zero interest government loan. See **Repayable Government Loans** for additional information on the government loan benefit.

Interest on Loans	2017	2016	Change ($)	Change (%)
Expense	$ 28,284	$ -	28,284	~

Interest on Loans during the quarter ended September 30, 2017 is a non-cash item related to interest accretion on the AgriInnovation Repayable Contribution and Western Innovation Initiative Contribution (both bearing 0% interest) in which proceeds were received in the fiscal year. The interest accreted was based on the discount value applied in recording the loans at their fair value and represents the allocation of the benefit calculated on page 28 over the life of the loan in accordance with IFRS.

Personnel	2017	2016	Change ($)	Change (%)
Expense	$ 341,311	$ 121,000	220,311	182

Personnel expense on the income statement increased compared to the previous year due to increases in the personnel, increase in services provided by certain personnel and an increase in wages and fees paid to certain personnel to support the execution of the Company's business plan.

The Company incurred personnel fees during the three month period ended September 30, 2017 as follows:

2017	Personnel Count		Expense for the Period		Benefit	Allocation on Financial Statements
Executives	4	$	297,000	$	5,000	Development / Personnel
Administration	2	$	30,000	$	-	Personnel
Marketing	1	$	59,000	$	-	Personnel
Technical	8	$	164,000	$	-	Development
	15	$	550,000	$	5,000	

Notes:

- Amounts were allocated net of the Benefit
- Included within the above personnel expense was the grant of bonuses totaling $157,000 to key management personnel that was used to exercise stock options.

The Company incurred total personnel fees during the three month period ended September 30, 2016 was as follows:

2016	Personnel Count		Expense for the Period	Benefit	Allocation on Financial Statements
Executives	3	$	55,000	-	Personnel
Administration	3	$	43,000	-	Personnel
Marketing	1	$	23,000	-	Personnel
Technical	5	$	128,000	-	Development
	12	$	249,000	-	

The allocation of personnel fees, net of government grants and benefits, during the year was:

Development	-	$ 204,000	(2016: $128,000)
Personnel	-	$ 341,000	(2016: $121,000)

Premises	2017	2016	Change ($)	Change (%)
Expense	$ 17,629	$ 22,952	(5,323)	(23)

Premises expense includes head office rent fees, insurance, utilities and repairs and maintenance expenses. During 2017 the Company had lower premises expense as compared to the prior period due to a benefit of $5,429 from loans payable in the current period which did not occur in the prior period.

Professional	2017	2016	Change ($)	Change (%)
Expense	$ 38,860	$ 39,938	(1,078)	(3)

Professional expense include corporate legal advisor fees, intellectual property legal advisor fees, auditor fees, business valuation services, corporate finance services, investor relations services and investor market distribution services. Professional expense was comparable to the prior period.

Share-based compensation	2017	2016	Change ($)	Change (%)
Expense	$ 292,191	$ 105,560	186,631	177

Share-based compensation expense is related to the grant of incentive stock options in accordance with the Company's Stock Option Plan. The Company granted significantly more stock options at a similar fair value during the three month period ended September 30, 2017 than in the same period in the prior year. Additional share-based compensation expense incurred in the current year related to options which were granted in a prior period but have yet to vest.

The options activity was as follows:

	2017			2016		
	# of Options		Fair Value of Options	# of Options		Fair Value of Options
Grants						
Employees	210,000	$	20,606	264,000	$	76,560
Directors and Officers	821,000	$	224,775	100,000	$	29,000
Consultants	-	$	-	-	$	-
	1,031,000	$	245,381	364,000	$	105,560
Options Granted in Prior Periods with Vesting Terms						
Employees	N/A	$	4,636	N/A	$	-
Directors and Officers	N/A	$	31,111	N/A	$	-
Consultants	N/A	$	11,063	N/A	$	-
	N/A	$	46,810	N/A	$	-
Total Grants	1,031,000	$	292,191	364,000	$	105,560
Average Fair Value per Option Granted			$0.27			$0.29

See note 14(b) to the consolidated financial statements for more information about stock based compensation.

Travel and Trade Shows	**2017**	**2016**	**Change ($)**	**Change (%)**
Expense	$ 31,738	$ 32,780	(1,042)	(3)

Travel and trade show expenses related to travel for general business purposes and all costs associated with attending trade shows. Travel and trade show expenses were comparable to the prior period.

