



**Condensed Consolidated Interim Financial Statements**  
**For the nine month periods ended March 31, 2017 and 2016**  
**Expressed in Canadian Dollars**  
**(Unaudited – Prepared by Management)**

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	<b>Contents</b>
<b>Responsibility for Financial Statements</b>	<b>2</b>
<b>Condensed Consolidated Interim Financial Statements</b>	
Condensed Consolidated Interim Statements of Financial Position	<b>3</b>
Condensed Consolidated Interim Statements of Comprehensive Loss	<b>4</b>
Condensed Consolidated Interim Statements of Changes in Equity	<b>5</b>
Condensed Consolidated Interim Statements of Cash Flows	<b>6</b>
Notes to the Condensed Consolidated Interim Financial Statements	<b>7 - 26</b>



## RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements, and accompanying notes, of Clean Seed Capital Group Ltd. for the nine months ended March 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 standards established by Chartered Professional Accountants of Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.

/s/ Graeme Lempriere

Graeme Lempriere, Chief Executive Officer  
Burnaby, BC Canada  
May 29, 2017

/s/ Steven Brassard

Steven Brassard, Chief Financial Officer  
Burnaby, BC Canada  
May 29, 2017

**Clean Seed Capital Group Ltd.**  
**Condensed Consolidated Interim Statements of Financial Position**  
(Unaudited - Expressed in Canadian Dollars)

	Notes	March 31, 2017	June 30, 2016
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	\$ 309,659	\$ 494,427
Receivables	5	94,305	51,977
Prepaid expenses and deposits	6	336,961	347,806
Inventory	7	53,226	11,634
Total current assets		794,151	905,844
<b>Non-Current Assets</b>			
Intellectual property	8	7,051,383	7,466,484
Property and equipment	9	118,758	150,357
Total non-current assets		7,170,141	7,616,841
<b>TOTAL ASSETS</b>		<b>\$ 7,964,292</b>	<b>\$ 8,522,685</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	10,11	\$ 787,850	\$ 350,418
Due to related parties	15b	145,628	184,559
Total current liabilities		933,478	534,977
<b>Non-Current Liabilities</b>			
Loans payable	12	541,607	-
<b>TOTAL LIABILITIES</b>		<b>1,475,085</b>	<b>534,977</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	13	14,019,031	12,805,413
Share-based payment reserve	14b	1,574,761	1,471,626
Deficit		(9,104,585)	(6,289,331)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>6,489,207</b>	<b>7,987,708</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 7,964,292</b>	<b>\$ 8,522,685</b>

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

Approved on behalf of the Board:

/s/ Graeme Lempriere

Director

/s/ Mark Tommasi

Director

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

# Clean Seed Capital Group Ltd.

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

	Three Month Period Ended March 31,		Nine Month Period Ended March 31,	
	2017	2016	2017	2016
<b>Operating expenses</b>				
Amortization of intellectual property (Note 8)	\$ 105,206	\$ -	\$ 328,194	\$ -
Amortization of property and equipment (Note 9)	7,472	8,301	27,210	26,450
Development	1,011,870	1,578	1,586,270	4,638
Foreign exchange	-	-	-	22,035
Interest on loans	13,953	771	31,531	13,556
Office and miscellaneous	25,013	25,302	54,278	74,033
Personnel	106,040	134,544	352,835	401,491
Premises	23,201	23,235	66,658	64,485
Professional	42,250	4,897	104,921	136,687
Share-based compensation (Note 14(b))	60,155	87,000	183,915	207,100
Travel and trade shows	19,649	29,824	79,442	58,256
	<b>1,414,809</b>	<b>315,452</b>	<b>2,815,254</b>	<b>1,008,731</b>
<b>Net and comprehensive loss for the period</b>	<b>\$ (1,414,809)</b>	<b>\$ (315,452)</b>	<b>\$ (2,815,254)</b>	<b>\$ (1,008,731)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.03)</b>	<b>\$ (0.01)</b>	<b>\$ (0.06)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of shares outstanding</b>	<b>45,360,753</b>	<b>43,601,130</b>	<b>44,586,178</b>	<b>41,058,448</b>

