



CleanSeed

Capital Group Ltd.

WELCOME TO OUR MANAGEMENT DISCUSSION & ANALYSIS

This management discussion & analysis (“MD&A”) includes information that will help you understand management’s perspective of our audited consolidated financial statements and notes thereto for the year ended June 30, 2016. This information is based on what we knew on October 27, 2016. 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 further information.

We encourage you to read our audited consolidated financial statements and notes for the year ended June 30, 2016 as you review this MD&A. You can find more information about Clean Seed, 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 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.

GENERAL

The Company is the creator of the world's only Smart Seeder.

The Company was incorporated on January 28, 2010. On September 26, 2011, the Company (1) completed its IPO 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-V under the symbol CSX. Since incorporating, the Company has received several awards for its technology innovations and was previously recognized as a TSX Venture 50 Company for 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:

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2016 OVERVIEW

The Company had the following activities and events lead its 2016 performance:

- completed the tooling for production of CX-6 SMART Seeder units
- completed production of the first three CX-6 SMART Seeder units
- sold and delivered two CX-6 SMART Seeders to Rocky Mountain Equipment, which will be used as demonstration units throughout 2017
- initiated production of additional CX-6 SMART Seeder units for sales orders expected in 2017
- completed the development of the Smart Cart to accompany the Smart Seeder
- submitted patent applications for the smart seeder technology into all major marketplaces where seeding equipment is significantly used thereby expanding its IP portfolio
- broadened its intellectual property portfolio with new patent applications for the smart seeder technology, thereby extending the protection for the technology
- raised \$3.2M to fund its commercialization, product launch and ongoing development activities
- entered into (subsequent to June 30, 2016) loan agreements with two departments of the Federal Government of Canada to support the commercialization of the CX-6 Smart Seeder

With the above activities completed, the Company met its anticipated milestones for the year.

2017 OUTLOOK

The Company is anticipating the following events and activities to shape its 2017 performance:

- collaborate with our distributor to conduct SMART Seeder demonstrations across the Canadian prairies in order to generate sales of the CX-6 SMART Seeder
- introduce the CX-6 SMART Seeder into the US and obtain immediate presence by partnering with US based distributors
- continue to expand the smart seeding intellectual property portfolio to increase the scope of protection and to extend the life of our intellectual property protection
- work with our manufacturing partner to achieve production scale
- complete the 2017 SMART Seeder model and begin the 2018 SMART Seeder model
- investigate and develop smart planting technologies aimed at the global planter market
- continue evaluating synergistic opportunities to assess options to accelerate our business plan

COMPANY OVERVIEW

Clean Seed was founded to facilitate progress in sustainable agriculture. The Company acquired, created, designed and developed its portfolio of intellectual property into smart technologies that balance innovation, productivity and sustainability. Clean Seed is positioning itself at the forefront of the smart revolution in the seeding equipment marketplace. The Company is expecting that its smart seeding technology will contribute to the global farming community's ability to meet future agriculture production demand. The Company has evolved from award-winning innovator into the creator and producer of the world's first and only smart seeder.



Our smart seeder technology has been designed to offer an unrivalled level of precision in modern no-till seeding and is a farmer driven rethink of available air-seeder technology. The result is the CX-6 SMART Seeder which we believe can provide improved farming outcomes compared to existing equipment alternatives; meaning increased crop production with reduction to the inputs required.

Technological advancements continue to 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 the current agricultural demand, let alone to meet higher levels of projected future demand. While some industries have embraced the use of technology to advance their capabilities, the agricultural seeding equipment sector has lagged behind leaving a significant opportunity for those who can resolve existing limitations.

Seeding is the best time in a plants' life to influence its physical, chemical and biological environment to impact its yield. To do so requires a 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 opener point across the field. The ability to manage the field to this level will allow for reaching optimal yields while using the ideal level of inputs required.

We believe that the seeding equipment marketplace will not ignore the opportunity to embrace our technology based solution, as the cost will be too high at both the micro and macro levels. A significant portion of the Company is owned by prairie-based commercial farmers which we believe is a strong indication of consumer level product support for our smart seeding technology.

At the farm level, current seeding technology 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 revenues or miss out on maximizing revenues to minimize input wastage. Farmers have a short window to plant and every moment counts to achieve the best farming outcome possible. Currently, compromises are made across every square foot of the farm because the farmer's seeding equipment cannot a) satisfy the varied soil conditions of their field down to the square foot and b) be flexible enough to maximize windows for planting.

At the global level, seeding technology limitations contribute to negatively impact agricultural productivity. We are reaching a point globally where agricultural supply cannot keep up with agricultural demand. Secondly, on a global basis, when the farmer overconsumes farming inputs (as a result of equipment limitation) there is reduced global availability of farming inputs which could also limit global productivity when certain 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 60% to meet projected food demand in 2050.



Further complicating matters is that increased agricultural demand must be met through higher yields because increasing the land used for agriculture carries major environmental costs. Most of the additional land that could be used for agriculture 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 farmland 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 (and the time relationship between soil left fallow and soil being productive is not necessarily reciprocal). In order to meet the increasing demand for food, we need to combine productive land with technologies that enhance yields on a continuous, sustainable basis.

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

The sustainable 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 a 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.

COMPANY PRODUCTS

Farming is big business in Canada. The number of large commercial farms (1,600+ acres) in Canada continues to increase while the total land actively farmed in Canada has decreased. Growing global agricultural demand will not be met by farming more land; rather, it will be met by savvy commercial farming operations that have the scale and capability to adopt new technologies and methodologies to increase yield. In Canada, 11% of all farms account for 68% of all farming income, meaning that the savvy few operators control the majority of Canadian farming revenues.

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 planting corn or soybean which generally require specific 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). Since that time we believe the number has more than doubled when including all of Canada and the United States as smaller farms have transitioned.

