CLEAN seed capital GROUP

DRIVING TECHNOLOGY DEVELOPMENT
IN MODERN AGRICULTURE

INTERIM FINANCIAL STATEMENTS
SECOND QUARTER

CSX
Listed on
TMX TSX Venture Exchange

Condensed Consolidated Interim Financial Statements

For the six-month periods ended December 31, 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 six-month periods ended December 31, 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 the standards established by the 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
February 26, 2018

/s/ Steven Brassard

Steven Brassard, Chief Financial Officer
Burnaby, BC Canada
February 26, 2018

Clean Seed Capital Group Ltd.

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

	Notes	December 31, 2017	June 30, 2017
ASSETS			
Current Assets			
Cash and cash equivalents	**5**	**$ 272,335**	$ 262,464
Receivables	**6**	**17,712**	35,677
Prepaid expenses and deposits	**7**	**351,085**	322,556
Inventory	**8**	**532,376**	127,889
Total current assets		**1,173,508**	748,586
Non-Current Assets			
Intellectual property	**9**	**6,941,324**	6,935,122
Property and equipment	**10**	**158,298**	108,376
Total non-current assets		**7,099,622**	7,043,498
TOTAL ASSETS		**$ 8,273,130**	$ 7,792,084
LIABILITIES			
Current Liabilities			
Accounts payable	**11,12**	**$ 583,118**	$ 919,085
Due to related parties	**16b**	**370,232**	286,449
Total current liabilities		**953,350**	1,205,534
Non-Current Liabilities			
Loans payable	**13**	**883,262**	713,839
TOTAL LIABILITIES		**1,836,612**	1,919,373
SHAREHOLDERS' EQUITY			
Share capital	**14**	**16,583,879**	14,018,578
Subscriptions received	**14c**	**310,000**	-
Share-based payment reserve	**15b**	**2,035,941**	1,749,681
Deficit		**(12,493,302)**	(9,895,548)
TOTAL SHAREHOLDERS' EQUITY		**6,436,518**	5,872,711
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 8,273,130**	$ 7,792,084

Ability to Continue as a Going Concern (Note 2(d))
Commitments and Contingencies (Note 17)
Subsequent Events (Note 18)

Approved on behalf of the Board:

/s/ Graeme Lempriere	*/s/ Colin Rush*
Director	Director

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

	Three-month period ended December 31,		Six-month period ended December 31,	
	2017	2016	**2017**	2016
Operating expenses				
Amortization of intellectual property (Note 9)	**110,081**	111,494	**220,162**	222,988
Depreciation of property and equipment (Note 10)	**$ 10,876**	$ 10,073	**$ 17,695**	$ 19,738
Development	**142,107**	215,662	**491,328**	574,400
Interest accretion on loans payable (Note 13)	**30,196**	17,578	**58,480**	17,578
Office and miscellaneous	**34,498**	15,267	**47,399**	29,265
Personnel	**238,324**	125,795	**579,635**	246,795
Premises	**23,420**	20,505	**41,049**	43,457
Professional	**43,890**	22,733	**82,750**	62,671
Share-based compensation (Note 15(b))	**704,380**	18,200	**996,571**	123,760
Travel and trade shows	**30,947**	27,013	**62,685**	59,793
Net loss and comprehensive loss for the period	**$ 1,368,719**	$ 584,320	**$ 2,597,754**	$ 1,400,445
Basic and diluted loss per share	**$ (0.03)**	$ (0.01)	**$ (0.05)**	$ (0.03)
Weighted average number of common shares outstanding	**51,644,462**	44,278,234	**50,078,726**	44,207,310

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				
	Number	Amount	Subscriptions Received	Share-based Payment 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	-	-	-	123,760	-	123,760
Net loss for the period	-	-	-	-	(1,400,445)	(1,400,445)
Balance, December 31, 2016	**44,278,234**	**12,974,543**	**-**	**1,523,006**	**(7,689,776)**	**6,807,773**
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	-	-	-	240,295	-	240,295
Net loss for the period	-	-	-	-	(2,205,772)	(2,205,772)
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
Subscriptions received for private placements	-	-	310,000			310,000
Share issue costs	-	(7,565)	-	-	-	(7,565)
Shares issued upon exercise of share options	2,411,097	862,554	-	-	-	862,554
Transfer of fair value upon exercise of share options	-	710,312	-	(710,312)	-	-
Share-based compensation	-	-	-	996,572	-	996,572
Net loss for the period	-	-	-	-	(2,597,754)	(2,597,754)
Balance, December 31, 2017	**52,661,000**	**$ 16,583,879**	**$ 310,000**	**$ 2,035,941**	**$ (12,493,302)**	**$ 6,436,518**