Repayable Government Loans

During 2017 the Company entered into two repayable government contributions (loans) with the Federal Government of Canada with total borrowing available of $2,250,000. The Company can draw down on the loans by submitting claims for reimbursement on eligible expenditures. The repayable government loans are interest free and fall within the scope of IAS 20 Government Grants for accounting purposes. Under IAS 20, the Company is required to recognize the loan at its fair value by determining what the market rate of interest would have been were under market conditions. The difference between the proceeds received (the repayable contribution) and the calculated fair value is considered a benefit and is treated as a government grant (the “Benefit”). This Benefit is treated as a recovery of the related expenditures for which the loan proceeds were received. As at September 30, 2017, the Company had borrowed $1,657,304 which had a calculated fair value of $657,202 and is currently being carried at $771,530. The Benefit is recognized in the Company Statement of Comprehensive Loss as “Interest Accretion on Loans” over the life of the loans.

See Notes 3 and 12 in our consolidated financial statements for additional information with respect to these repayable contributions.

Quarterly Results

Key things to note as we are a venture company with significant development activities:

- Individual quarterly results are not necessarily a good indication of annual results due to variations in expenditures as noted throughout this document; we have not had consistent sales or production;
- Net income by quarter fluctuates significantly depending on the timing of the grant of stock options, and the corresponding expense recorded associated with the grant of stock options, and
- Total assets will fluctuate depending on the activities during the quarter, including, significant financings and if the expenditures qualify for classification as an asset.

Quarter Ended	Revenue ($)	Net Income / (Loss) ($)	Basic & Diluted Loss Per Share ($)	Total Assets ($)	Long-Term Liabilities ($)	Cash Dividend ($)
September 30, 2017	-	(1,229,035)	(0.03)	7,929,729	771,530	-
June 30, 2017	-	(790,963)	(0.02)	7,792,084	713,839	-
March 31, 2017	-	(1,414,809)	(0.03)	7,964,292	541,607	-
December 31, 2016	-	(584,320)	(0.01)	8,144,576	458,273	-
September 30, 2016	-	(816,125)	(0.02)	8,597,359	724,751	-
June 30, 2016	1,050,000	(203,688)	(0.01)	8,522,685	-	-
March 31, 2016	-	(315,452)	(0.01)	8,693,603	-	-
December 31, 2015	-	(412,562)	(0.01)	8,443,838	-	-

Revenue, Net Loss and Loss per Share

The Company commenced revenue generating activities in the quarter ended June 30, 2016 with the sale of its first two CX-6 SMART Seeders. For the three quarters previous, the Company was conducting development activities to prepare its CX-6 SMART Seeder for pre-production and commercialization respectively, during which time the associated development costs were capitalized to intellectual property and included as part of total assets. The development work from quarter to quarter varied based on the status and progress of the CX-6 SMART Seeder during that quarter, leading to variations in amounts capitalized in each quarter.

Prior to commercialization, the nature of the Company's operations was dependent on the status of the CX-6 SMART Seeder development and the operating expenses incurred varied from quarter to quarter based on the activities conducted by the Company, including attending trade shows, working towards a distribution agreement with Rocky Mountain and working towards a manufacturing agreement with WS Steel.

Subsequent to commercialization, the Company's operating expenses have increased significantly as:

- development costs were no longer capitalized and were expensed as incurred;
- the Company began amortizing its intellectual property over the useful life;
- it prepared the SMART Seeders produced for spring 2017 demonstrations;
- it has been preparing its 2018 SMART Seeder for production for spring 2018 sales;
- there were no sales during the 2017 fiscal year, or first quarter of 2018, while the Company has continued with development activities to advance future models.

Total Assets

The Company completed the following financings through the issuance of shares to support the development and commercialization of the CX-6 SMART Seeder:

- during the quarter ended September 30, 2017 for gross proceeds totaling $1,000,000;
- during the quarter ended March 31, 2017 for gross proceeds totaling $1,032,501, and
- during the quarter ended September 30, 2015 for gross proceeds totaling $1,796,800

During the quarter ended December 31, 2015, the Company received funds from the exercise of warrants and options of approximately $1M.