Air seeders are far from perfect. There are inherent limitations with the air seeders related to their product metering and distribution systems, and their product logistics and delivery systems.

- product metering and distribution refers to how the seeding equipment places farming inputs into the ground. 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 as their agronomist prescription would require. 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.
- product logistics and delivery refers to how the farming inputs get from the source to the seeding equipment. Traditional air seeders require significant 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 the capabilities of the machine (and field requirements), there is compromise in terms of yield generation against product application. The downtime is expensive in terms of on-farm labour and lost operations

The CX-6 SMART Seeder is not an Air Seeder

The Company has taken an innovative approach to develop a high-tech, precision-driven smart seeder to provide the farmer with an efficient and effective farming operation. To date, the limiting factor of the seeding operation has been the air seeding equipment used by the farmer. With the CX-6, the limiting factor of the operation will be what the soil allows, meaning the CX-6 will facilitate the farmer to reach the potential of their field. The CX-6 SMART Seeder has been developed to the inherent limitations of the traditional air seeder through its patent-protected variable rate metering system and its innovative product logistics systems.

Current Technology vs. the CX-6 SMART Seeder

	Current Air Seeders		CX-6 SMART Seeder
Flawless integration with soil maps	No		Yes
Plant level metering at each opener	No		Yes
6 product handling capability	No		Yes
Turn compensation for non linear travel	No		Yes
Fully electronic	No		Yes
Wireless in-cab controls	No		Yes
Seed bounce	Yes		No
Inconsistent product placement	Yes		No
Uniform distribution	No		Yes
On-the-go refilling	No		Yes

The Company will seek to validate the impact created from adopting the CX-6 SMART Seeder. Based on internal calculations, the incremental benefits from using the CX-6 could be as high as \$100 per acre. This is considered forward-looking information based on the Company's calculations made by its farming professionals and has not been independently verified. However, any significant incremental benefit compared to the marketplace will form the CX-6 SMART Seeder's financial competitive advantage as compared to air seeder products.

Once we can verify that adopting the CX-6 creates significant incremental benefits as compared to existing air-seeding technology, we believe the financial value proposition will be too significant to ignore by the farmer. 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 will be too vast.

Based on our awards won to date and the high level of farmer shareholdings in the company, we believe this indicates that the CX-6 will be a high-demand product. The historical results from seeding equipment launched by Canadian companies indicate that the Canadian prairies are receptive to agricultural innovation. We believe the CX-6's competitive advantages create the opportunity for the Company to replicate and surpass the previous debuts of other Canadian seeding technologies.

Other Products

The Company has three other products that have been completed and are ready for sale. To date, the Company has not marketed for sale of any of these machines, due to its focus on developing the CX-6. 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 could become beneficial. More information on these products can be found at www.cleaneedcapital.com.

CLEAN SEED'S BUSINESS MODEL

Our business model is focused on the Canadian production and distribution of the CX-6 Smart Seeder and combines our innovative technology with the manufacturing capabilities of WS Steel and the distribution network of Rocky Mountain Equipment Canada. This structure allows Clean Seed to leverage its technology portfolio and benefit from the expertise, infrastructure and capacity of WS Steel Manufacturing and Rocky Mountain Equipment. We believe this process is the most effective use of resources and quickest path for commercializing our CX-6 SMART Seeder.

Technology

Since its formation, Clean Seed has had the mission to facilitate progress in sustainable agriculture. The award winning CX-6 SMART Seeder represents meaningful progress in the seeding equipment segment and has attracted favourable attention from the farming community, agriculture industry, investment community and media. Clean Seed holds 7 patents and 17 patents pending which form the CX-6 SMART Seeder. This intellectual property will provide the company with protection for its CX-6 SMART Seeder until 2036. The Company has patents pending in every global market for its smart seeder technology where significant amounts of seeding equipment are sold. The Company is actively working to advance its technology portfolio to broaden its capabilities, including developing a smart based technology solution for planting corn and soy. The Company continues to seek additional opportunities to broaden its intellectual property scope and to increase the overall life of its patent protection.

Distribution

Rocky Mountain Equipment is Canada's largest agriculture equipment dealer with a network of full-service agriculture and industrial equipment stores across the Canadian Prairie Provinces. They offer their customers a one-stop solution for their 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 biggest worldwide seeding equipment brands in their retail locations and is viewed as the leading seeding equipment distributor in Canada. Rocky Mountain has purchased the first two CX-6 Smart Seeder units which they will be using as demonstration units throughout 2017 to generate sales.

Production

WS Steel is a Manitoba-based, Canadian 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 will be 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, which it does internally itself. WS Steel performs final assembly and preparations of the CX-6 SMART Seeder. 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.

The Company continues to explore opportunities to work collaboratively with likeminded corporations as part of its efforts to build Clean Seed into a major player in the agricultural seeding equipment segment and achieve to ultimately worldwide distribution of its products. The Company remains committed to the guiding principles of innovation on which it was founded.

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

CONSOLIDATED FINANCIAL RESULTS

	2016	2015	2014	Change from 2015 to 2016
Total Revenue	\$ 1,050,000	\$ -	\$ -	~%
Net Loss	\$ (1,212,419)	\$ (1,247,357)	\$ (1,248,778)	3%
Basic and Diluted Loss per share	\$ (0.03)	\$ (0.04)	\$ (0.04)	25%
Cash Dividends per share	\$ -	\$ -	\$ -	0%
Total Assets	\$ 8,522,685	\$ 6,540,794	\$ 5,761,929	30%
Shareholders' Equity	\$ 7,987,708	\$ 5,616,502	\$ 4,936,854	42%
Total Long-Term Liabilities	\$ -	\$ -	\$ -	0%
Cash used by Operations	\$ 1,150,311	\$ 912,040	\$ 911,476	26%

RESULTS OF OPERATIONS

Year Ended June 30, 2016

During the year ended June 30, 2016, the net and comprehensive loss was \$1,212,419 (\$0.03 per share) compared to net and comprehensive loss of \$1,247,357 (\$0.04 per share) for the year ended June 30, 2015. The net and comprehensive loss was 3% lower than the previous year when including the gross margin from the sale of the first two CX-6 SMART Seeders. The amount of operating expenses increased primarily due to higher personnel, amortization and share based compensation expenses related to the commercialization of the CX-6 SMART Seeder. The increase in these expenditures was partially offset by reductions in professional and travel related expenses. Included within operating expenses during the year, as compared to the previous year, was an additional \$160,288 of non-cash amortization and share based compensation expenses.