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

## Clean Seed Capital Group Ltd.

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

	Share Capital		Share-based Payment Reserve	Deficit	Total
	Number	Amount			
<b>Balance, June 30, 2015</b>	<b>35,756,388</b>	<b>\$ 9,381,531</b>	<b>\$ 1,311,883</b>	<b>\$ (5,076,912)</b>	<b>\$ 5,616,502</b>
Units Issued for cash	4,492,000	1,796,800	-	-	1,796,800
Share issue costs	-	(174,103)	37,921	-	(136,182)
Shares issued for debt settlement	589,528	324,240	-	-	324,240
Shares issued upon exercise of share options	320,000	96,000	-	-	96,000
Transfer of fair value to share capital upon exercise of share options	-	76,230	(76,230)	-	-
Share issuance upon exercise of agents' share options	132,827	65,824	-	-	65,824
Transfer of fair value to share capital upon exercise of agent's options	-	31,200	(31,200)	-	-
Share issuance upon exercise of warrants	2,598,778	1,169,450	-	-	1,169,450
Share-based compensation	-	-	207,100	-	207,100
Net loss and comprehensive loss for the period	-	-	-	(1,008,731)	(1,008,731)
<b>Balance, March 31, 2016</b>	<b>43,889,521</b>	<b>\$ 12,767,172</b>	<b>\$ 1,449,474</b>	<b>\$ (6,085,643)</b>	<b>\$ 8,131,003</b>
Share issue costs	-	(3,702)	-	-	(3,702)
Share issuance upon exercise of share options	33,903	10,171	-	-	10,171
Transfer of fair value to share capital upon exercise of share options	-	8,023	(8,023)	-	-
Share issuance upon exercise of agents' share options	44,810	17,924	-	-	17,924
Transfer of fair value to share capital upon exercise of agents' options	-	5,825	(5,825)	-	-
Share-based compensation	-	-	36,000	-	36,000
Net loss and comprehensive loss for the period	-	-	-	(203,688)	(203,688)
<b>Balance, June 30, 2016</b>	<b>43,968,234</b>	<b>\$ 12,805,413</b>	<b>\$ 1,471,626</b>	<b>\$ (6,289,331)</b>	<b>\$ 7,987,708</b>
Shares issued for cash	3,441,669	1,032,501	-	-	1,032,501
Share issue costs	-	(6,913)	-	-	(6,913)
Shares issued upon exercise of share options	340,000	107,250	-	-	107,250
Transfer of fair value to share capital upon exercise of share options	-	80,780	(80,780)	-	-
Share-based compensation	-	-	183,915	-	183,915
Net loss and comprehensive loss for the period	-	-	-	(2,815,254)	(2,815,254)
<b>Balance, March 31, 2017</b>	<b>47,749,903</b>	<b>\$ 14,019,031</b>	<b>\$ 1,574,761</b>	<b>\$ (9,104,585)</b>	<b>\$ 6,489,207</b>

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)**

	<b>Nine Month Period Ended</b>	
	<b>March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>		
Net loss for the period	\$ (2,815,254)	\$ (1,008,731)
Adjustments for items not affecting cash		
Amortization of property and equipment	27,210	26,450
Amortization of intellectual property	328,194	-
Benefit of government loan treated as a government grant included in development expenses	(428,529)	-
Foreign exchange	-	22,035
Loss on disposal of property and equipment included in development expenses	4,462	-
Interest accretion on loans payable	31,531	12,264
Share-based compensation	183,915	207,100
Changes in non-cash working capital items		
Receivables	(42,328)	(143,563)
Prepaid expenses and deposits	(111,421)	(435,260)
Inventory	(41,592)	(228,058)
Accounts payable	437,432	255,689
Due to related parties	(38,931)	(90,934)
	<b>(2,465,311)</b>	<b>(1,383,008)</b>
<b>Cash flows from financing activities</b>		
Proceeds from loans payable	1,172,160	-
Proceeds from private placements, net cash share issue costs	1,025,588	1,660,619
Proceeds from exercise of options	107,250	96,000
Proceeds from exercise of warrants	-	1,057,016
Repayment of notes payable to related party	-	(90,139)
Repayment of technology acquisition payable	-	(123,572)
	<b>2,304,998</b>	<b>2,599,924</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(24,455)	(127,441)
Development of intellectual property, net of recoveries	-	(705,271)
	<b>(24,455)</b>	<b>(832,712)</b>
<b>Increase (decrease) in cash and cash equivalents for the period</b>	<b>(184,768)</b>	<b>384,204</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>494,427</b>	<b>178,968</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 309,659</b>	<b>\$ 563,172</b>
<b>Supplemental Cash Flow Information</b>		
Fair value of share options exercised	\$ 80,780	\$ -
Fair value of warrants issued to brokers as compensation on unit issuance	-	37,921
Fair value of warrants exercised	-	31,199
Intellectual property enhancements included in accounts payable	-	40,060
Intellectual property enhancements included in due to related parties	-	115,402

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

# Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Month Period Ended March 31, 2017

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

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## 1. CORPORATE INFORMATION

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

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

## 2. BASIS OF PREPARATION

### a) Statement of compliance

These condensed consolidated interim financial statements of the Company for the nine month period ending March 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, 2016.

The condensed consolidated interim financial statements do not include all the information required for full annual financial statements. On May 29, 2017, the Company's Audit Committee and its Board of Directors approved and authorized these condensed consolidated interim financial statements for issue.

### b) Basis of measurement

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

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

### c) Use of estimates and judgments

The preparation of these 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 financial statements, and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Note 3.

# Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Month Period Ended March 31, 2017

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

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## 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. Prior to commercializing, the Company had been in the development stage by both advancing its intellectual property to increase the technological capability and by developing products from its intellectual property portfolio. During 2016, the Company commercialized its intellectual property by selling its first two Smart Seeders. The Company has not yet achieved profitable operations and has not recorded any sales during 2017. The Company has initiated a demonstration program with its Canadian distributor and has continued development of its Smart Seeder for future model years in anticipation of sales orders from demonstrations.