Total Liabilities

The Company entered into two loan agreements with her Majesty the Queen of Canada a total borrowing limit of $2.250M. The Company has borrowed $54,688, $485,144, $257,880, $189,529 and $724,751 during the quarters ended September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016 and September 30, 2016 respectively. The amounts shown in the table are presented at their fair value. For additional discussion on the difference between the fair value and the legal liability, see "**Repayable Government Loans"**.

LIQUIDITY & CAPITAL RESOURCES

To date, the Company's capital needs have been met by raising funds through the issuance of equity and debt instruments. As of September 30, 2017, the Company had cash and cash equivalents of $500,498, while its total debt amounted to $1,885,842. The Company does not have sufficient funds on hand or working capital available to meet its on-going operations, its current obligations and its planned production and development activities for the 2018 fiscal year.

The primary driver impacting the Company's liquidity is its ability to produce, sell and collect the proceeds from the sales of its CX-6 SMART Seeder. The CX-6 SMART Seeder is a new product that carries uncertainty with respect to the timing and volume of sales. The Company did not complete any sales during the three month period ended September 30, 2017 and only expects to do so starting spring 2018. The Company is exploring other opportunities for revenue producing operations including licensing SMART Seeder rights to new markets, licensing its small machines and retrofit products that can be utilized by existing seeding equipment.

During the year ended June 30, 2017, the Company entered into two zero interest loan agreements with Her Majesty the Queen of Canada as represented by two different departments of the Canadian Federal Government. The loans were provided to support commercialization and development activities. The Company has $193,312 available to draw down as at the date of this MD&A.

The loans payable, as drawn down as of September 30, 2017, will be repayable as follows:

- $1,480,304 in equal monthly installments of $13,707 for nine years starting April 1, 2019
- $231,688 in equal monthly installments of $3,861 for five years starting April 1, 2019

Including these two loans, the Company has total contractual commitments as follows:

Contractual Commitments as at September 30, 2017	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Accounts Payable	$ 770,895	$ 752,997	$ 17,898	$ -	$ -
Due to Related Parties	343,417	343,417	-	-	-
Loans Payable	1,711,992	-	316,224	421,632	974,136
Operating Leases	109,656	73,104	36,552	-	-
Total Contractual Commitments	**$ 2,935,960**	**$ 1,169,518**	**$ 370,674**	**$ 421,632**	**$ 974,136**

The Company has stock options outstanding which, if exercised, would provide up to an additional $1,870,664 of cash for the Company. The exercise of the options is dependent on the price and activity of the Company's shares on the TSX Venture in conjunction with the remaining life of the related options. At this time, there is limited reliance on the proceeds from exercise being available for the Company in the next twelve months. The Company will need to raise funds through the issuance of equity and / or debt instruments to meet its obligations and administrative requirements.

The continuation of the Company as a going concern is dependent on its ability to attain future profitable operations and/or obtain additional equity capital or debt financing to finance future operations as required. During its 2018 fiscal year the Company will not generate sufficient revenues to meet its contractual commitments, ongoing operations and planned development activities; however, it will be a critical step to selling a sufficient number of SMART Seeders in the 2019 fiscal year to earn positive income from operations. The volume and timing of production will determine the amount of funds the Company needs to raise to fund production, maintain its current capacity, meet planned growth and to fund its working capital requirements. The Company is actively seeking long-term production financing to support its business requirements for the 2018 and 2019 fiscal years. Additionally, the Company will continue to evaluate activities to generate revenues from other sources that will reduce its requirement to obtain debt or equity financing. We believe alternatives include revenues from licensing, royalties, retrofits sales and other similar complementary opportunities.

Until the Company reaches the point of generating sufficiently profitable operations to meet its ongoing operating requirements, the Company may need to continue raising funds through debt or equity issuances or seek to raise funds through alternatives such as selling license rights. If the Company cannot generate profitable operations, it will continue to need to raise funds to continue as a going-concern. Should the Company be unable to continue as a going concern, the realization of its assets may be at amounts significantly less than their carrying values.