	Year Ended June 30, 2016	Year Ended June 30, 2015	\$ Change	% Change
Sales	\$ 1,050,000	\$ -	\$ 1,050,000	~%
Cost of Sales	(860,787)	-	(860,787)	~%
Gross Margin	189,213	-	189,213	~%
Operating Expenses				
Amortization of property and equipment	34,560	29,439	5,121	17%
Amortization of intellectual property	56,167	-	56,167	~%
Foreign exchange loss	22,035	48,624	(26,589)	-55%
Interest on loans	14,298	29,382	(15,084)	-51%
Office and miscellaneous	126,048	57,466	68,582	119%
Personnel	494,988	332,542	162,446	49%
Premises	105,606	82,720	22,886	28%
Professional	153,137	323,595	(170,458)	-53%
Share-based compensation	243,100	144,100	99,000	69%
Travel and trade shows	151,693	199,489	(47,796)	-24%
	1,401,632	1,247,357	154,275	12%
Net and comprehensive loss	\$ (1,212,419)	\$ (1,247,357)	\$ 34,938	3%

The first two CX-6 SMART Seeders were sold in May 2016 resulting in sales and cost of sales for the year:

Sales	2016	2015	Change (\$)	Change (%)
Revenue	\$ 1,050,000	\$ -	\$ 1,050,000	~%

Sales is comprised of the revenues generated from selling the first two CX-6 SMART Seeders in Q4 of 2016 to Rocky Mountain Equipment. The Company had no sales prior to Q4 2016.

Cost of Sales	2016	2015	Change (\$)	Change (%)
Expense	\$ 860,787	\$ -	\$ 860,787	~%

Cost of Sales includes the costs required to manufacture the CX-6 SMART Seeder and includes labour, component purchases, manufacturing costs and WS Steel production costs. Production of the first two units was done on a short run basis and used Company personnel to manufacture certain components which resulted in a cost of sales that was significantly higher than expected, for both labour and materials, then under a volume production basis.

Significant operating expenses and variations of operating expenses incurred during the year ended June 30, 2016, as compared to the year ended June 30, 2015 include:

Amortization of Intellectual Property	2016	2015	Change (\$)	Change (%)
Expense	\$ 56,167	\$ -	\$ 56,167	~%

The Company commenced revenue generating activities during Q4 2016 from commercializing its intellectual property. As a result, it considered its intellectual property available for use and began amortizing it on a straight-line basis over the remaining lifetime of its portfolio of patents and patents pending. The amount recorded represents the pro-rated amortization from the time the Company sold its first two Smart Seeders.

Foreign Exchange Loss	2016	2015	Change (\$)	Change (%)
Expense	\$ 22,035	\$ 48,624	\$ (26,589)	(55%)

Foreign exchange loss relates to the technology acquisition note payable which was denominated in US Dollars. The decrease in the loss from the prior year is due to the larger rise in the value of the US Dollar in the prior year as opposed to the current year. See the Liabilities subsection in the Liquidity and Capital Resources section for further analysis. The technology acquisition note payable was extinguished during the year.

Interest on Loans	2016	2015	Change (\$)	Change (%)
Expense	\$ 14,298	\$ 29,382	\$ (15,084)	(51%)

Interest on Loans relates to interest on the notes to related party, technology acquisition note payable and capital lease interest. The decrease from the prior year is due to the full extinguishment of the loans in the current year. The interest bearing notes payable to related party and technology acquisition note payable were repaid in November 2015.

Office and Miscellaneous	2016	2015	Change (\$)	Change (%)
Expense	\$ 126,048	\$ 57,466	\$ 68,582	119%

Office and miscellaneous costs relate to filing fees, telephone, office supplies and miscellaneous other charges. During the year, the Company settled debts through the issuance of the common shares and incurred a loss on settlement of \$23,581 which is included herein. The remaining increase is a result of commercializing its CX-6 SMART Seeder as the Company began expensing amounts that it previously would have capitalized and incurred significant courier costs not directly related to production.

Personnel	2016	2015	Change (\$)	Change (%)
Expense	\$ 494,988	\$ 332,542	\$ 162,446	49%

Personnel expense on the income statement increased compared to the previous year due to increases in salary rates paid to its core management team and its technical staff as the Company advanced into production.

The Company incurred total personnel fees during the year ended June 30, 2016 as follows:

2016	Personnel Count	Expense for the Year	Government Grant	Allocation on Financial Statements	
	Executives	2	\$ 233,000*	-	Personnel
	Administration	3	\$ 168,000	-	Personnel
	Marketing	1	\$ 91,000	-	Personnel
	Technical	10	\$ 644,000*	\$ 91,000	IP/Personnel/ Cost of Sales
		16	\$ 1,136,000	\$ 91,000	

Note: Amounts were allocated net of the government grant

* includes a one-time bonuses paid to certain personnel, each totaling \$60,000

The Company incurred total personnel fees during the year ended June 30, 2015 as follows:

2015	Personnel Count	Expense for the Year	Government Grant	Allocation on Financial Statements	
	Executives	2	\$ 115,000	-	Personnel
	Administration	4	\$ 139,000	-	Personnel
	Marketing	1	\$ 80,000	-	Personnel
	Technical	11	\$ 470,000	\$ 23,000	IP / Personnel
		18	\$ 804,000	\$ 23,000	

Note: Amounts were allocated net of the government grant

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

Personnel	-	\$ 495,000 (2015: \$333,000)
Intellectual Property	-	\$ 480,000 (2015: \$448,000)
Cost of Sales	-	\$ 70,000 (2015: \$NIL)

The Company received government grants of \$91,000 (2015: \$23,000) from the Industrial Research Application Program (IRAP) under the National Research Council of Canada to subsidize the costs of certain members of our technical team.