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)

	Six-month period ended December 31, 2017	2016
Cash flows from operating activities		
Net loss for the period	**$ (2,597,754)**	$ (1,400,445)
Adjustments for items not affecting cash		
Amortization of intellectual property	**220,162**	222,988
Depreciation of property and equipment	**17,695**	19,738
Benefit of government loan treated as a government grant	**(87,501)**	(473,585)
Write-off of property and equipment included in development expenses	**35,232**	-
Interest accretion on loans payable	**58,480**	17,578
Share-based compensation	**996,571**	123,760
Changes in non-cash working capital items		
Receivables	**17,965**	12,498
Prepaid expenses and deposits	**(28,529)**	(94,886)
Inventory	**(404,487)**	(46,564)
Accounts payable	**(158,327)**	281,622
Due to related parties	**83,783**	61,931
	(1,846,710)	(1,275,365)
Cash flows from financing activities		
Proceeds from loans payable	**198,444**	914,280
Proceeds from exercise of options	**668,034**	96,750
Proceeds from private placements, net cash share issue costs	**992,435**	-
Proceeds from subscriptions collected without issuing shares	**310,000**	-
	2,168,913	1,011,030
Cash flows from investing activities		
Purchase of property and equipment	**(102,849)**	(9,897)
Development of intellectual property	**(209,483)**	-
	(312,332)	(9,897)
Increase (decrease) in cash and cash equivalents for the period	**9,871**	(274,232)
Cash and cash equivalents, beginning of period	**262,464**	494,427
Cash and cash equivalents, end of period	**$ 272,335**	$ 220,195
Cash and cash equivalents:		
Cash	**$ 249,201**	$ 96,888
Cash equivalents	**23,134**	123,307
	$ 272,335	**$** 220,195
Supplemental cash flow information		
Fair value of share options exercised	**$ 710,312**	$ 72,380
Options exercised through debt extinguishment	**$ 194,520**	**$** -
Intellectual property enhancements included in accounts payable	**$ 16,881**	**$** -

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 Corporations 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 its CX-6 SMART Seeder™ and the advancement of its SMART Seeder™ 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 six-month period ended December 31, 2017, including comparatives, have 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 February 26, 2018, 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 as indicated herein.

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 condensed consolidated interim 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 condensed consolidated interim financial statements, and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Note 4.

2. BASIS OF PREPARATION (continued)

d) Ability to Continue as a Going Concern

These 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 both technology development and business development activities. The Company is actively marketing its CX-6 SMART Seeder and has received sales orders for its 2018 and 2019 fiscal years. Additionally, the Company has continued development of its SMART Seeder technology to broaden its application scope and has continued development of its CX-6 SMART Seeder to enhance its capabilities.

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 December 31, 2017, the Company has an accumulated deficit of $12,493,302;
- the Company has incurred a loss of $2,597,754 for the six-month period ended December 31, 2017;
- the Company did not have any sales during the six months ended December 31, 2017, or for the year-ended June 30, 2017;
- the Company has net cash flows used in operating activities of $1,846,710 for the six-month period ended December 31, 2017;
- the Company has a history of losses from operations and
- the Company has a net working capital of $220,158.

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 deconsolidated 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 December 31, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A complete summary of significant accounting policies can be found in Note 2 of the audited annual consolidated financial statements for the year ended June 30, 2017.

Future Accounting Pronouncements

i. IFRS 2 Share-based Payments

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

ii. IFRS 7 Cash Flow Statement

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Future Accounting Pronouncements (continued)

iii. IFRS 9 Financial Instruments

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

iv. IFRS 15 Revenue from Contracts with Customers

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

v. IFRS 16 Leases

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

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 i) whether completion of the intangible asset is technically feasible, ii) whether the intangible asset would generate probable future economic benefits, and iii) 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 that are separate and identifiable from the CX-6 SMART Seeder, are controllable and can provide future benefit, are capitalized to intellectual property.

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 have 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.

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 15(b) for the assumptions applied.

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

4. 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 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 to determine the discount rate, representing fair market value, 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 Government of Canada to support innovation and economic development and 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's length parties under similar terms required judgment. 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) the Company's risk factors.

We determined that interest rates incurred by companies with a comparable investment grade and discount rates applied by venture stage companies in comparable circumstances were within a range of 8% to 30% for unsecured term loans. We considered discount rates in the range of 12% to 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 $1,087,603. This difference of $1,087,603 reduces the original eligible expenditures proportionately recorded and will be 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 $149,091 lower or $204,959 higher, respectively. See Note 13 for additional information about the Loans.

