Condensed Consolidated Interim Financial Statements

For the nine months ended March 31, 2019 and 2018

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

Contents

MANAGEMENT'S 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, 2019 and 2018 have been prepared by management and approved by the Company's Audit Committee and Board of Directors.

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

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

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

/s/ Graeme Lempriere

Graeme Lempriere, Chief Executive Officer
Burnaby, BC, Canada
May 29, 2019

/s/ Steven Brassard

Steven Brassard, Chief Financial Officer
Burnaby, BC, Canada
May 29, 2019

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

	Notes		March 31, 2019		June 30, 2018
ASSETS					
Current Assets					
Cash and cash equivalents	5	$	93,283	$	1,800,131
Receivables	6		86,824		83,803
Prepaid expenses and deposits	7		23,866		92,375
Inventory	8		-		110,165
Total current assets			203,973		2,086,474
Non-Current Assets					
Intellectual property	9		9,603,035		9,366,224
Property and equipment	10		171,081		257,627
Total non-current assets			9,774,116		9,623,851
TOTAL ASSETS		$	9,978,089	$	11,710,325
LIABILITIES					
Current Liabilities					
Accounts payable	11, 12	$	2,132,980	$	2,527,639
Due to related parties	16b		478,325		427,305
Loans payable	13		1,859,182		765,858
Total current liabilities			4,470,487		3,720,802
Non-Current Liabilities					
Loans payable	13		1,064,452		972,267
TOTAL LIABILITIES			5,534,939		4,693,069
SHAREHOLDERS' EQUITY					
Share capital	14		19,308,243		19,305,263
Share-based payment reserve	15b		2,096,006		2,149,947
Deficit			(16,961,099)		(14,437,954)
TOTAL SHAREHOLDERS' EQUITY			4,443,150		7,017,256
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	9,978,089	$	11,710,325

Ability to Continue as a Going Concern (Note 2(d))
Commitments and Contingencies (Note 17)
Subsequent Event (Note 20)

Approved on behalf of the Board:

/s/ Graeme Lempriere
Director

/s/ Colin Rush
Director

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

Clean Seed Capital Group Ltd.

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

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018 Restated (Note 19)	Nine Months Ended March 31, 2019	Nine Months Ended March 31, 2018 Restated (Note 19)
Operating expenses				
Amortization of intellectual property (Note 9)	**$ 169,967**	$ 110,081	**$ 492,693**	$ 330,243
Depreciation of property and equipment (Note 10)	**17,844**	12,753	**54,135**	30,448
Interest	**96,720**	35,738	**250,718**	94,218
Office and miscellaneous	**40,149**	43,689	**107,678**	91,088
Personnel	**242,765**	190,057	**685,127**	769,692
Premises	**20,570**	24,956	**57,598**	66,005
Professional	**69,494**	75,206	**501,253**	157,956
Research and development	**73,597**	376,608	**219,532**	415,373
Share-based compensation expense (recovery) (Note 15b)	**1,623**	129,764	**(53,941)**	1,126,335
Travel and trade shows	**38,510**	46,825	**208,160**	109,510
Net loss and comprehensive loss for the period	**$ (771,431)**	$ (1,045,677)	**$ (2,523,145)**	$ (3,190,868)
Basic and diluted loss per share	**$ (0.01)**	$ (0.02)	**$ (0.04)**	$ (0.06)
Weighted average number of common shares outstanding	**58,218,500**	54,533,889	**58,218,500**	51,542,101

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

Clean Seed Capital Group Ltd.