Professional	2016	2015	Change (\$)	Change (%)
Expense	\$ 153,137	\$ 323,595	\$ (170,458)	(53%)

Professional fees include legal advisors, auditor fees, business valuation services, corporate finance advisory services, media distribution, market development consultancy services, investor relations services and investor market distribution services. During 2016, the Company had significantly lower professional expense as compared to the prior year due to the discontinuation of media distribution services firm, corporate finance advisory firm and a reduction in the services retained of an investor relations firm as the Company had advanced to a stage to focus on commercialization of the its CX-6 SMART Seeder.

Share-based compensation	2016	2015	Change (\$)	Change (%)
Expense	\$ 243,100	\$ 144,100	\$ 99,000	69%

The 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 more stock options at a higher fair value during the year ended June 30, 2016 than in the prior year.

The options were granted as follows:

	2016		2015	
	# of Options	Fair Value of Options	# of Options	Fair Value of Options
Employees	400,000	\$ 106,000	160,000	\$ 36,100
Directors and Officers	450,000	\$ 130,500	125,000	\$ 33,000
Consultants	30,000	\$ 6,600	300,000	\$ 75,000
	880,000	\$ 243,100	585,000	\$ 144,100
Average Fair Value per Option Granted		\$0.28		\$0.25

See note 15(b) to the consolidated financial statements for more information about stock based compensation.

Travel and Trade Shows	2016	2015	Change (\$)	Change (%)
Expense	\$ 151,693	\$199,489	\$ (47,796)	(24%)

The decrease from the prior year is the result of a decrease in travel activity to evaluate business opportunities, attend trade & capital investment shows and present at trade shows. During the previous year, the Company attended Canada's Farm Progress Show while during the current year, the Company held demonstrations at Ag In Motion subsequent to June 30, 2016. Due to the nature and timing of Ag In Motion, the cost in the current year was significantly lower.

Three Months Ended June 30, 2016

During the three month period ended June 30, 2016, the net and comprehensive loss was \$203,688 (\$0.00 per share) as compared to net and comprehensive loss of \$285,126 (\$0.01 per share) for the three month period ended June 30, 2015. The amount of operating expenses related to income statement classified expenses were significantly higher in 2016 as a result of increased personnel, premises, share based compensation and travel costs incurred compared to the same period in 2015. Included in this increase is intellectual property amortization expense of \$56,167 which initiated in 2016 as a result of commercializing the CX-6 SMART Seeder.

The primary activities during the quarter was the commercialization of the CX-6 SMART Seeder.

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	\$ Change	% Change
Sales	\$ 1,050,000	\$ -	\$ 1,050,000	~%
Cost of Sales	(860,787)	-	(860,787)	~%
Gross Margin	189,213	-	189,213	~%
Operating Expenses				
Amortization of property and equipment	8,110	9,104	(994)	-11%
Amortization of intellectual property	56,167	-	56,167	~%
Foreign exchange loss (gain)	-	(4,053)	4,053	-100%
Interest on loans	742	7,098	(6,356)	-90%
Office and miscellaneous	52,015	21,551	30,464	141%
Personnel	93,497	85,712	7,785	9%
Premises	41,121	20,187	20,934	104%
Professional	16,450	90,531	(74,081)	-82%
Share-based compensation	36,000	16,500	19,500	118%
Travel and trade shows	88,799	38,496	50,303	131%
	392,901	285,126	107,775	38%
Net and comprehensive loss	\$ (203,688)	\$ (285,126)	\$ 81,438	29%

The first two CX-6 SMART Seeders were sold in May 2016 resulting in sales for the year:

Sales	2016	2015	Change (\$)	Change (%)
Revenue	\$ 1,050,000	\$ -	\$ 1,050,000	~%

Sales is comprised of the revenues generated from selling the first two CX-6 SMART Seeders in Q4 of 2016. The Company had no sales prior to Q4 2016.

Cost of Sales	2016	2015	Change (\$)	Change (%)
Expense	\$ 860,787	\$ -	\$ 860,787	~%

Cost of Sales includes the costs required to manufacture the CX-6 SMART Seeder and includes labour, component purchases, manufacturing costs and WS Steel production costs. Production of the first two units was done on a short run basis and used Company personnel to manufacture certain components which resulted in elevated cost of sales.

Significant operating expenses and variations of operating expenses incurred during the three month period ended June 30, 2016, as compared to the three month period ended June 30, 2015 include:

Amortization of Intellectual Property Expense	2016	2015	Change (\$)	Change (%)
	\$ 56,167	\$ -	\$ 56,167	100%

The Company commenced revenue generating activities during Q4 2016 from commercializing its intellectual property. As a result, it considered its intellectual property available for use and began amortizing it accordingly, on a straight-line basis over the remaining lifetime of its portfolio of patents and patents pending. The amount recorded represents the amortization from the time the Company sold its first two Smart Seeders.

Interest on Loans Expense	2016	2015	Change (\$)	Change (%)
	\$ 742	\$ 7,098	\$ (6,356)	(90%)

The interest bearing notes were repaid in November 2015 resulting in no interest being charged for the current period on those notes. The remaining interest relates to interest on a capital lease for certain equipment owned by the Company.