Share Structure

As at November 28, 2017, the Company's share structure, basic and fully diluted, is shown below. Any warrant or option exercises that could occur would provide funding to the Company as indicated below:

	Number of Instruments Outstanding	Weighted Average Exercise Price	Potential Proceeds from Exercise	Weighted Average Remaining Life of Derivative (years)
Common Shares	52,202,000	-	-	-
Incentive Options*	4,535,100	$ 0.43	$ 1,936,430	3.98
	56,736,100		$ 1,936,430	

* incentive options are convertible into common shares of the Company at their respective exercise price

Cash Flows

	Three Month Period Ended September 30,	
	2017	2016
Cash and cash equivalents, beginning of period	$ **262,464**	$ 494,427
Cash used by operating activities	**(793,839)**	(585,397)
Investing activities		
Enhancements to intellectual property, net of government grants	**(6,617)**	-
Purchases of equipment	**(10,448)**	(6,852)
Financing activities		
Net proceeds from loans	**54,688**	724,751
Net proceeds from issuances of shares	**994,250**	96,750
Cash and cash equivalents, end of period	$ **500,498**	$ 723,679

Cash used by Operating Activities

Cash used by operations was 135% higher in the three month period ended September 30, 2017 as compared to the same period in 2016 due primarily to increased personnel expense related to additional development and management personnel to prepare for production and distribution of the Company's CX-6 SMART Seeder.

	Three Month Period Ended September 30,	
	2017	2016
Net loss for the period	$ **(1,229,035)**	$ (816,125)
Adjustments for items not affecting cash		
Depreciation of property and equipment	**6,819**	9,665
Amortization of intellectual property	**110,081**	111,494
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
Expenditures from the income statement adjusted for items not affecting cash	**(781,710)**	(589,406)
Changes in non-cash working capital items		
Receivables	**13,002**	32,188
Inventory	**(22,098)**	4,969
Prepaid expenses and deposits	**528**	3,114
Due to related parties	**56,968**	(5,113)
Accounts payable	**(60,529)**	(31,149)
	(793,839)	(585,397)

Reflection

We had anticipated that the cash flows used in operations for 2018 will be materially similar to 2017 outside of the potential for significant variation related to 1) volume of CX-6 SMART Seeder production and sales 2) development expenditures related to new and existing technologies. The level of sales and inventory production will have a significant impact on the amount of operating cash flows starting in Q2.

Cash flows used in operations before adjustments for working capital, was approximately 33% higher than the previous year as a result of 1) five new full-time employees in the Company in current year period as compared to the previous year period and 2) the withholding amounts associated with certain bonuses issued to employees in order to exercise stock options. The amount of development work undertaken during the current quarter was comparable to the amount undertaken in the prior year period. The Company's operations required it to use a higher amount of cash for working capital purposes as part of preparing for production activities during the 2018 fiscal year.

Outlook

We continue to anticipate that the cash flows used in operations for 2018 will be materially similar to 2017 with the potential for significant variation related to 1) volume of CX-6 SMART Seeder production and sales 2) development expenditures related to new and existing technologies.

i. CX-6 SMART Seeder Sales & Inventory
Clean Seed has initiated production of its 2018 CX-6 SMART Seeder for delivery to Rocky Mountain Equipment. We do not yet have an estimate of the number of units we will be delivering to Rocky Mountain Equipment for the 2018 fiscal year. The volume of CX-6 SMART Seeder units sold will have a significant impact on the cash used by operating activities. If production is completed without sales being made, it will have a significant impact on the cash required as those units will be carried as inventory. Due to the period between order acceptance and delivery, we expect to sell all 2018 SMART Seeders produced. The Company also anticipates initiating production of its 2019 SMART Seeder in its fourth quarter of the 2018 fiscal year as part of launching its sales program at Farm Progress 2018.

ii. CX-6 SMART Seeder Development
A substantial amount of development work related to the CX-6 SMART Seeder is not expected to qualify for capitalization on the Company's financial position and will be expensed as incurred. We anticipated that the amount that will be allocated towards CX-6 SMART Seeder development activities for the 2018 fiscal year will be significantly less than the amount that was incurred during the 2017 fiscal year.

Due to the nature of the Company in its business cycle, we could experience significant variability in our cash flows used by operating activities in efforts to prepare for expanded sales and production in 2019.

Cash used by Investing Activities

Cash used in investing activities consists of property and equipment purchases and enhancements to intellectual property.