5. CASH AND CASH EQUIVALENTS

	December 31, 2017	June 30, 2017
Cash	**$ 249,201**	$ 239,401
Redeemable guaranteed investment certificates	**23,134**	23,063
	$ 272,335	$ 262,464

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

6. RECEIVABLES

		December 31, 2017		June 30, 2017
Goods and Services Tax receivable	**$**	**14,882**	$	35,677
Other		**2,830**		-
	$	**17,712**	$	35,677

7. PREPAID EXPENSES AND DEPOSITS

		December 31, 2017		June 30, 2017
Production deposits	**$**	**293,166**	$	293,166
Legal retainer for patent applications		**46,718**		2,273
Other		**11,201**		27,117
	$	**351,085**	$	322,556

8. INVENTORY

		December 31, 2017		June 30, 2017
Raw materials, opening balance	**$**	**127,889**	$	11,634
Purchases		**404,487**		232,592
Consumed in development activities		**-**		(116,337)
Raw materials and Inventory, ending balance	**$**	**532,376**	$	127,889

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

9. 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 are 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 costs incurred from acquisition, legal fees, consulting fees, patent application costs, personnel costs, materials purchases, components purchases, travel costs and development facility costs.

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 core elements of 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	226,364	-	-	226,364
Amortization	-	(220,162)	-	(220,162)
Balance, December 31, 2017	**$ 7,654,388**	**$ (713,064)**	**$ -**	**$ 6,941,324**

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

10. PROPERTY AND EQUIPMENT

	Leasehold Improvements	Office Furniture	Computer Equipment	Computer Software	Shop Equipment	Production Molds	Total
Cost							
Balance, June 30, 2016	$ 13,394	$ 17,597	$ 31,969	$ 33,531	$ 70,359	$ 72,884	$ 239,734
Benefit on Loans (Note 13)	-	-	(890)	(2,098)	-	(24,185)	(27,173)
Additions for the year	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	-	-	6,459	9,518	-	86,872	102,849
Transfers to development	-	-	-	-	-	(43,089)	(43,089)
Balance, December 31, 2017	**$ 20,260**	**$ 18,626**	**$ 43,101**	**$ 49,075**	**$ 71,163**	**$ 91,757**	**$ 293,982**
Accumulated Depreciation							
Balance, June 30, 2016	$ 4,244	$ 10,526	$ 20,020	$ 25,890	$ 24,142	$ 4,555	$ 89,377
Depreciation for the year	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	3,315	658	2,955	2,751	4,955	3,061	17,695
Transfers to development	-	-	-	-	-	(7,857)	(7,857)
Balance, December 31, 2017	**$ 11,971**	**$ 12,701**	**$ 30,119**	**$ 33,969**	**$ 43,082**	**$ 3,842**	**$ 135,684**
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 December 31, 2017	**$ 8,289**	**$ 5,925**	**$ 12,982**	**$ 15,106**	**$ 28,081**	**$ 87,915**	**$ 158,298**

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

11. ACCOUNTS PAYABLE

		December 31, 2017		June 30, 2017
Trades payable	$	**365,824**	$	678,477
Personnel payable		**184,935**		204,284
Finance lease obligation (Note 12)		**24,165**		28,131
Other		**8,194**		8,193
	$	**583,118**	$	919,085

12. FINANCE LEASE OBLIGATION

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

The Company's finance lease obligation consists of:

		December 31, 2017		June 30, 2017
Equipment finance lease payable in monthly installments of $844 including interest at 8.28% per annum	$	**27,015**	$	32,081
Less: Interest		**(2,849)**		(3,950)
	$	**24,166**	$	28,131

Minimum repayments over the next four years are as follows:

2018	$	4,138
2019		8,800
2020		9,556
2021		1,672
	$	24,166

13. LOANS PAYABLE

The loans payable are as follows:

	Note		December 31, 2017		June 30, 2017
AgriInnovation repayable contribution	13a	$	**670,316**	$	621,169
Western Innovation Initiative repayable contribution	13b		**212,946**		92,670
		$	**883,262**	$	713,839

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

13. LOANS PAYABLE (continued)

a) AgriInnovation Repayable Contribution

The AgriInnovation repayable contribution activity is as follows:

	Principal	Accumulated 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	-	49,147	49,147
Balance at December 31, 2017	**$ 568,573**	**$ 101,743**	**$ 670,316**

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 consist 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 six months ended December 31, 2017, the Company submitted a final claim under the AgriInnovation Agreement of $119,157, which it expects to collect subsequent to the project completion on March 31, 2018.