Office and Miscellaneous Expense	2016	2015	Change (\$)	Change (%)
	\$ 52,015	\$ 21,551	\$ 30,464	141%

Office and miscellaneous costs relate to filing fees, telephone, office supplies and miscellaneous other charges. During the quarter, the Company recorded a loss of \$23,581 on settlement of debt through the issuance of the common shares, which is included herein. The remaining increase is a result of commercializing its CX-6 SMART Seeder as the Company began expensing amounts that it previously would have capitalized and incurred significant courier costs not directly related to production.

Personnel Expense	2016	2015	Change (\$)	Change (%)
	\$ 93,497	\$ 85,712	\$ 7,785	9%

Personnel expense consists of wages, fees, benefits and associated taxes for all personnel of the Company. Personnel expense on the income statement increased slightly compared to the same period in the previous year due to both an increases in salary rates paid and to the number of personnel retained by the Company as it advanced to production.

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

2016	Personnel Count	Expense for the Period	Government Grant	Allocation on Financial Statements
Executives	2	\$ 47,000	-	Personnel
Administration	3	\$ 44,000	-	Personnel
Marketing	1	\$ 25,000	-	Personnel
Technical	10	\$ 154,000	-	Cost of Sales / IP / Personnel
	16	\$ 270,000	-	

Note: Amounts were allocated net of the government grant

The Company incurred total personnel fees during the period ended June 30, 2015 as follows:

2015	Personnel Count	Expense for the Period	Government Grant	Allocation on Financial Statements
Executives	2	\$ 32,000	-	Personnel
Administration	4	\$ 33,000	-	Personnel
Marketing	1	\$ 21,000	-	Personnel
Technical	7	\$ 128,000	-	Intellectual Property / Personnel
	14	\$ 214,000	-	

Note: Amounts were allocated net of the government grant

The allocation of personnel fees, net of government grants, during the period was:

Personnel	-	\$ 93,000 (2015: \$86,000)
Intellectual Property	-	\$ 107,000 (2015: \$128,000)
Cost of Sales	-	\$ 70,000 (2015: \$NIL)

Professional	2016	2015	Change (\$)	Change (%)
Expense	\$ 16,450	\$ 90,531	\$ (74,081)	(82%)

Professional fees include legal advisors, auditor fees, business valuation services, corporate finance advisory services, media distribution, market development consultancy services, investor relations services and investor market distribution services. During 2016, the Company had significantly lower professional expense as compared to the prior period due to the discontinuation of media distribution services firm, corporate finance advisory firm and a reduction in the services retained of an investor relations firm as the Company had advanced to a stage to focus on commercialization of the its CX-6 Smart Seeder.

Premises	2016	2015	Change (\$)	Change (%)
Expense	\$ 41,121	\$ 20,187	\$ 20,934	104%

Premises include rent, utilities, insurance, repairs and maintenance for its head office and on farm facilities. Prior to commercialization of the CX-6 SMART Seeder, the Company capitalized its costs related of the on farm facilities. The difference in the premises expense in the current period is substantially related to the costs of the on-farm facilities being expensed during the quarter subsequent to commercialization, whereas in the previous year, those amounts were capitalized.

Share-based compensation	2016	2015	Change (\$)	Change (%)
Expense	\$ 36,000	\$ 16,500	\$ 19,500	118%

The 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 more stock options during the three month period ended June 30, 2016 than in the same period in 2015. The options were granted as follows:

	2016		2015	
	# of Options	Fair Value of Options	# of Options	Fair Value of Options
Employees	150,000	\$ 36,000	-	\$ -
Directors and Officers	-	-	75,000	16,500
	150,000	\$ 36,000	75,000	\$ 16,500
Average Fair Value per Option Granted		\$0.24		\$0.22

See note 15(b) to the consolidated financial statements for more information about stock based compensation.

Travel and Trade Shows	2016	2015	Change (\$)	Change (%)
Expense	\$ 88,799	\$ 38,496	\$ 50,303	131%

Travel and trade show expenses consist of amounts relating to general business travel, attending tradeshows and other associated costs. Travel costs associated with development of the intellectual property were capitalized prior to commercialization. The increase from the prior period is the result of an increase in travel activity related to evaluating the initial CX-6 SMART Seeders and preparation for the CX-6 SMART Seeder demonstration and attendance at the Ag In Motion farm show in July 2016. In the prior year, the costs to attend Canada's Farm Progress show were substantially incurred in Q3.

Quarterly Results

Quarter Ended	Revenue (\$)	Net Income / (Loss) (\$)	Basic & Diluted Loss Per Share (\$)	Total Assets (\$)	Long-Term Liabilities (\$)	Cash Dividend (\$)
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	-	-
September 30, 2015	-	(280,717)	(0.01)	8,318,723	-	-
June 30, 2015	-	(285,126)	(0.01)	6,540,794	-	-
March 31, 2015	-	(311,617)	(0.01)	6,473,034	-	-
December 31, 2014	-	(288,383)	(0.01)	6,671,481	-	-
September 30, 2014	-	(362,231)	(0.01)	6,378,681	-	-

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 seven 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.

Furthermore, 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.

During the quarter ended September 30, 2015, the Company completed a financing of gross proceeds totaling \$1,796,800 to support the on-going development and commercialization of the CX-6 SMART Seeder. During the quarter ended December 31, 2015, the Company received funds from the exercise of warrants and options of approximately \$1M.

Other Key things to note:

- Individual quarterly results are not necessarily a good indication of annual results due to variations in expenditures as noted throughout this document
- 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
- Total assets will fluctuate depending on the activities during the quarter, including, significant financings and if the expenditures qualify for classification as an asset

LIQUIDITY & CAPITAL RESOURCES

The Company's historical capital needs have been met by raising funds through the issuance of equity and debt instruments. As of June 30, 2016, the Company had cash (and cash equivalents) of \$494,427, while its total debt amounted to \$534,977. During the year ended June 30, 2016, the Company closed a private placement for gross proceeds of \$1,796,800 and received over \$1.3M through the exercise of options, agent warrants and unit warrants.