Enhancements to Intellectual Property

The Company capitalized SMART Seeder technology development prior to commercializing its CX-6 SMART Seeders when those expenditures met the definition of an asset pursuant to the IFRS account standards for intangible assets. The amounts capitalized by the Company consisted of the cost of development staff, consulting fees, materials purchases, intellectual property protection costs, travel, testing costs and testing facilities. When the Company commercialized its CX-6 SMART Seeder the underlying intellectual property became available for use and the Company ceased capitalizing development costs that were not separate and identifiable from the CX-6 SMART Seeder.

Reflection

During the current period, development costs incurred related to the CX-6 SMART Seeder have been expensed. The Company capitalizes development costs for intangible assets that are separate and identifiable from the CX-6 SMART Seeder, under company control and have a future economic. Discussion of the comparison of the current and previous years can be found under “Results of Operations”.

The costs that the company have capitalized during the current period relate to its patent application activity for its Variable Rate and Flow Control patent applications. The Company received approval for its Variable Rate patent in Europe, Eurasia, China and Ukraine during the current period and submitted application in Europe to broaden its Variable Rate patent claims. The Company is assessing its ongoing development work for qualification as an intangible asset.

Outlook

Future development expenditures that qualify for capitalization to intellectual property can occur multiple ways including but not limited to 1) broadening of existing technologies 2) development of new technologies and 3) expenditures that relate to separate and identifiable technologies. The Company will have significant patent expenditures in the upcoming year which could qualify for capitalization to intellectual property. The Company anticipates its assessment of its development work will lead to additional capitalization opportunities for its SMART Seeder technology, outside of the CX-6 SMART Seeder. Lastly, the Company plans to undertake activities to broaden its intellectual property portfolio by investigating smart planting solutions targeting corn and soybean crops. The extent of enhancements to intellectual property will be dependent on the nature of expenditure qualifying as intellectual property under its accounting policy, the progress the Company makes with respect to the development of the SMART Seeder, the marketplace adoption of the SMART Seeder, the time available for its development team to complete its planting technologies and the funds the Company has on hand.

Purchases of Property & Equipment

The purchase of property and equipment relates to leasehold improvements, computer software, computer hardware, shop equipment and production molds.

Reflection

During the current period ended and consistent with the same period in the previous year, the costs incurred to purchase property and equipment were not significant.

Outlook

The Company expects that its property and equipment purchases will increase as compared to the amount incurred during the 2016 fiscal year (since the amount purchased in 2017 was lower than expectations).
We will require new production molds for multiple components of our CX-6 SMART Seeder for our anticipated 2018 production requirements and continue to develop software to advance our SMART Seeder technology. Long-term, we are evaluating production alternatives that while capital intensive, we believe will enable us to reduce production costs for core elements of the CX-6 SMART Seeder. We expect that those capital intensive expenditures would not occur until 2019 at the earliest.

Cash from Financing Activities

Cash from financing activities consist primarily of funds raised from the issuance of shares, the exercise of stock options and proceeds from repayable government contributions. Cash flows from financing activities have supported the Company's operating and investing activities since inception. See the statement of cash flows in our June 30, 2017 consolidated financial statements for details of the source of funds for the two years.

Reflection

During the 2018 period ended the Company raised $1,000,000 through the issuance of common shares which was purchased by a director of the Company, his family and business associates as well as loan proceeds of $55,000 through the Western Innovation Initiative Fund repayable contribution. During the same period in the prior year, the Company received loan proceeds of $725,000 through the AgriInnovation repayable contribution.

Outlook

During the 2018 fiscal year we anticipate raising at least an additional $2,000,000 through the issuance of debt or equity to fund the Company's production, development and ongoing administration requirements. The Company is also seeking non-dilutive production financing alternatives to prepare for expanded production for the 2019 fiscal year.

Financial Condition

	September 30, 2017 ($)	June 30, 2017 ($)	Change ($)	Change (%)
Cash and Cash Equivalents	500,498	262,464	238,034	91
Cash used by Operations*	793,839	2,990,047	(2,196,208)	(73)
Total Monetary Debt	1,885,842	1,919,373	(33,531)	(2)
Working Capital (Deficit)	(119,124)	(456,948)	337,824	74
Debt as a % of Total Capitalization**	23.8	24.6	(0.8)	(3)

*The current period is the three months ended September 30, 2017) while the comparative is the year ended June 30, 2017
** Total capitalization refers to total debt and shareholders' equity

Financial Position

	September 30, 2017 ($)	June 30, 2017 ($)	Change ($)	Change (%)
Line Items to Highlight				
Cash and Cash Equivalents	500,498	262,464	238,034	91
Prepaid Expenses and Deposits	322,028	322,556	(528)	(0)
Intellectual Property	6,857,768	6,935,122	(77,354)	(1)
Total Assets	7,929,729	7,792,084	137,645	2
Total Liabilities	1,885,842	1,919,373	(33,531)	(2)

The Company's financial instrument assets consist of cash and cash equivalents. The Company holds its cash and cash equivalents with a national chartered bank and is not exposed to significant credit, price or other financial instrument risk.