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 cast doubt on the validity of that assumption:

- as at March 31, 2017, the Company has an accumulated deficit of \$9,104,585,
- the Company has incurred a loss of \$2,815,254 for the nine month period ended March 31, 2017,
- the Company does not have any sales during its 2017 fiscal year,
- the Company has net cash flows used in operating activities of \$2,465,311 for the nine month period ended March 31, 2017,
- the Company has a history of losses from operations and
- the Company has a net working capital deficit of \$139,327.

The Company's ability to continue as a going concern is dependent on achieving profitable operations through the sales of its product or management's ability to raise the necessary funding through future equity issuances, debt issuances, asset sales or a combination thereof. There is no assurance that any necessary future financing will be sufficient to sustain operations until such time that the Company can generate sufficiently profitable operations on a continual basis to support its operations. These 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. 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.

### e) Subsidiaries

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

# Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Month Period Ended March 31, 2017  
(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	
				March 31, 2017	June 30, 2016
Clean Seed Agricultural Technologies Ltd.	Agriculture Equipment	June 30	British Columbia, Canada	100%	100%
Seed Sync Systems Ltd.	Software Development	June 30	British Columbia, Canada	100%	100%

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

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

### Capitalization of Development Costs in Intellectual Property

Prior to commercializing its CX-6 SMART Seeder in May 2016, the Company capitalized certain development costs to intellectual property. In determining whether development costs should be capitalized it needed to establish 1) whether completion of the intangible asset is technically feasible 2) whether the intangible asset would generate probable future economic benefits and 3) whether there were adequate technical, financial and other resources to complete the development and to use or sell the intangible asset. The development costs capitalized met the criteria up to the date of commercialization and were capitalized accordingly. Subsequent to commercialization, development costs related to the CX-6 Smart Seeder are recorded as development expenses as incurred. Development costs incurred by the Company in 2017 would have qualified for capitalization prior to commercialization.

### Impairment of Intellectual Property

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

# Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Month Period Ended March 31, 2017

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

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## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

### Loans Payable

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

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

Management used a discount rate of 14% based on its analysis of other companies receiving similar Loans at early commercialization stages while also taking into account its own risk factors. The 14% discount rates produced a calculated benefit of \$662,084 that reduced the carrying value of the Loans and the original eligible expenditures proportionately. We reviewed interest rates incurred and applied by venture stage companies and found they used a range of 8%-20% for unsecured term loans. We considered discount rates in the range in ultimately determining that the discount rate of 14% was most appropriate. If the discount rate used for the loans had been determined to be higher or lower by 6% (resulting in discount rates of 20% or 8%, respectively), the carrying value would have been an estimated \$129,402 lower or \$193,264 higher, respectively. The Company amortizes this difference over the life of the loan as interest accretion. See note 12 for additional information about the Loans.

### Share-based Payment Transactions

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

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

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

The expected life of the share option is based on the full term of the instrument, as there is not reliable evidence, to suggest a more appropriate term. The risk-free interest rate is based on a Canadian treasury instrument whose term is consistent with the expected term of the stock options. We have not paid and do not anticipate paying cash dividends on our shares of common stock in the foreseeable future; therefore, the expected dividend yield is assumed to be zero. See note 14(b) for the assumptions applied.

## Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Month Period Ended March 31, 2017  
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

### 4. CASH AND CASH EQUIVALENTS

	March 31, 2017		June 30, 2016
Cash	\$ 286,626	\$	340,544
Redeemable Guaranteed Investment Certificates	23,033		153,883
	<b>\$ 309,659</b>	<b>\$</b>	<b>494,427</b>

### 5. RECEIVABLES

	March 31, 2017		June 30, 2016
Goods and sales tax receivable	\$ 94,305	\$	51,977

### 6. PREPAID EXPENSES AND DEPOSITS

	March 31, 2017		June 30, 2016
Production deposits	\$ 304,069	\$	326,334
Other	32,892		21,472
	<b>\$ 336,961</b>	<b>\$</b>	<b>347,806</b>

### 7. INVENTORY

The Company's inventory consists of raw materials and work in progress inventory. Raw materials that consumed in the development of prototypes prior to commercialization of the CX-6 SMART Seeder were capitalized to intellectual property. Raw materials consumed in development activities subsequent to commercialization are recorded as a development expense.

	March 31, 2017		June 30, 2016
<b>Raw materials, opening balance</b>	<b>\$ 11,634</b>	<b>\$</b>	<b>-</b>
Purchases	54,293		1,178,626
Transferred to finished goods	-		(777,995)
Transferred to intellectual property	-		(388,997)
Consumed in development activities	(12,701)		-
<b>Raw materials, ending balance</b>	<b>\$ 53,226</b>	<b>\$</b>	<b>11,634</b>
<b>Finished goods, opening balance</b>	<b>\$ -</b>	<b>\$</b>	<b>-</b>
Transferred from raw materials	-		777,995
Finished goods sold	-		(777,995)
<b>Finished goods, ending balance</b>	<b>\$ -</b>	<b>\$</b>	<b>-</b>
<b>Inventory, ending balance</b>	<b>\$ 53,226</b>	<b>\$</b>	<b>11,634</b>

## Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Month Period Ended March 31, 2017

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

### 8. INTELLECTUAL PROPERTY

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

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

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

	Cost	Accumulated Amortization	Impairment	Net Book Value
<b>Balance, June 30, 2015</b>	\$ 6,197,358	\$ -	\$ -	\$ 6,197,358
Additions	1,325,293	(56,167)	-	1,269,126
<b>Balance, June 30, 2016</b>	\$ 7,522,651	\$ (56,167)	\$ -	\$ 7,466,484
Benefit from Loan proceeds	(86,907)	-	-	(86,907)
Additions	-	(328,194)	-	(328,194)
<b>Balance, March 31, 2017</b>	\$ 7,435,744	\$ (384,361)	\$ -	\$ 7,051,383

# Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Month Period Ended March 31, 2017

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

## 9. PROPERTY AND EQUIPMENT

	Leasehold Improvements	Office Furniture	Computer Equipment	Computer Software	Shop Equipment	Production Molds	Total
<b>Cost</b>							
<b>Balance, June 30, 2015</b>	\$ 13,394	\$ 16,849	\$ 25,215	\$ 29,783	\$ 27,051	\$ 99,117	\$ 211,409
Additions for the year	-	748	6,754	3,748	43,308	72,883	127,441
Transfers to intellectual property	-	-	-	-	-	(99,116)	(99,116)
<b>Balance, June 30, 2016</b>	13,394	17,597	31,969	33,531	70,359	72,884	239,734
Benefit from Loan proceeds	-	-	-	-	-	(21,104)	(21,104)
Additions for the period	5,739	1,029	4,747	6,773	-	2,889	21,177
Transfers to development	-	-	-	-	-	(4,902)	(4,902)
<b>Balance, March 31, 2017</b>	<b>\$ 19,133</b>	<b>\$ 18,626</b>	<b>\$ 36,716</b>	<b>\$ 40,304</b>	<b>\$ 70,359</b>	<b>\$ 49,767</b>	<b>\$ 234,905</b>
<b>Amortization</b>							
<b>Balance, June 30, 2015</b>	\$ 2,905	\$ 8,851	\$ 11,447	\$ 20,122	\$ 13,616	\$ 26,907	\$ 83,848
Amortization for the year	1,339	1,675	8,573	5,768	10,526	6,679	34,560
Transfers to intellectual property	-	-	-	-	-	(29,031)	(29,031)
<b>Balance, June 30, 2016</b>	4,244	10,526	20,020	25,890	24,142	4,555	89,377
Amortization for the period	2,779	1,138	5,372	4,135	10,398	3,388	27,210
Transfers to development	-	-	-	-	-	(440)	(440)
<b>Balance, March 31, 2017</b>	<b>\$ 7,023</b>	<b>\$ 11,664</b>	<b>\$ 25,392</b>	<b>\$ 30,025</b>	<b>\$ 34,540</b>	<b>\$ 7,503</b>	<b>\$ 116,147</b>
<b>Carrying Amounts</b>							
<b>At June 30, 2015</b>	\$ 10,489	\$ 7,998	\$ 13,768	\$ 9,661	\$ 13,435	\$ 72,210	\$ 127,561
<b>At June 30, 2016</b>	\$ 9,150	\$ 7,071	\$ 11,949	\$ 7,641	\$ 46,217	\$ 68,329	\$ 150,357
<b>At March 31, 2017</b>	<b>\$ 12,110</b>	<b>\$ 6,962</b>	<b>\$ 11,324</b>	<b>\$ 10,279</b>	<b>\$ 35,819</b>	<b>\$ 42,264</b>	<b>\$ 118,758</b>

# Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Month Period Ended March 31, 2017  
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

## 10. ACCOUNTS PAYABLE

	March 31, 2017	June 30, 2016
Trade Payable	\$ 540,277	\$ 156,239
Personnel Payable	209,330	150,392
Finance Lease Obligation	30,049	35,591
Other	8,194	8,194
	\$ 787,850	\$ 350,418

## 11. FINANCE LEASE OBLIGATION

The Company leases certain shop equipment. The liability recorded under the finance lease 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:

	March 31, 2017	June 30, 2016
Equipment finance lease payable in monthly instalments of \$844 including interest at 8.28% per annum.	\$ 34,613	\$ 42,111
Less: Interest	(4,564)	(6,620)
	\$ 30,049	\$ 35,591

Minimum repayments over the next five years and beyond are as follows:

2017	\$	1,919
2018		8,103
2019		8,800
2020		9,556
2021		1,671
	\$	30,049

## 12. LOANS PAYABLE

The loans payable are as follows.