At year-end, the Company did not have sufficient funds on hand to meet its on-going operations, its current obligations and its planned production activities for the remainder of the 2017 fiscal year. Clean Seed has commenced production & distribution of the CX-6 SMART Seeder and depending on the timing and volume of production, the Company may require working capital financing to support inventory production and its general overhead requirements. Subsequent to year-end, the Company entered into two loan agreements with Her Majesty of Canada as represented by two different departments of the Canadian Federal Government. The available financing under these two loan agreements is \$2,250,000 and will support the commercialization and continual CX-6 Smart Seeder development.

To the date of this MD&A, the Company has received funding of \$725,000 under these agreements. The funding available under the loan agreements with Federal Government of Canada, will support some of its planned production activities for 2017. Depending on the timing of production and sales, the Company may require additional financing to support its administrative requirements.

The Company has stock options and warrants outstanding which, if exercised, would provide additional cash for the Company. To date, the Company has had the following warrant activities:

Warrant Issuance	Exercise Price	Warrants Exercised	Warrants Expired	Warrants Outstanding
Dec 2012	\$0.30 / \$0.40	868,000	1,682,000	-
Oct 2013	\$0.35 / \$0.45	4,194,500	1,410,500	-
Jul 2014	\$0.85 / \$1.25	-	2,500,000	-
Sept 2015	\$0.60	-	-	2,246,000

The warrants above translate to proceeds on exercise, or proceeds not received, as follows:

Warrant Issuance	Exercise Price	Proceeds Received from Warrants Exercised	Proceeds Not Received from Warrants Expired	Potential Proceeds from Warrants Outstanding
Dec 2012	\$0.30 / \$0.40	\$323,000	\$672,800	-
Oct 2013	\$0.35 / \$0.45	\$1,744,175	\$634,725	-
Jul 2014	\$0.85 / \$1.25	-	\$3,125,000	-
Sept 2015	\$0.60	-	-	\$ 1,347,600

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 June 30, 2017 fiscal year, the Company may not generate profitable operations due to the projected short run production volume. The volume and timing of production will determine if the Company needs to raise additional funds in order to continue as a going-concern, or to fund its working capital requirements to build inventory. Until the Company reaches the point of generating sufficiently profitable operations to meet our ongoing operating requirements, the Company may need to continue raising funds. 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 assets may be at amounts significantly less than carrying values.

Share Structure

As at October 27, 2016, 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	44,278,234	-	-	-
Incentive Options	3,645,097	\$ 0.38	\$ 1,392,364	3.75
Warrants	2,246,000	\$ 0.60	\$ 1,347,600	0.85
	50,169,331		\$ 2,739,964	

Financial Position

	June 30, 2016 (\$)	June 30, 2015 (\$)	Change (\$)	Change (%)
Cash and Cash Equivalents	494,427	178,968	315,459	176%
Cash used by Operations	1,150,311	912,040	238,271	26%
Total Debt of the Company	534,977	924,292	(389,315)	-42%
Working Capital (Deficit)	370,867	(708,417)	1,079,284	152%
Debt as a % of Total Capitalization**	6.3	14.1	(7.9)	-56%

* Total capitalization refers to total debt and shareholders' equity

Cash Flows

	Year Ended June 30,	
	2016	2015
Cash, cash equivalents, beginning of year	\$ 178,968	\$ 474,198
Cash used by operations	(1,150,311)	(912,040)
Investing activities		
Enhancements to intellectual property, net of government grants	(1,031,105)	(850,826)
Purchases of equipment	(127,441)	(45,991)
Financing activities		
Net proceeds from issuances of shares	2,838,027	1,632,905
Net issuances and repayments of debt instruments and interest	(213,711)	(119,278)
Cash, cash equivalents, end of year	\$ 494,427	\$ 178,968

Cash used by Operating Activities

Cash used by operations was 26% higher in the year ended June 30, 2016 as compared to 2015 mainly due to deposits paid (prepaid expenses) for the manufacture of additional CX-6 SMART Seeders.

	Year Ended June 30,	
	2016	2015
Net loss for the year	\$ (1,212,419)	\$ (1,247,357)
Adjustments for items not affecting cash		
Amortization of property and equipment	34,560	29,439
Amortization of intellectual property	56,167	-
Foreign exchange	22,035	48,624
Interest on loans	12,264	29,382
Loss on settlement of debt	23,581	-
Share-based compensation	243,100	144,100
Warranty provision	6,444	-
Expenditures from the income statement adjusted for items not affecting cash	(814,268)	(995,812)
Changes in non-cash working capital items		
Receivables	(27,320)	21,923
Inventory	(11,634)	-
Prepaid expenses	(335,556)	9,852
Due to related parties	(97,092)	(129,416)
Accounts payable and accrued liabilities	135,559	181,413
	(336,043)	83,772
Cash used by operating activities	\$ (1,150,311)	\$ (912,040)

Reflection

We had anticipated that our cash flows used in operations for the year ended June 30, 2016 would be 15%-25% higher than the same period in 2015, prior to any changes in non-cash working capital. During the year ended June 30, 2016 cash flow from operations prior to any changes in non-cash working capital decreased by approximately \$180,000 which resulted from the gross margin on the sale of the Company's first two CX-6 SMART Seeders, otherwise, it would have been approximately the same as the prior year. Overall, the increase in cash used by operations was directly related to the \$326,000 of production deposits included in prepaid expenses, which represents 28% of the total cash used by operations.