Intellectual Property

From June 30, 2017 to September 30, 2017 our total assets have decreased as the Company has been amortizing intellectual property without incurring significant enhancements to it and has not earned any revenues while continuing with both commercialization and development activities. A substantial amount of our total assets continues to be concentrated in our intellectual property. As at September 30, 2017, the intellectual property accounted for 86% of total assets, and as at June 30, 2017 was 89%.

Intellectual property consisting of patents, patents pending and amounts related to the development of technologies and related proprietary knowledge is recorded at cost. The intellectual property relates primarily to the Company's SMART Seeder technology. The SMART Seeder technology is being amortized over the remaining life of its patents, which is 17 years from the date of commercialization, expiring 2033.

Prepaid Expenses and Deposits

Prepaid expenses and deposits includes production deposits of $293,000 related to production of CX-6 SMART Seeders.

Other Assets

The other assets of the Company consist of SMART Seeder parts inventory, GST receivable and equipment.

Liabilities

Our financial liabilities are as follows:

Liabilities	Total	Financial Instrument	Interest Expense	Foreign Exchange Expense	Other Expense / Income
Accounts Payable	$ 770,895	Yes	$ 548	$ -	$ -
Due to Related Parties	$ 343,417	Yes	$ -	$ -	$ -
Loans Payable	$ 771,530	Yes	$ 28,284	$ -	$ -
Total Liabilities	**$ 1,885,842**		**$ 28,832**	**$ -**	**$ -**

The accounts payable and the due to related parties consist of trade payables incurred in the normal course of business and usually payable within 30 days of receiving the invoice.

The loans payable consists of $1,711,992 borrowed on under its agreements with the Federal Government of Canada, less the Benefit. The face value of $771,530 represents the amount measured at amortized cost using the effective interest rate method with an average discount rate 17% which was selected by management by applying significant judgement. The difference of $940,462 (the unamortized Benefit) is accreted over the life of the loans as "Interest" pursuant to International Financial Reporting Standards. See **Repayable Government Loans** for additional information on the loans payable. Note the full amount of the contractual commitment is shown in the **Liquidity and Capital Resources** section.

The Company does not have any significant interest rate, foreign exchange or other market risks related to its liabilities. In the future, the Company may have foreign exchange risk related to production costs.

Off-Balance Sheet Activities

The Company had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

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

		September 30, 2017		September 30, 2016
Lease expense paid for premises and vehicle and equipment rental to a company controlled by the VP Product Development of the Company (included in development expenses)	**$**	**22,050**	$	22,050

On January 1, 2014, the Company entered into two leases:

- premises lease for its facility in Midale, Saskatchewan for a term of three years commencing on January 1, 2014. The Company uses the 5,000 square foot facility to assemble, develop and test its equipment as the premises are adjacent to a 5,000 acre commercial farm, which the Company has access to run its equipment on. 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 can be terminated with two months' notice in the third year of the lease. The lease expired March 31, 2017.
- vehicle lease for a pick-up truck at its facility in Midale, Saskatchewan for a term of three years commencing on January 1, 2014. The Company pays lease fees of $1,100 per month. The lease can be terminated with two months' notice in the third year of the lease. The lease expired December 31, 2016.

Both these leases are between the Company and a company controlled by the Company's VP Product Development who is also a director and officer of the Company.

Transactions with related parties were measured at the exchange amounts and were incurred in the normal course of business.

Included in the Company's liabilities are amounts due to related parties as follows:

	September 30, 2017	June 30, 2017
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

ADDITIONAL INFORMATION

Proposed Transactions

The Company does not have any proposed transactions at this time.