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

	Share Capital		Share-based Payment		
	Number	Amount	Reserve	Deficit	Total
Balance, June 30, 2017	**47,749,903**	**$ 14,018,578**	**$ 1,749,681**	**$ (8,233,600)**	**$ 7,534,659**
Shares Issued for cash	4,235,000	1,867,500	-	-	1,867,500
Share issue costs	-	(44,824)	13,814	-	(31,010)
Shares issued upon exercise of share options	2,886,097	1,028,104	-	-	1,028,104
Transfer of fair value to share capital upon exercise of share options	-	843,132	(843,132)	-	-
Share-based compensation	-	-	1,126,336	-	1,126,336
Net loss and comprehensive loss for the period (as restated – Note 19)	-	-	-	(3,190,868)	(3,190,868)
Balance, March 31, 2018 (as restated – Note 19)	**54,871,000**	**17,712,490**	**2,046,699**	**(11,424,468)**	**8,334,721**
Units and shares issued for cash	3,210,000	1,605,000	-	-	1,605,000
Share issue costs	-	(103,539)	17,064	-	(86,475)
Shares issued upon exercise of share options	137,500	52,000	-	-	52,000
Transfer of fair value upon exercise of share options	-	39,312	(39,312)	-	-
Share-based compensation	-	-	125,496	-	125,496
Net loss and comprehensive loss for the period	-	-	-	(3,013,486)	(3,013,486)
Balance, June 30, 2018	**58,218,500**	**19,305,263**	**2,149,947**	**(14,437,954)**	**7,017,256**
Share issue cost recovery	-	2,980	-	-	2,980
Share-based compensation recovery	-	-	(53,941)	-	(53,941)
Net loss and comprehensive loss for the period	-	-	-	(2,523,145)	(2,523,145)
Balance, March 31, 2019	**58,218,500**	**$ 19,308,243**	**$ 2,096,006**	**$ (16,961,099)**	**$ 4,443,150**

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)

	Nine Months Ended March 31, 2019	2018 Restated (Note 19)
Cash flows from operating activities		
Net loss for the period	**$ (2,523,145)**	$ (3,190,868)
Adjustments for items not affecting cash		
Amortization of intellectual property	**492,693**	330,243
Depreciation of property and equipment	**54,135**	30,448
Benefit of government loan treated as a government grant included in development expenses	**(60,093)**	(87,501)
Write-off of property and equipment included in research and development	**53,153**	35,232
Interest accretion and expense	**247,906**	94,218
Share-based compensation expense (recovery)	**(53,941)**	1,126,335
Warranty provision recovery	**(6,443)**	-
Changes in non-cash working capital items		
Receivables	**(3,021)**	(466,782)
Prepaid expenses and deposits	**68,509**	126,826
Inventory	**110,165**	(44,646)
Accounts payable	**(430,490)**	602,765
Due to related parties	**109,373**	201,886
	(1,941,199)	(1,241,844)
Cash flows from financing activities		
Proceeds from loans payable	**1,110,640**	339,443
Repayments of loans payable	**(44,282)**	-
Proceeds from private placements	**-**	1,867,500
Proceeds from exercise of options	**-**	813,584
Share issue recovery (cost)	**2,980**	(31,010)
	1,069,338	2,989,517
Cash flows from investing activities		
Purchase of property and equipment	**(20,742)**	(151,159)
Development of intellectual property	**(814,245)**	(1,775,260)
	(834,987)	(1,926,419)
Decrease in cash and cash equivalents for the period	**(1,706,848)**	(178,746)
Cash and cash equivalents, beginning of period	**1,800,131**	262,464
Cash and cash equivalents, end of period	**$ 93,283**	$ 83,718

Supplemental Cash Flow (Note 18)

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

1. CORPORATE INFORMATION

Clean Seed Capital Group Ltd. (the "Company" or "Clean Seed") was incorporated under the British Columbia *Business Corporations Act* on January 28, 2010. The Company is listed on the TSX Venture Exchange ("TSX-V"), having the symbol CSX.V. The Company's primary business is the design and development of products from its SMART Seeder technology, which was developed from its portfolio of intellectual property. The Company operates in one segment, the agriculture equipment industry. All of the Company's assets are in Canada.

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

2. BASIS OF PREPARATION

a) Statement of Compliance

The condensed consolidated interim financial statements of the Company for the nine months ended March 31, 2019, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 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, 2018.

These condensed consolidated interim financial statements do not include all the information required for full annual consolidated financial statements. On May 29, 2019, 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. These estimates and assumptions form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision, and further periods, if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the condensed consolidated interim financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Note 4.

2. BASIS OF PREPARATION (continued)

d) Ability to Continue as a Going Concern

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. The Company had been in the development stage by both advancing its intellectual property to increase its technological capability and by developing products from its intellectual property portfolio. The Company has never achieved profitable operations and only completed the sale of one unit during 2018. The Company is evaluating opportunities to commercialize its SMART Seeder technology and is seeking financing.