The Company will be obligated to repay all contributions received totaling $1,480,304 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 plus 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 4 for discussion in determining the discount rate.

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

13. LOANS PAYABLE (continued)

b) Western Innovation Initiative Repayable Contribution

The Western Innovation Initiative repayable contribution activity is as follows:

	Principal	Accumulated 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	198,444	-	198,444
Benefit on contributions	(87,501)	-	(87,501)
Interest accretion	-	9,333	9,333
Balance at December 31, 2017	**$ 199,572**	**$ 13,374**	**$ 212,946**

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 received totaling $375,444 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 plus 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 would 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	**$6,257**
Monthly installment start date	**April 1, 2019**

See Note 4 for discussion in determining the discount rate.

14. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value.

b) Issued

During the six-month period ended December 31, 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 $194,520 of payables upon exercise of 501,000 incentive share options at an average exercise price of $0.39 per option. The fair value of the incentive options exercised totaling $194,520 was transferred from share-based payment reserve to share capital upon exercise.

iii. The Company received proceeds of $698,034 upon exercise of 1,910,097 incentive share options at an average exercise price of $0.37 per option. The fair value of the incentive options exercised totaling $563,807 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.

c) Subscriptions Received

The Company received share subscriptions totaling $310,000 related to a private placement that was completed on January 4, 2018 (Note 18).

15. EQUITY AND RESERVES

a) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's statement of financial position 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 income or loss and comprehensive income or loss from period to period.

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

15. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve

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

	Incentive Options	Warrants	Broker Warrants	Share-based Payment Reserve
Balance, June 30, 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	996,572	-	-	996,572
Transfer of fair value of options exercised	(710,312)	-	-	(710,312)
Balance, December 31, 2017	**$ 1,737,022**	**$ 234,100**	**$ 64,819**	**$ 2,035,941**

The Company uses the Black-Scholes option 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 that has been approved annual by the shareholders of the Company and the TSX-V. Under the Company's 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-V.

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

15. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve (continued)

i. Incentive Share Options (continued)

The following table summarizes incentive share option activity for the six-month period ended December 31, 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	3,671,100	$	0.46		996,572
Exercised	(2,411,097)	$	0.36		(710,312)
Expired / Cancelled	(205,000)	$	0.31		-
Balance, December 31, 2017	**5,155,100**	**$**	**0.45**	**$**	**1,737,022**

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:

	December 31, 2017	June 30, 2017
Risk-free interest rate	**1.64% - 1.88%**	0.66% - 1.19%
Expected life of options	**5 Years**	5 Years
Annualized volatility	**92% - 95%**	102% - 105%
Dividend rate	**0.00%**	0.00%

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 to September 28, 2021.

Related to this modification, there was additional fair value of $142,660 recorded using the Black-Scholes option pricing model. 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)

15. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve (continued)

i. Incentive Share Options (continued)

Options outstanding at December 31, 2017 and June 30, 2017 were as follows:

	December 31, 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	-	$	0.30	100,000	$	0.30
July 1, 2018	-	$	0.30	100,000	$	0.30
January 24, 2019	-	$	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	-	$	0.40	25,000	$	0.40
October 9, 2019	-	$	0.40	50,000	$	0.40
December 16, 2019	-	$	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	129,000	$	0.37	300,000	$	0.37
April 12, 2021	-	$	0.35	150,000	$	0.35
August 18, 2021	-	$	0.35	364,000	$	0.35
September 28, 2021	240,000	$	0.35	606,097	$	0.35
December 21, 2021	150,000	$	0.35	315,000	$	0.35
January 25, 2022	25,000	$	0.35	25,000	$	0.35
February 6, 2022	-	$	0.35	100,000	$	0.35
April 13, 2022	50,000	$	0.35	125,000	$	0.35
September 1, 2022	100,000	$	0.40	-	$	-
September 5, 2022	746,000	$	0.40	-	$	-
September 29, 2022	100,000	$	0.40	-	$	-
November 3, 2022	670,000	$	0.45	-	$	-
November 20, 2022	711,100	$	0.50	-	$	-
December 14, 2022	1,104,000	$	0.50	-	$	-
	5,155,100	**$**	**0.39**	4,100,097	$	0.38
Weighted Average Remaining Contractual Life (years)			**4.05**			2.97
Weighted Average Fair Value of Options Granted		**$**	**0.32**		$	0.28
Weighted Average Share Price During Period		**$**	**0.42**		$	0.36

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

15. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve (continued)

i. Incentive Share Options (continued)

At December 31, 2017, 975,000 (June 30, 2017: 200,000) of the incentive stock options had not vested. All other incentive stock options are fully vested.