	March 31, 2017	June 30, 2016
AgriInnovation Repayable Contribution	a \$ 496,176	\$ -
Western Innovation Initiative Repayable Contribution	b 45,431	-
	\$ 541,607	\$ -

# Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Month Period Ended March 31, 2017  
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

## 12. LOANS PAYABLE (continued)

### a) AgrilInnovation Repayable Contribution

The AgrilInnovation repayable contribution activity is as follows:

	Principal	Interest Accretion	Contribution Payable
<b>Balance at June 30, 2015 and 2016</b>	\$ -	\$ -	\$ -
Contributions	1,092,117	-	1,092,117
Benefit on contributions	(626,491)	-	(626,491)
Interest accretion	-	30,550	30,550
<b>Balance at March 31, 2017</b>	<b>\$ 465,626</b>	<b>\$ 30,550</b>	<b>\$ 496,176</b>

On July 18, 2016 the Company entered into a repayable contribution agreement (the "AgrilInnovation 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 AgrilInnovation Agreement, the Company can receive up to \$1,825,000 as a 50% reimbursement for spending incurred on pre-approved eligible expenditures. The eligible costs are related to commercializing the Company's CX-6 SMART Seeder and consists of personnel, production and inventory expenditures. The Company can submit claims for contribution for eligible amounts it incurs under the AgrilInnovation Agreement on or before March 31, 2017 and has until September 30, 2017 to submit its final claim.

The Company will be repaying the Loan received in equal monthly payments for 9 years commencing April 1, 2019 and coming due monthly on that day such that the Loan is fully repaid by March 1, 2028. Amounts received bear a 0% interest rate and are unsecured. Any repayments that are not made in time will incur interest of prime +3% from the period starting the day after the payment was due until such time as the amount is paid.

Based on the amount received by the Company under the Contribution Agreement to date, the monthly repayment is expected to be \$10,112 (June 30, 2016 - \$Nil). If the Company were to receive the full contribution of \$1,825,000, the monthly repayment will be approximately \$16,900.

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

Discount rate	<b>14%</b>
Number of Monthly Repayments	<b>108</b>
Monthly Installment Amount	<b>\$10,112</b>
Monthly Installment Start Date	<b>April 1, 2019</b>

See note 3 for discussion in determining the discount rate.

As a result, the Company calculated a difference of \$626,491 between the contractual obligation and the fair value using the discounted cash flow calculation. The difference of \$626,491 was allocated to reduce the cost incurred for the originating eligible expenditures as follows:

Prepaid expenses and deposits	-	\$122,266
Property and equipment	-	\$24,382
Intellectual property	-	\$86,907
Development expenses	-	\$392,936

## Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Month Period Ended March 31, 2017  
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

### 12. LOANS PAYABLE (continued)

#### b) Western Innovation Initiative Repayable Contribution

The Western Innovation Initiative Repayable Contribution activity is as follows:

	Principal	Interest Accretion	Contribution Payable
<b>Balance at June 30, 2015 and 2016</b>	\$ -	\$ -	\$ -
Contributions	80,042	-	80,042
Benefit on contributions	(35,592)	-	(35,592)
Interest accretion	-	981	981
<b>Balance at March 31, 2017</b>	<b>\$ 44,450</b>	<b>\$ 981</b>	<b>\$ 45,431</b>

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 receive 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 repaying the Loan in equal monthly payments for 5 years commencing April 1, 2019 and coming due monthly on that day such that the Loan received is fully repaid by March 1, 2024. Amounts received bear a 0% interest rate and are unsecured. Any repayments that are not made in accordance with the WINN Agreement will incur interest of prime +3% from the period starting the day after the payment was due until such time as the amount is paid.

Based on the amount received by the Company under the Contribution Agreement, the monthly repayment is expected to be \$1,334 (June 30, 2016 - \$Nil). If the Company were to receive the full contribution of \$425,000, the monthly repayment will be approximately \$7,085.

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

Discount rate	<b>14%</b>
Number of Monthly Repayments	<b>59</b>
Monthly Installment Amount	<b>\$1,334</b>
Monthly Installment Start Date	<b>April 1, 2019</b>

See note 3 for discussion in determining the discount rate.

As a result, the Company calculated a difference of \$35,592 between the legal liability and the fair value using the discounted cash flow calculation. The difference of \$35,592 was allocated to reduce the cost incurred of originating development expenses.

## Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Month Period Ended March 31, 2017  
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

### 12. LOANS PAYABLE (continued)

#### c) Notes Payable to Related Party

The notes payable to related party activity is as follows:

	Principal	Interest	Notes Payable
<b>Balance, June 30, 2015</b>	\$ 88,050	\$ -	\$ 88,050
Interest accrued	-	2,089	2,089
Repayments	(88,050)	(2,089)	(90,139)
<b>Balance, June 30, 2016 and March 31, 2017</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

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

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

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

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

#### d) Technology Acquisition Note Payable

The technology acquisition note payable activity is as follows:

	Principal	Accrued Interest	Notes Payable
<b>Balance at June 30, 2015</b>	\$ 322,351	\$ 12,467	\$ 334,818
Interest accrued	-	10,175	10,175
Repayments	(343,444)	(23,571)	(367,015)
Foreign exchange	21,093	929	22,022
<b>Balance, June 30, 2016 and March 31, 2017</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

# Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Month Period Ended March 31, 2017  
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

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## 12. LOANS PAYABLE (continued)

### d) Technology Acquisition Note Payable (continued)

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

- (i) US\$20,000 on signing of that agreement (which was paid);
- (ii) US\$250,000 on June 1, 2007 (paid September 26, 2011); and
- (iii) US\$250,000 on or before April 15, 2008 (paid November 17, 2015).