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 indicate the existence of a material uncertainty that may cast significant doubt on the validity of that assumption:

- as at March 31, 2019, the Company has an accumulated deficit of $16,961,099 the Company has incurred a loss of $2,523,145 for the nine months ended March 31, 2019;
- the Company has net cash flows used in operating activities of $1,941,199 for the nine months ended March 31, 2019;
- the Company has a history of losses from operations; and
- the Company has a net working capital deficit of $4,266,514.

The Company's ability to continue as a going concern is dependent on achieving profitable operations through the sales of its product, the acquisition of profitable operations, 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 to support its requirements. 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.

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

2. BASIS OF PREPARATION (continued)

f) Consolidation Principles

The subsidiaries of the Company are as follows:

				Portion of Ownership Interest and Voting Power Held	
Name of Subsidiary	**Principal Activity**	**Fiscal Year-End**	**Place of Incorporation and Operation**	**March 31, 2019**	**June 30, 2018**
Clean Seed Agricultural Technologies Ltd.	Agriculture Equipment	June 30	British Columbia, Canada	100%	100%
Seed Sync Systems Ltd.	Software Development	June 30	British Columbia, Canada	100%	100%

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A complete summary of significant accounting policies can be found in Note 3 of the audited annual consolidated financial statements for the year ended June 30, 2018.

a) Recently Adopted Accounting Pronouncements

(i) IFRS 9 *Financial Instruments*

IFRS 9 reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for the Company's June 30, 2019 year-end. The adoption of this standard had no impact on the condensed consolidated interim financial statements of the Company.

(ii) IFRS 15 *Revenue from Contracts with Customers*

The standard replaces IAS 18 *Revenue* and IAS 11 *Construction Contracts*, and contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for the Company's June 30, 2019 year-end. The adoption of this standard had no impact on the condensed consolidated interim financial statements of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Future Accounting Pronouncements

(i) IFRS 16 *Leases*

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

Capitalization and Recovery of Development Costs in Intellectual Property

The Company capitalizes development costs to intellectual property when they meet the definition of an intangible asset under IFRS. In determining whether development costs should be capitalized the Company needed to establish i) whether completion of the intangible asset is technically feasible, ii) whether the intangible asset would generate probable future economic benefits, and iii) whether there were adequate technical, financial and other resources to complete the development and to use or sell the intangible asset. Development costs related to the SMART Seeder technology are expensed as incurred when they do not meet the criteria outlined above. During the current year, the Company has capitalized development costs, as intellectual property, related to the SMART Seeder technology when those costs were considered betterments and met the criteria for capitalization as an intangible asset.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Impairment of Intellectual Property

The Company reviews intellectual property (intangible assets) at each reporting period to determine whether there is an indication of impairment. An asset may be impaired if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the asset or fair value less cost to sell. In determining indicators of impairment of intangible assets, the Company considers external sources of information, such as prevailing economic and market conditions, including the Company's market value in comparison to its net book value. The Company also considers 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. The Company has reviewed the recoverable amount of the intellectual property and assessed that its recoverable amount exceeds its carrying amount.

Loans Payable

During the 2017 and 2019 fiscal years, the Company entered into repayable contribution agreements (the "Loans") with different ministries of the Government of Canada. Each Loan is unsecured, bears 0% interest and allowed for multiple drawdowns throughout the Loan's eligible contribution period.

As each Loan bore no interest, the interest rate of each Loan is below the market rate for a commercial loan with similar terms. The initial fair value of these Loans was determined by using a discounted cash flow analysis. To determine the discounted cash flow, the Company had to determine the discount rate, representing fair market value, to apply. The discount rate selected at initial recognition has a significant impact on the amount recorded for the initial fair value of the Loans. In determining the appropriate discount rate, the Company considered the interest rates of similar long-term debt arrangements with similar terms. The Loans obtained by the Company were issued by the Government of Canada to support innovation and economic development and require repayments starting one year after the end of each project. The Loans have repayment terms that range from five to nine years. Accordingly, finding financing arrangements with non-government arm's length parties under similar terms required judgment. Management determined there was no observable market for the Company to obtain long-term, unsecured borrowing of this nature and management was required to use significant judgment in determining the appropriate discount rate to apply in the fair value calculation of these financial instruments.