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 on closing of the private placement and any residual value is allocated to the warrants.

The following table summarizes warrants activity for the six-month period ended December 31, 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, December 31, 2017	**-**	**$**	**-**	**$**	**234,100**

Warrants outstanding at December 31, 2017 and June 30, 2017 are as follows:

	December 31, 2017			**June 30, 2017**		
Expiry Date	Number of Warrants Outstanding		Exercise Price	Number of Warrants Outstanding		Exercise Price
September 8, 2017	**-**	**$**	**-**	2,246,000	$	0.60
Remaining Contractual Life (years)			**-**			0.19

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

15. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve (continued)

iii. Broker Warrants

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

The following table summarizes warrants activity for the six-month period ended December 31, 2017 and year ended June 30, 2017:

	Number of Broker Warrants	Weighted Average Exercise Price	Share-based Payment Reserve
Balance, June 30, 2016	**232,792**	**$ 0.40**	**$ 64,819**
Expired	(232,792)	$ 0.40	-
Balance, June 30, 2017 and December 31, 2017	**-**	**$ -**	**$ 64,819**

16. RELATED PARTY TRANSACTIONS AND BALANCES

a) Key Management Personnel

Compensation to key management, which consists of executives and management directors, for the three-month and six-month periods ended December 31, 2017 and 2016 were as follows:

	Three-month period ended December 31,		Six-month period ended December 31,	
	2017	2016	**2017**	2016
Short-term benefits	**$ 216,450**	$ 146,167	**$ 544,015**	$ 255,667
Share-based payments	**112,375**	14,000	**368,261**	43,000
	$ 328,825	$ 160,167	**$ 912,276**	$ 298,667

Short-term benefits includes compensation for six executives as at December 31, 2017 (2016: seven). During the six-month period ended December 31, 2017, bonuses of $222,000 were granted to key management personnel to exercise their option to acquire 396,000 shares of the Company.

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

16. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Due to Related Parties

Amounts due to related parties as at December 31, 2017 and June 30, 2017 were as follows:

	December 31, 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	**$ 370,232**	$ 286,449

c) Related Party Transactions

Transactions with related parties for the six-month periods ended December 31, 2017 and 2016 were as follows:

	Three-month period ended December 31, 2017	Three-month period ended December 31, 2016	Six-month period ended December 31, 2017	Six-month period ended December 31, 2016
Lease expense for leases from a company controlled by a director and officer of the Company included within development expense	**$ 30,000**	$ 22,050	**$ 57,200**	$ 44,100

17. COMMITMENTS AND CONTINGENCIES

As at December 31, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022 and Beyond	Total
Accounts payable	$ 563,090	$ 8,800	$ 9,556	$ 1,672	$ -	$ **583,118**
Due to related parties	370,232	-	-	-	-	**370,232**
Loans payable	-	59,892	239,567	239,567	1,316,722	**1,855,748**
IT services contract	5,100	4,250	-	-	-	**9,350**
Premises leases	36,552	54,828	-	-	-	**91,380**
	$ 974,974	**$ 127,770**	**$ 249,123**	**$ 241,239**	**$ 1,316,722**	**$ 2,909,828**

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 lease expired on December 31, 2016 and the agreement has continued on a month-to-month basis with a requirement to provide the owner with two months' notice for terminating the lease. The Company has increased its use of facilities during the six months ended December 31, 2017 and now pays rent of $10,000 per month (2016: $7,350).

17. COMMITMENTS AND CONTINGENCIES (continued)

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 the terms of its manufacturing agreement, the Company has committed to producing 100 CX-6 SMART Seeders with its manufacturing partner. To date, the Company has produced three 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 ongoing engineering work related to enhancements and preparing new annual models for production as necessary.

18. SUBSEQUENT EVENTS

Subsequent to the six-month period ended December 31, 2017:

- 150,000 incentive share options were exercised for total consideration of $30,000.
- The Company granted 75,000 and 25,000 incentive share options with an exercise prices of $0.60 and $0.55 per share for a term of five years to consultants and an officer of the Company respectively.
- The Company completed a private placement on January 4, 2018 of 1,735,000 units, with each unit consisting of one common share and one share purchase warrant at a price of $0.05 for gross proceeds of $867,500. Each share purchase warrant entitles the holder to purchase one common share for a period of 12 months at a price of $0.75. Share issue costs for the private placement included $25,025 in cash commissions and 50,050 broker warrants, entitling the holders to purchase an equivalent number of shares of the Company for a period of 12 months at a price of $0.50 per share. The Company had received proceeds of $310,000 of this private placement as at December 31, 2017.

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