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

- (i) US\$250,000 (plus interest at the annual rate of 7.8% thereon) on or before Clean Seed Agricultural Technologies Ltd. obtains a public listing on a recognized stock exchange (which was satisfied by the Company listing its shares on the TSX-V, on September 26, 2011 and has been paid); and
- (ii) US\$250,000 (plus interest at the annual rate of 7.8% thereon) upon the later of:
  - 12 months following the Listing Date of September 26, 2011 (September 26, 2012); or
  - such date Clean Seed Agricultural Technologies Ltd. completes the construction of two demonstration machines and upon independent verification that use of the technology qualifies for no-till carbon offset credits in the agricultural sector (one has qualified to date).

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

## 13. SHARE CAPITAL

### a) Authorized

An unlimited number of common shares without par value.

### b) Issued

During the nine-month period ended March 31, 2017, the following share capital transactions occurred:

- i. On March 3, 2017, the Company completed a private placement by issuing 3,441,669 shares at a price of \$0.30 per share for gross proceeds of \$1,032,501. Share issue costs for this private placement totaled \$6,913 in cash.
- ii. The Company received proceeds of \$107,250 upon exercise of 340,000 incentive share options at an average exercise price of \$0.32 per option. The fair value of the incentive options exercised totaling \$80,780 was transferred from share-based payment reserve to share capital upon exercise.

# Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Month Period Ended March 31, 2017

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

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## 13. SHARE CAPITAL (continued)

### b) Issued

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

- i. On September 8, 2015, the Company completed a private placement of 4,492,000 units, with each unit consisting of one common share and one half share purchase warrant at a price of \$0.40 per unit for gross proceeds of \$1,796,800. The proceeds of \$1,796,800 were allocated to share capital. Each share purchase warrant entitles the holder to purchase one common share for a period of 24 months at a price of \$0.60 per share. Share issue costs for the private placement totaled \$177,805 and consisted of \$139,884 in cash and 291,702 finders warrants valued at \$37,921. The finders warrants are exercisable at \$0.40 per share for 12 months from the date of issuance
- ii. On December 8, 2015, the Company issued 589,528 common shares to settle outstanding debts. The Company extinguished \$243,456 of technology acquisition payable for 477,365 common shares at a deemed price of \$0.51 and \$57,203 of accounts payable for 112,163 common shares at a deemed price of \$0.51. The fair value of the shares at the time of issuance was \$0.55 resulting in a loss on the settlement of debt of \$23,581 that is included in Office and Miscellaneous.
- iii. The Company received proceeds of \$106,171 upon exercise of 353,903 incentive share options at an exercise price of \$0.30 per option. The fair value of the incentive options exercised totaling \$84,253 was transferred from share-based payment reserve to share capital upon exercise.
- iv. The Company received proceeds of \$83,748 upon exercise of 73,680, 45,047 and 58,910 broker warrants at an exercise price of \$0.45, \$0.60 and \$0.40 per broker warrant respectively. The fair value of the share broker warrant exercised totaling \$37,025 was transferred from share-based payment reserve to share capital upon exercise.
- v. The Company received proceeds of \$991,192 and extinguished amounts due to related parties of \$178,258 upon exercise of 2,598,778 share purchase warrants at an exercise price of \$0.45 per share purchase warrant. The fair value of the share purchase warrants exercised totaled \$nil. No amount transferred from share-based payment reserve to share capital upon exercise.

## 14. EQUITY AND RESERVES

### a) Nature and Purpose of Equity and Reserves

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

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

# Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Month Period Ended March 31, 2017  
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

## 14. EQUITY AND RESERVES (continued)

### b) Share-based Payment Reserve

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

	Incentive Options	Warrants	Broker Warrants	Share-based Payment Reserve
<b>Balance, June 30, 2015</b>	\$ 1,013,860	\$ 234,100	\$ 63,923	\$ 1,311,883
Options granted under stock option plan	243,100	-	-	243,100
Broker warrants issued	-	-	37,921	37,921
Transfer of fair value of options/warrants exercised	(84,253)	-	(37,025)	(121,278)
<b>Balance, June 30, 2016</b>	<b>\$ 1,172,707</b>	<b>\$ 234,100</b>	<b>\$ 64,819</b>	<b>\$ 1,471,626</b>
Options granted under stock option plan	183,915	-	-	183,915
Transfer of fair value of options or warrants exercised	(80,780)	-	-	(80,780)
<b>Balance, March 31, 2017</b>	<b>\$ 1,275,842</b>	<b>\$ 234,100</b>	<b>\$ 64,819</b>	<b>\$ 1,574,761</b>

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

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

#### i. Incentive Share Options

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

# Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Month Period Ended March 31, 2017  
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

## 14. EQUITY AND RESERVES (continued)

### b) Share-based Payment Reserve (continued)

The following table summarizes incentive share option activity for the nine month period ended March 31, 2017 and year ended June 30, 2016:

	Number of Options	Weighted Average Exercise Price	Share-based Payment Reserve
<b>Balance, June 30, 2015</b>	<b>3,480,000</b>	<b>\$ 0.37</b>	<b>\$ 1,013,860</b>
Granted	880,000	0.43	243,100
Exercised	(353,903)	0.30	(84,253)
Cancelled	(100,000)	0.35	-
<b>Balance, June 30, 2016</b>	<b>3,906,097</b>	<b>\$ 0.39</b>	<b>\$ 1,172,707</b>
Granted	904,000	0.35	183,915
Exercised	(340,000)	0.32	(80,780)
Cancelled	(395,000)	0.54	-
<b>Balance, March 31, 2017</b>	<b>4,075,097</b>	<b>\$ 0.38</b>	<b>\$ 1,275,842</b>

In addition, during the nine months ended March 31, 2017, 706,097 incentive share options previously granted at an exercise price of \$0.30 per share for a term of five years that were set to expire in the current fiscal year were modified to:

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

There was an additional fair value of \$26,099 recorded using the Black Scholes pricing model related to this modification to the 706,097 incentive share options.

# Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Month Period Ended March 31, 2017  
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

## 14. EQUITY AND RESERVES (continued)

### b) Share-based Payment Reserve (continued)

#### i. Incentive Share Options (continued)

Options outstanding at March 31, 2017 and June 30, 2016 were as follows:

Expiry Date	March 31, 2017		June 30, 2016	
	Number of Options Outstanding	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Exercise Price
September 28, 2016	-	\$ 0.30	550,000	\$ 0.30
November 4, 2016	-	0.30	40,000	0.30
November 21, 2016	-	0.30	100,000	0.30
January 30, 2017	-	0.30	150,000	0.30
April 10, 2017	-	0.25	50,000	0.25
September 11, 2017	150,000	0.30	150,000	0.30
September 18, 2017	30,000	0.30	30,000	0.30
January 4, 2018	150,000	0.20	150,000	0.20
April 4, 2018	100,000	0.30	101,097	0.30
July 1, 2018	100,000	0.30	150,000	0.30
August 27, 2018	-	0.30	10,000	0.30
January 24, 2019	505,000	0.35	580,000	0.35
April 17, 2019	350,000	0.50	350,000	0.50
May 22, 2019	25,000	0.60	30,000	0.60
August 1, 2019	50,000	0.60	350,000	0.60
September 23, 2019	25,000	0.40	25,000	0.40
October 9, 2019	50,000	0.40	50,000	0.40
December 16, 2019	25,000	0.38	25,000	0.38
January 28, 2020	50,000	0.58	60,000	0.58
May 19, 2020	75,000	0.40	75,000	0.40
August 20, 2020	30,000	0.40	30,000	0.40
September 17, 2020	250,000	0.50	250,000	0.50
October 13, 2020	150,000	0.50	150,000	0.50
March 21, 2021	300,000	0.37	300,000	0.37
April 12, 2021	150,000	0.35	150,000	0.35
August 18, 2021	364,000	0.35	-	-
September 28, 2021	606,097	0.35	-	-
December 21, 2021	315,000	0.35	-	-
January 25, 2022	25,000	0.35	-	-
February 6, 2022	200,000	0.35	-	-
	<b>4,075,097</b>	<b>\$ 0.38</b>	<b>3,906,097</b>	<b>\$ 0.39</b>
Weighted Average Remaining Contractual Life (years)		<b>3.20</b>		<b>2.49</b>
Weighted Average Fair Value of Options Granted	<b>\$</b>	<b>0.28</b>	<b>\$</b>	<b>0.28</b>
Weighted Average Share Price During Period	<b>\$</b>	<b>0.38</b>	<b>\$</b>	<b>0.54</b>

# Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Month Period Ended March 31, 2017  
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

## 14. EQUITY AND RESERVES (continued)

### b) Share-based Payment Reserve (continued)

#### i. Incentive Share Options (continued)

At March 31, 2017, of the incentive stock options expiring on December 21, 2021 and February 6, 2022, 250,000 and 150,000 had not vested respectively. All other incentive stock options are fully vested.

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

	March 31, 2017	June 30, 2016
Risk-free interest rate	0.66 - 1.19%	0.67% - 0.83%
Expected life of options	5 Years	5 Years
Annualized volatility	103 - 105%	62 - 63%
Dividend Rate	0.00%	0.00%

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

#### ii. Warrants

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

The following table summarizes warrants activity for the nine month period ended March 31, 2017 and year ended June 30, 2016:

	Number of Warrants	Weighted Average Exercise Price	Share-based Payment Reserve
<b>Balance, June 30, 2015</b>	<b>6,449,278</b>	<b>\$ 0.61</b>	<b>\$ 234,100</b>
Issued	2,246,000	0.60	-
Exercised	(2,598,778)	0.45	-
Expired	(1,350,500)	0.45	-
<b>Balance, June 30, 2016</b>	<b>4,746,000</b>	<b>\$ 0.85</b>	<b>\$ 234,100</b>
Expired	(2,500,000)	1.25	-
<b>Balance, March 31, 2017</b>	<b>2,246,000</b>	<b>\$ 0.60</b>	<b>\$ 234,100</b>