Management applied discount rates of 17% for the 2017 Loans and 16% for the 2019 Loan based on its analysis of:

(i) other companies receiving similar loans at early commercialization stages;
(ii) the cost of borrowing for debt instruments of comparable terms for companies with a comparable investment grade to the Company; and
(iii) the Company's risk factors.

Management determined that interest rates incurred by companies with a comparable investment grade and discount rates applied by venture stage companies in comparable circumstances were within a range of 8% to 30% for unsecured term loans. Management considered discount rates in the range of 12% to 22% in ultimately determining that the average discount rate of 17% was most appropriate.

Using a discount rate of 17% for the 2017 Loans and 16% for the 2019 Loan, the difference between the calculated fair value and the face value liability of the financial instrument was $1,252,669. This difference reduces the original eligible expenditures proportionately recorded and will be accreted as interest over the life of the instruments. If the average discount rate used for the Loans had been determined to be higher or lower by 5% (resulting in discount rates of 21% to 22% or 11% to 12%, respectively), the calculated fair value would have been an estimated $176,000 lower or $240,000 higher, respectively. See Note 13 for additional information about the Loans.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Share-based Compensation

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

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

The Company uses its historical share price data to estimate expected future share price volatility. The expected life of the share option is based on the full term of the instrument, as there is not reliable evidence to suggest a more appropriate term. The risk-free interest rate is based on a Canadian treasury instrument whose term is consistent with the expected term of the stock options. The Company has not paid and does not anticipate paying cash dividends on its shares of common stock in the foreseeable future; therefore, the expected dividend yield is assumed to be zero. See Note 15b(i) for the assumptions applied.

5. CASH AND CASH EQUIVALENTS

		March 31, 2019		June 30, 2018
Cash	**$**	**70,158**	$	1,777,037
Redeemable guaranteed investment certificates		**23,125**		23,094
	$	**93,283**	$	1,800,131

6. RECEIVABLES

		March 31, 2019		June 30, 2018
Goods and Services Tax receivable	**$**	**86,702**	$	83,803
Other		**122**		-
	$	**86,824**	$	83,803

7. PREPAID EXPENSES AND DEPOSITS

		March 31, 2019		June 30, 2018
Legal retainer for patent applications	**$**	**6,644**	$	21,167
Other		**17,222**		15,328
Production deposits		**-**		55,880
	$	**23,866**	$	92,375

The legal retainer for patent applications comprises amounts held in trust for the submission of patent applications by a legal firm in which a director of the Company is a senior partner. This retainer is non-interest-bearing, unsecured and will be realized through the submission of patent applications within the next three months.

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

8. INVENTORY

The Company's inventory consists of raw materials and finished goods inventory. Raw materials consumed in the development of prototypes that meet the criteria as an intangible asset are capitalized to intellectual property. Raw materials consumed in development activities that do not meet the criteria as an intangible asset are recorded as development expense. Raw materials consumed in production of CX-6 SMART Seeders are transferred to work-in-progress and then finished goods upon completion of production. Finished goods inventory is transferred to cost of goods sold when the inventory is sold.

		March 31, 2019		June 30, 2018
Raw materials, opening balance	**$**	**110,165**	$	127,889
Purchases		**282,832**		1,332,376
Transferred to work-in-progress		**(256,883)**		-
Transferred to intellectual property		**-**		(451,222)
Consumed in research and development activities		**(136,114)**		(898,878)
Raw materials, ending balance	**$**	**-**	$	110,165
Work-in-progress, opening balance	**$**	**-**	$	-
Transferred from raw materials		**256,883**		-
Consumed in research and development activities		**(256,883)**		-
Work-in-progress, ending balance	**$**	**-**	$	-
Inventory, ending balance	**$**	**-**	$	110,165

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

9. INTELLECTUAL PROPERTY

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

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. When the Company sold its first CX-6 Smart Seeders in May 2016, it made a judgment that it had entered into commercial production and began amortizing the intellectual property over the remaining life of the patents and patents pending, which was approximately 17 years from that date.