Internal Controls and Procedures

The Company's certifying officers complete the Venture Basic Issuer Certificate in accordance with National Instrument 52-109. In contrast to the certificate required under National Instrument 52-109 *Certificate of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109) for non-Venture companies, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representation relating to the establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting policies.

The Company's certifying officers are responsible for ensuring processes are in place to provide them with sufficient knowledge to support the representations they are making in their certification.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement, on a cost effective basis, DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filing and other reports provided under securities legislation.

Critical Accounting Estimates

The Company's MD&A is based on its financial statements that have been prepared in accordance with International Financial Reporting Standards. The preparation of financial statements requires management to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management re-evaluates its estimates and judgments, particularly those related to the determination of the impairment of long-lived assets.

As a venture issuer, we do not provide additional analysis of our critical accounting estimates.

New Standard Not Yet Adopted

There are new standards, interpretations and amendments to existing standards not yet effective for the 2018 fiscal year, and have not been applied in preparing our consolidated financial statements. For details of the Company's Future Accounting Standards, including accounting standards not yet adopted and accounting standards amended but not yet effective, please refer to Note 3 of the Company's audited consolidated financial statements as at June 30, 2017 (filed on SEDAR).

FORWARD-LOOKING INFORMATION

The financial information in this MD&A and in our financial statements and notes are prepared according to International Financial Reporting Standards. This MD&A includes statements and information about our expectations for the future. When we discuss our strategy, plans, future financial and operating performance, or other things that have not yet taken place, we are making statements considered to be forward-looking information or forward-looking statements under Canadian securities laws. We refer to them in this MD&A as *forward-looking information.*

Key things to understand about the forward-looking information in this MD&A:

- It typically includes words and phrases about the future, such as: believe, estimate, anticipate, expect, plan, intend, predict, goal, target, project, potential, strategy and outlook (see examples below).
- It includes views of the industry, which is taken to mean the Agriculture Equipment sectors & Agricultural Seeding & Planting Equipment sub-sectors and uses words such as: sector, industry, segment, marketplace interchangeably.
- It represents our current views, and can change significantly.
- It is based on a number of material assumptions which may prove to be incorrect.
- Actual results and events may be significantly different from what we currently expect, due to the risks associated with our business.
- Forward-looking information is designed to help you understand management's current views of our near and longer term prospects, and may not be appropriate for other purposes. We will not necessarily update this information unless we are required to by securities laws.

In particular, this MD&A may contain forward-looking statements pertaining to the following:

- The Company's business plans;
- The Company's operating history;
- The Company's negative profitability;
- The Company's sales, distribution, commercialization, production and development plans;
- Unpredictable changes to the market prices for farm commodities and the Company's share price (in respect of both inputs and outputs);
- Political, economic and other associated risk;
- The Company's ability to attract and retain qualified management personnel;
- The Company's ability to obtain additional financing on satisfactory terms; and
- The Company's future investments and allocation of capital resources.

Explicit and implicit examples of forward-looking information in this MD&A

- Our expectations about 2018 and beyond, the future global agriculture industry, farmer buying patterns, trends, marketplace demands and marketplace usage;
- Our strategy for commercializing and manufacturing our technology and products;
- Our expectation that we will continue to develop the CX-6 SMART Seeder, achieve sales and continue expanding our sales during the upcoming year;
- Our expectation for capital expenditures and working capital requirements in 2018 and beyond;
- Our expectation for the level of sales and production volume for the 2018 year and subsequent years;
- Our expectation of arranging manufacturing and distribution strategies, arrangements or plans during the 2018 fiscal year and that we will execute those plans in 2018 or beyond;
- Our expectation of obtaining financing through the issuance of equity or debt, the proceeds from options or the sales of assets;
- Our expectations of receiving intellectual property protection, the timing of receiving intellectual property protection and the timing of making applications to obtain intellectual property protection and the applications for future patents.