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

# Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Month Period Ended March 31, 2017  
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

## 14. EQUITY AND RESERVES (continued)

### b) Share-based Payment Reserve (continued)

#### ii. Warrants (continued)

Warrants outstanding at March 31, 2017 and June 30, 2016 are as follows:

Expiry Date	March 31, 2017		June 30, 2016	
	Number of Warrants Outstanding	Exercise Price	Number of Warrants Outstanding	Exercise Price
July 16, 2016	-	\$ -	2,500,000	\$ 1.25
September 8, 2017	<b>2,246,000</b>	<b>0.60</b>	2,246,000	0.60
	<b>2,246,000</b>	<b>\$ 0.60</b>	4,746,000	\$ 0.85
Remaining Contractual Life (years)		<b>0.44</b>		0.59
Fair Value of Warrants Issued		<b>N/A</b>		\$0.00

#### 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 pricing model to determine the fair value of warrants issued to brokers as compensation.

The following table summarizes warrants activity for the nine months ended March 31, 2017 and year ended June 30, 2016:

	Number of Broker Warrants	Weighted Average Exercise Price	Share-based Payment Reserve
<b>Balance, June 30, 2015</b>	<b>217,460</b>	<b>\$ 0.55</b>	<b>\$ 63,923</b>
Issued	291,702	0.40	37,921
Exercised	(177,637)	0.47	(37,025)
Expired	(98,733)	0.60	-
<b>Balance, June 30, 2016</b>	<b>232,792</b>	<b>\$ 0.40</b>	<b>\$ 64,819</b>
Expired	(232,792)	0.40	-
<b>Balance, March 31, 2017</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 64,819</b>

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

# Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Month Period Ended March 31, 2017  
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

## 14. EQUITY AND RESERVES (continued)

### b) Share-based Payment Reserve (continued)

#### iii. Broker Warrants (continued)

Broker warrants outstanding at March 31, 2017 and June 30, 2016 are as follows:

Expiry Date	March 31, 2017		June 30, 2016	
	Number of Broker Warrants Outstanding	Exercise Price	Number of Broker Warrants Outstanding	Exercise Price
September 8, 2016	N/A	\$ N/A	232,792	\$ 0.40
	N/A	\$ N/A	232,792	\$ 0.40
Remaining Contractual Life (years)		N/A		0.19
Fair Value of Broker Warrants Issued		N/A		\$ 0.13

## 15. RELATED PARTY TRANSACTIONS & BALANCES

### a) Key management personnel

Compensation to key management, which consists of executives and management directors, for the nine month periods ended March 31, 2017 and 2016 was as follows:

	March 31, 2017	March 31, 2016
Short-term benefits	\$ 431,000	\$ 389,812
Share-based payments	53,694	130,500
	\$ 484,694	\$ 520,312

### b) Related party balances

Amounts owed to related parties as at March 31, 2017 and June 30, 2016 were as follows:

	March 31, 2017	June 30, 2016
Amounts due to companies controlled by directors and officers of the Company. Amounts are non-interest bearing, unsecured and are due on demand.	\$ 145,628	\$ 184,559

# Clean Seed Capital Group Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Month Period Ended March 31, 2017  
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

## 15. RELATED PARTY TRANSACTIONS & BALANCES

### c) Related party transactions

Transactions with related parties for the nine month periods ended March 31, 2017 and 2016 were as follows:

	March 31, 2017	March 31, 2016
Interest accrued on notes payable to a company controlled by the Chief Executive Officer	\$ -	\$ 2,089
Interest accrued on technology acquisition payable to a relative of the Chief Executive Officer of the Company	\$ -	\$ 32,198
Lease expense for leases from a company controlled by a director and officer of the Company including within development expense	\$ 66,150	\$ 66,150

## 16. COMMITMENTS & CONTINGENCIES

As at March 31, 2017	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021 & Beyond	Total
Accounts payable	\$ 759,719	\$ 8,103	\$ 8,800	\$ 9,556	\$ 1,671	\$ 787,850
Due to related parties	\$ 145,628	\$ -	\$ -	\$ -	\$ -	\$ 145,628
Loans payable	\$ -	\$ -	\$ 34,339	\$ 137,355	\$ 1,000,466	\$ 1,172,160
Premises leases	\$ 30,776	\$ 73,104	\$ 54,828	\$ -	\$ -	\$ 158,708
	\$ 936,123	\$ 81,207	\$ 97,967	\$ 146,911	\$ 1,002,137	\$ 2,264,346

### Premises Leases

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

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

### Development Costs

The Company's manufacturing partner has been conducting production, development and engineering work on behalf of the Company with respect to its CX-6 SMART Seeder. The Company will have future payments related to the completion of the CX-6 SMART Seeder units and on-going engineering work for which it has not been invoiced. The amount and timing of those payments is not currently estimable.

## 17. SUBSEQUENT EVENTS

Subsequent to the nine month period ended March 31, 2017:

- The Company received proceeds of \$388,186 under the AgrilInnovation Agreement.
- The Company received proceeds of \$96,958 under the WINN Agreement.