The Company's initial set of patents related to its SMART Seeder technology has advanced to the national phase and it has been issued patent, or is patent pending in all of the countries submitted. The initial set of claims will be in effect until 2033. In October 2017, the Company received notification from the World Intellectual Property Organization ("WIPO") that additional SMART Seeder technology innovation claims from its February 2017 application were assessed as innovative and free from conflicting claims or prior art. The Company has since entered the national phase of the application process by submitting patent applications to the Patent Cooperation Treaty member countries in which it wishes to obtain patent protection. If successful in obtaining the patents, it will provide patent protection for the SMART Seeder technology until 2036.

	Cost	Accumulated Amortization	Impairment	Net Book Value
Balance, June 30, 2017	**$ 9,152,749**	**$ (555,679)**	**$ -**	**$ 8,597,070**
Additions	1,765,603	-	-	1,765,603
Recoveries	(430,270)	-	-	(430,270)
Amortization	-	(566,179)	-	(566,179)
Balance, June 30, 2018	**10,488,082**	**(1,121,858)**	**-**	**9,366,224**
Additions	1,079,504	-	-	1,079,504
Recoveries	(350,000)	-	-	(350,000)
Amortization	-	(492,693)	-	(492,693)
Balance, March 31, 2019	**$ 11,217,586**	**$ (1,614,551)**	**$ -**	**$ 9,603,035**

See Note 4 and 13c to 13e for discussion regarding the impact of the benefit on loans payable that reduced the cost of certain intellectual property amounts.

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

10. PROPERTY AND EQUIPMENT

	Leasehold Improvements	Office Furniture	Computer Equipment	Computer Software	Shop Equipment	Production Molds	Demonstration Equipment	Total
Cost								
Balance, June 30, 2017	$ 20,260	$ 18,626	$ 36,642	$ 39,557	$ 71,163	$ 47,974	$ -	$ 234,222
Additions for the year	-	-	31,619	10,552	7,129	122,020	101,222	272,542
Transfers to development costs	-	-	-	-	-	(74,609)	-	(74,609)
Balance, June 30, 2018	20,260	18,626	68,261	50,109	78,292	95,385	101,222	432,155
Additions for the period	-	-	4,519	16,223	-	-	-	20,742
Disposals for the period	-	-	-	-	-	(60,236)	-	(60,236)
Balance, March 31, 2019	**$ 20,260**	**$ 18,626**	**$ 72,780**	**$ 66,332**	**$ 78,292**	**$ 35,149**	**$ 101,222**	**$ 392,661**
Accumulated Depreciation								
Balance, June 30, 2017	$ 8,656	$ 12,043	$ 27,164	$ 31,218	$ 38,127	$ 8,638	$ -	$ 125,846
Depreciation for the year	6,630	1,317	12,422	6,284	10,980	6,253	12,653	56,539
Transfers to development costs	-	-	-	-	-	(7,857)	-	(7,857)
Balance, June 30, 2018	15,286	13,360	39,586	37,502	49,107	7,034	12,653	174,528
Depreciation for the period	4,974	790	10,960	8,097	6,567	6,140	16,607	54,135
Disposals for the period	-	-	-	-	-	(7,083)	-	(7,083)
Balance, March 31, 2019	**$ 20,260**	**$ 14,150**	**$ 50,546**	**$ 45,599**	**$ 55,674**	**$ 6,091**	**$ 29,260**	**$ 221,580**
Carrying Amounts								
At June 30, 2017	$ 11,604	$ 6,583	$ 9,478	$ 8,339	$ 33,036	$ 39,336	$ -	$ 108,376
At June 30, 2018	$ 4,974	$ 5,266	$ 28,675	$ 12,607	$ 29,185	$ 88,351	$ 88,569	$ 257,627
At March 31, 2019	**$ -**	**$ 4,476**	**$ 22,234**	**$ 20,733**	**$ 22,618**	**$ 29,058**	**$ 71,962**	**$ 171,081**

(Unaudited – Expressed in Canadian Dollars)

11. ACCOUNTS PAYABLE

		March 31, 2019		June 30, 2018
Product repurchase obligation (a)	**$**	**1,050,000**	$	1,050,000
Trade payable		**812,046**		859,046
Personnel payable		**229,661**		171,129
Finance lease obligation (Note 12)		**39,523**		39,272
Other		**1,750**		8,192
Refundable subscription (b)		**-**		400,000
	$	**2,132,980**	$	2,527,639

(a) The Company agreed to repurchase demonstration units from its customer rather than attempt to retrofit and resell them. The obligation has been recorded at the committed repurchase price.