Outlook

We anticipate that the cash flows used in operations for 2017 will look significantly different from 2016 for the following reasons:

- i. CX-6 SMART Seeder Development

Some or all of the development work related to the CX-6 SMART Seeder will not qualify for capitalization on the Company's balance sheet and will, therefore, be expensed. In previous years, these types of amounts were capitalized to intellectual property. See "Enhancements to Intellectual Property" below for a summary of the nature of these expenditures. We anticipate this amount to be significantly less than what was incurred as an enhancement to intellectual property during the 2016 fiscal year as there are no demonstration units to be built for our internal purposes in the 2017 fiscal year.

ii. CX-6 SMART Seeder Sales & Inventory

Clean Seed will be taking sales orders from Rocky Mountain Equipment for CX-6 SMART Seeder units. The volume of CX-6 S SMART Seeders unit will have a significant impact on the cash used by operating activities. We do not have an estimate of the number of units we will be delivering to Rocky Mountain Equipment during the 2017 fiscal year. The Company has commenced production of additional units to support sales orders as they occur. 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.

Besides variations occurring from those two key areas, we anticipate that the cash flow from operations will be similar to the 2016 fiscal year. Due to the nature of the Company in its business cycle, we do believe there could be significant variability in its cash flows from operating activities based on opportunities to advance the distribution of the CX-6 SMART Seeder.

Cash used by Investing Activities

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

Enhancements to Intellectual Property

The Company capitalizes expenditures to enhance its intellectual property when it meets the definition of an asset pursuant to the accounting requirements for intangible assets. The amounts capitalized by the Company consist of the cost of development staff, parts, materials, intellectual property protection costs, travel and testing facilities. These expenditures are netted against any recoveries the Company receives through grants from the Industrial Research Application Program, or other similar programs. During the year ended June 30, 2016, the Company recovered \$136,000 of such grants as compared with \$40,000 during 2015.

The increase in spending during 2016 from the previous year, reflects higher amounts of purchases:

- to finalize the commercialization of the CX-6 SMART Seeder,
- to produce a demonstration unit for the Company's on farm facility, and
- for patent applications being made during 2016.

Below is a summary of intellectual property additions during the period:

	Year Ended June 30,	
	2016	2015
Personnel	\$ 479,858	\$ 448,422
Purchases	628,852	478,769
Development	7,116	22,335
Legal	113,234	-
Premises	64,050	101,525
Vehicle	9,900	13,200
Travel	22,284	51,733
Enhancements to Intellectual Property	\$ 1,325,293	\$ 1,115,984

Reflection

At the outset of the 2016 fiscal year we expected investing expenditures for enhancements to intellectual property to decrease by 20% for the 2016 fiscal year as we believed the major purchases had already been made. For the following reasons, expenditures have differed from our expectations:

- the Company's demonstration unit and ongoing development work resulted in higher amounts of purchases than had been anticipated
- legal costs of \$113,234 related to patent applications were expected to be classified as an enhancements to intellectual property
- the Company allocated production molds totaling \$70,085 from property and equipment to intellectual property
- personnel enhancements increased due to higher salaries and additional hours retained for certain additional personnel to prepare the 2016 CX-6 SMART Seeder model.

Outlook

The Company will have ongoing development work, some of which will no longer qualify for capitalization as intellectual property. As a result, we expect the amount of enhancements to intellectual property to decrease significantly in 2017 as compared to 2016. The Company will be exploring opportunities 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 and the funds the Company has on hand.

Purchases of Property & Equipment

The purchase of property and equipment related to computer software, computer hardware, shop equipment and production molds during the year ended June 30, 2016 and leasehold improvements, computer software, computer equipment and production molds during the year ended June 30, 2015.

Reflection

We originally expected investing expenditures for purchases of equipment to increase 75% in fiscal 2016 as compared to fiscal 2015 due to the acquisition of certain equipment. During the year we revised our original expectation as we determined the requirement to acquire additional equipment, hardware and software that had not previously been anticipated. The amounts incurred during the year ended June 30, 2016 were much higher than in 2015 as a result of a capital lease of a 3D printer and the purchase of new production molds.

Outlook

The Company anticipates that its purchases of property and equipment will increase as compared with the amount in the 2016 fiscal year. The Company anticipates additional production molds will enable it to reduce its production costs for core elements of the CX-6 SMART Seeder. The upfront cost of those production molds could be capital intensive but will significantly reduce the unit production cost of a SMART Seeder. Additionally, the Company is continuing to work with third party providers on custom software that it expected to be completed in fall 2016.

Cash from Financing Activities

Cash from financing activities consist primarily of funds raised from the issuance of shares and the exercise of stock options and warrants. See the consolidated statement of cash flows in our June 30, 2016 consolidated financial statements for detail.

Balance Sheet

	June 30, 2016 (\$)	June 30, 2015 (\$)	Change (\$)	Change (%)
Line Items to Highlight				
Cash and Cash Equivalents	494,427	178,968	315,459	176%
Intellectual Property	7,466,484	6,197,358	1,269,126	21%
Total Assets	8,522,685	6,540,794	1,981,891	20%
Total Liabilities	534,977	924,292	(389,315)	-42%

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 & Total Assets

From June 30, 2015 to June 30, 2016 our total assets have increased as the Company closed a private placement for gross proceeds of \$1,796,800 and received more than \$1.3M thru the exercise of options, agent warrants and unit warrants. As in the prior periods, a substantial amount of our total assets is comprised of our intellectual property. As at June 30, 2016, the intellectual property accounted for 88% of total assets, and as at June 30, 2015, it accounted for 95%.