The Company has assessed the following material risks, but not limited to:

- Our ability to increase the distribution of the CX-6 SMART Seeder in the timeline contemplated, including, attracting and retaining qualified personnel, continuing to update and improve the CX-6 SMART Seeder and independently confirming the incremental benefit for a user for adopting the CX-6 SMART Seeder;
- The CX-6 SMART Seeders sold require substantial warranty work related to unexpected issues from using the equipment to farm over several farming seasons limiting our ability to advance distribution, marketing and sales efforts in Canada, the United States and internationally;
- Our ability to achieve market success will require substantial marketing efforts and the expenditure of funds to inform potential customers of the distinctive benefits and characteristics of the CX-6 SMART Seeder and our other products;
- Our ability to sell enough CX-6 SMART Seeder units in the manner anticipated to earn sufficient funds to support operations and our working capital requirements based on the current financial condition and capital resources of the Company;
- The agriculture industry, the consumer desires, the value proposition to the purchaser and the amount of the benefit to the end user for our CX-6 SMART seeder does not meet our internal expectations;
- The desirability of our innovations, the demand for the CX-6 SMART seeder and the specifications the end users value significantly differ from our expectations;
- Our ability to raise sufficient funds to meet our on-going obligations, existing liabilities and forecasted administrative requirements for the 2018 fiscal year and period thereafter, until our operations can generate sufficient cash flows to support all requirements of the Company;
- Our ability to successfully obtain patents for the CX-6 SMART Seeder patents pending as part of maintaining a competitive advantage in the marketplace;
- Our ability to obtain clear passage for our PCT application for the SMART Seeder technology;
- The Company is forced to defend its intellectual property through litigation and does not have the necessary resources to do so leading to financial difficulties, resource constraint and the inability to continue operations in the manner intended to generate profits;
- Changes to government regulations or policies that adversely affect us, including tax and trade laws and policies;

- The popularity of no-till farming and air seeder technology declines and as a result, no-till equipment, air seeder equipment, planter equipment and potential substitutions for air seeders and planters are not attractive to the marketplace;
- The Company, or The Company's target market, are affected by natural phenomena, including inclement weather, fire, flood and earthquakes;
- Our development activities are disrupted due to the unavailability of equipment, software, operating parts and supplies critical to production and development; equipment failure, labour shortages, transportation disruptions or accidents or other development and operating risks;
- Agriculture equipment industry weakens through:
    - agriculture equipment demand continues to decline;
    - equipment replacement cycles are extended; and
    - farm receipts are weaker than expected or generally poor;
- Market forces may render it difficult or impossible for the Company to secure financing through the issuance of new shares at prices which will not lead to severe dilution to existing shareholders, or at all. There can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.
- The Company's market data could be inaccurate or unreliable with respect to geographical market sizes for seeding and planting equipment, revenue amounts of each segment, its estimated market values, number of seeding units sold, number of planting units sold or the amount of revenue within each of the types of seeding and planting equipment
- As a Company with limited historical revenues and no sales in the current year, it may be impossible to obtain satisfactory debt financing forcing financing through the sale of shares to continue as a going concern
- There is no assurance that actual results realized by customers will match the internal and historical results of testing of our technology;
- We may not have the management systems, processes and procedures to cope with high growth or high sales demands leading to financing difficulties or business execution risk;
- Departure of key personnel could have an adverse effect on planned operations.

The Company has made the following material assumptions as part of its business plan including but not limited to:

1. Customer receptiveness to accepting and purchasing our CX-6 SMART Seeder and products;
2. Market conditions upon which we have based our capital expenditure expectations;
3. Liabilities inherent in our operations;
4. Political and economic risks;
5. Changes in regulation;
6. World agricultural commodity prices and markets;
7. Producers' decisions regarding total seeded acreage, crop selection and utilization levels of farm inputs such as fertilizers and pesticides;
8. Forecasted farming receipts for the 2018 / 2019 fiscal years;
9. Uncertainties associated with estimated market demand and sector activity levels;
10. Competition for, among other things, capital, acquisitions and skilled personnel;
11. Dependence on key personnel;

12. Employee relations and third party relationships;
13. Our operations will not be significantly disrupted as a result of political instability, nationalization, terrorism, sabotage, blockades, civil unrest, social activism, political activism, equipment breakdown, natural disasters, government actions, political actions, litigation or arbitration proceedings, unavailability of equipment, parts and supplies critical to production and development, labour shortages or other development or operating risks;
14. Our ability to comply with government, environmental and regulatory requirements;
15. Future expectations regarding tax rates and payments; and
16. Fluctuations in foreign exchange or interest rates and stock market volatility.

While these forward looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein.

The impact from the difference between estimates, predictions, projections, assumptions for future results, levels of activity, performance or achievements expressed or implied and actual results on thereto could be material.

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