(b) The Company returned $400,000 to a subscriber.

12. FINANCE LEASE OBLIGATIONS

The Company leases certain shop equipment and computer equipment. The finance lease obligations represent the minimum lease payments payable, net of imputed interest at effective rates of 8.28%, 6.50% and 9.05%.

The Company's finance lease obligations consist of:

		March 31, 2019		June 30, 2018
Equipment finance lease payable in monthly instalments of $844 including interest at 8.28% per annum	**$**	**14,352**	$	21,950
Less: Interest		**(858)**		(1,922)
		13,494		20,028
Computer equipment finance lease payable in monthly instalments of $618 including interest at 6.50% per annum		**15,447**		21,008
Less: Interest		**(958)**		(1,764)
		14,489		19,244
Computer software finance lease payable in monthly instalments of $431 including interest at 9.05% per annum		**12,943**		-
Less: Interest		**(1,403)**		-
		11,540		-
Total Finance Lease Obligation	**$**	**39,523**	$	39,272

Minimum repayments over the next three years are as follows:

2019	$	7,095
2020		20,985
2021		11,443
	$	39,523

(Unaudited – Expressed in Canadian Dollars)

13. LOANS PAYABLE

The loans payable are as follows:

	Notes		March 31, 2019		June 30, 2018
Notes payable	13a	**$**	**1,616,308**	$	695,407
Farm Credit Canada credit facility	13b		**-**		-
Current portion of AgriInnovation repayable contribution			**163,803**		51,854
Current portion of 2017 Western Innovation Initiative repayable contribution			**79,071**		18,597
Current loans payable			**1,859,182**		765,858
AgriInnovation repayable contribution	13c		**876,146**		781,578
Less: Current portion of AgriInnovation repayable contribution			**(163,803)**		(51,854)
Western Innovation Initiative repayable contribution #1	13d		**294,451**		261,140
Less: Current portion of 2017 Western Innovation Initiative repayable contribution			**(79,071)**		(18,597)
2019 Western Innovation Initiative repayable contribution	13e		**136,729**		-
Non-current loans payable			**1,064,452**		972,267
		$	**2,923,634**	$	1,738,125

a) Notes Payable

The notes payable activity is as follows:

		Principal		Accrued Interest		Notes Payable
Balance at June 30, 2017	**$**	**-**	**$**	**-**	**$**	**-**
Advances received		690,000		-		690,000
Interest accrued		-		21,977		21,977
Repayments		-		(16,570)		(16,570)
Balance at June 30, 2018		**690,000**		**5,407**		**695,407**
Advances received		850,000		-		850,000
Interest accrued		-		115,183		115,183
Repayments		-		(44,282)		(44,282)
Balance at March 31, 2019	**$**	**1,540,000**	**$**	**76,308**	**$**	**1,616,308**

The notes payable at March 31, 2019 consist of six promissory notes:

- Three notes payable issued in March 2018 range from $25,000 to $35,000. All three notes payable have been amended to be due on demand, are secured by a general security agreement and will bear combined interest of $13,500 at maturity. One of the promissory notes payable totaling $30,000 was provided by the Company's Chief Financial Officer;
- One note payable for $1,000,000 is due March 31, 2019, is secured by a general security agreement and bears an annual rate of interest of 14% payable monthly. This note was provided by the Company's President;

(Unaudited – Expressed in Canadian Dollars)

13. LOANS PAYABLE (continued)

a) Notes Payable (continued)

- One note payable for $200,000 was issued in September 2018, is due March 31, 2019, is secured by a general security agreement and bears an annual rate of interest of 14% payable monthly; and
- One note payable for $100,000 was issued in December 2018, is due March 31, 2019, is secured by a general security agreement and bears an annual rate of interest of 14% payable monthly.

The Company is in discussions with each creditor to amend the maturity dates of the respective note.

b) Farm Credit Canada Credit Facility

The Farm Credit Canada credit facility activity is as follows:

		Principal		Accrued Interest		Credit Facility Payable
Balance at June 30, 2017	**$**	**-**	**$**	**-**	**$**	**-**
Advances received		665,116		-		665,116
Interest accrued		-		7,171		7,171
Repayments		(665,116)		(7,171)		(672,287)
Balance at June 30, 2018 and March 31, 2019	**$**	**-**	**$**	**-**	**$**	**-**

On March 7, 2018, the Company entered into a loan agreement (the "FCC Agreement") with Farm Credit Canada to provide working capital financing for production of CX-6 SMART Seeders. Under the terms of the FCC Agreement, the Company could borrow up to $705,000 for direct costs of production.