Purchased intellectual property, comprised of patents, patents pending, costs related to the development of technologies and related proprietary knowledge is recorded at cost. The Company capitalizes the costs of improvements, legal costs associated with patents and patent applications, advancements and enhancements made to its intellectual property, when those amounts meets criteria as an intangible asset under IFRS. Once an intangible asset is available for use, it commences amortization over its useful life. During Q4 2016, the intellectual property was available for use and the Company began to amortize its intellectual property over the remaining life of its core smart seeder patents (which is 17 years).

Total assets also include productions deposits of \$326,334 advanced to WS Steel Manufacturing to initiate the production of CX-6 SMART Seeders.

Liabilities

Our liabilities are as follows:

Liabilities	Total	Financial Instrument	Interest Expense	Foreign Exchange Expense	Other Expense / Income
Accounts Payable	\$ 350,418	Yes	\$ 2,034	\$ -	\$ -
Due to Related Parties	184,559	Yes	-	-	-
Notes Payable to Related Party	-	Yes	2,089	-	-
Technology Acquisition Payable	-	Yes	10,175	22,023	-
Total Contractual Commitments	\$ 534,977		\$ 14,298	\$ 22,023	\$ -

The fair value of the above financial instruments was determined using the cost method in accordance with its accounting policy.

The accounts payable and the due to related parties consist of trade payables incurred in the normal course of business.

The Company does not actively manage any risks associated with its financial instruments, including interest rate, price or foreign exchange risk. The Company's interest bearing payables all have fixed interest rates and therefore, its repayments will not fluctuate with changes in prime rates or other benchmarks. Its notes payable and technology acquisition payable were repaid in November 2015. The Company does not have any significant remaining exposure to interest, price or foreign exchange risk with respect to its liabilities.

The Company was subject to foreign exchange exposure on its technology acquisition payable which was denominated in the US Dollar. During the period ended November 17, 2015 (the date the loan was repaid), the US Dollar increased in value relative to the Canadian Dollar from 1.2490 USD to 1.2987 USD (2015: 1.0670 USD to 1.2666 USD), but the increase in value was smaller than the increase in the prior year. This increase has resulted in a smaller foreign exchange loss than in the prior year.

Contractual Obligations

Contractual Obligations as at June 30, 2016	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Accounts Payable	\$ 350,418	\$ 322,287	\$ 16,903	\$ 11,228	\$ -
Due to Related Parties	184,559	184,559	-	-	-
Operating Lease	213,536	85,604	127,932	-	-
Total Contractual Commitments	\$ 748,513	\$ 592,450	\$ 144,835	\$ 11,228	\$ -

The Company has no other commitments for capital or operating expenditures, other than disclosed above.

Accounts payable and due to related parties consist of trade payables incurred in the normal course of business and a capital lease.

Notes payable to related party and technology acquisition payable were extinguished during the year:

- On September 8, 2015, the Company's cumulative equity raised exceeded \$8,875,000 and in November 2015 the notes payable to a related party amount was repaid
- On November 17, 2015 the Company settled \$300,956 of accounts payable and technology acquisition payable through the issuance of 589,528 shares.

Off-Balance Sheet Activities

The Company had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Transactions with related parties for the years ended June 30, 2016 and 2015 are as follows:

	June 30, 2016	June 30, 2015
Interest accrued on notes payable to a company controlled by the Chief Executive Officer	\$ 2,089	\$ 6,745
Interest accrued on technology acquisition payable to a relative of the Chief Executive Officer of the Company	\$ 10,175	\$ 23,626
Lease expense paid for premises and vehicle and equipment rental to a company controlled by a Director and Officer of the Company, other than the Chief Executive Officer (capitalized in intellectual property)	\$ 88,200	\$ 88,200

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

- 1) 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.
- 2) 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.

Both these leases are between the Company and a company controlled by the Company's VP Agronomic Practices and Protocols 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:

	June 30, 2016	June 30, 2015
Notes payable to Marvelle Capital Corporation, a company controlled by the Company's Chief Executive Officer together with accrued interest	\$ -	\$ 88,050
Technology acquisition payable and accrued interest due to the father of the Company's Chief Executive Officer	\$ -	\$ 334,818
Amounts due to companies controlled by Directors and Officers of the Company. Amounts are non-interest bearing, unsecured and are due on demand.	\$ 184,559	\$ 77,774

ADDITIONAL INFORMATION

Proposed Transactions

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

Internal Controls and Procedures

In contrast to the certificate required under National Instrument 52-109 *Certificate of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), 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:

- a. 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
- b. 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 discussion and analysis are 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 we are a venture issuer, we do not provide an 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 2016 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 financial statements as at June 30, 2016.

FORWARD-LOOKING INFORMATION

The financial information in the 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 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 lack of 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.

Examples of forward-looking information in this MD&A

- Our expectations about 2017 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, continue achieving sales and continue expanding our sales as a commercialized company during the upcoming year;
- Our expectation for capital expenditures and working capital requirements in 2017 and beyond.
- Our expectation for the level of sales and production volume for the 2017 year
- Our expectation of arranging manufacturing and distribution strategies, arrangements or plans during the 2017 fiscal year and that we will execute those plans in 2017 or beyond
- Our expectation of obtaining financing through the issuance of equity or debt, the proceeds from warrants or 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 requiring 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 raise sufficient funds to meet our on-going obligations, existing liabilities and forecasted administrative requirements for the 2017 fiscal year and period thereafter, until our operations can generate sufficient cash flows to support all requirements of the Company
- 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
- We are unable to successfully obtain patents for the CX-6 SMART Seeder patents pending
- We cannot obtain clear passage for our provisional 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
- There are 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 or air seeder replacement technology is not attractive to the marketplace
- We, or our 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 continuing to decline,
 - equipment replacement cycles are extended and
 - farm receipts are weaker than expected or generally poor
- 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 regarding, but not limited to:

1. Customer receptiveness to accepting and purchasing our 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 2016 / 2017 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
16. Fluctuations in foreign exchange or interest rates and stock market volatility; and

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.