All amounts borrowed by the Company were due with interest on July 3, 2018. Amounts borrowed by the Company bore interest of 8% per annum and were secured by a first charge on the 2018 CX-6 SMART Seeders produced. All amounts owed were repaid in June 2018 and the loan was extinguished.

c) AgriInnovation Repayable Contribution

The AgriInnovation repayable contribution activity is as follows:

		Principal		Accumulated Interest Accretion		Contribution Payable
Balance at June 30, 2017	**$**	**568,573**	**$**	**52,596**	**$**	**621,169**
Contributions		119,157		-		119,157
Benefit on Loan		(63,106)		-		(63,106)
Interest accretion		-		104,358		104,358
Balance at June 30, 2018		**624,624**		**156,954**		**781,578**
Interest accretion		-		94,568		94,568
Balance at March 31, 2019	**$**	**624,624**	**$**	**251,522**	**$**	**876,146**

On July 18, 2016, the Company entered into a repayable contribution agreement (the "AgriInnovation Agreement") with Her Majesty the Queen in Right of Canada as represented by the Minister of Agriculture and Agri-Food. Under the terms of the AgriInnovation Agreement, the Company could borrow as a 50% reimbursement for spending incurred on pre-approved eligible expenditures on or before March 31, 2017. The eligible costs were related to commercializing the Company's CX-6 SMART Seeder and consisted of personnel, production and inventory expenditures.

(Unaudited – Expressed in Canadian Dollars)

13. LOANS PAYABLE (continued)

c) AgriInnovation Repayable Contribution (continued)

The Company will be obligated to repay all contributions received totaling $1,599,461 in equal monthly payments over nine years commencing March 31, 2019. Amounts received bear a 0% interest rate and are unsecured. Any repayments that are not made in time will incur interest of prime plus 3% from the period starting the day after the payment was due until such time as the amount is paid.

Based on the amount received by the Company under the Contribution Agreement to date, the monthly repayment is $14,810 (June 30, 2018 - $14,810).

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

Discount rate	**16.45%**
Number of monthly repayments	**108**
Monthly instalment amount	**$14,810**
Monthly instalment start date	**March 31, 2019**

See Note 4 for discussion in determining the discount rate.

d) 2017 Western Innovation Initiative Repayable Contribution

The Western Innovation Initiative repayable contribution activity is as follows:

		Principal		Accumulated Interest Accretion		Contribution Payable
Balance at June 30, 2017	**$**	**88,629**	**$**	**4,041**	**$**	**92,670**
Contributions		248,000		-		248,000
Benefit on contributions		(107,802)		-		(107,802)
Interest accretion		-		28,272		28,272
Balance at June 30, 2018		**228,827**		**32,313**		**261,140**
Interest accretion		-		33,311		33,311
Balance at March 31, 2019	**$**	**228,827**	**$**	**65,624**	**$**	**294,451**

The Company entered into a repayable contribution agreement (the “2017 WINN Agreement”) with Her Majesty the Queen in Right of Canada as represented by Western Economic Diversification Canada. Under the terms of the 2017 WINN Agreement, the Company can borrow up to $425,000 as a 50% reimbursement for spending incurred on eligible expenditures. The eligible costs are related to preparations of the CX-6 SMART Seeder for production and activities to market and sell the CX-6 SMART Seeder. The Company could submit claims for contribution for amounts it incurs on or before March 31, 2018. During the 2018 fiscal year, the Company received the remaining balance of the available contributions.

The Company will be obligated to repay all contributions received totaling $425,000 in equal monthly payments over five years commencing April 1, 2019. Amounts received bear a 0% interest rate and are unsecured. Any repayments that are not made in accordance with the WINN Agreement will incur interest of prime plus 3% from the period starting the day after the payment was due until the amount is paid.

(Unaudited – Expressed in Canadian Dollars)

13. LOANS PAYABLE (continued)

d) 2017 Western Innovation Initiative Repayable Contribution (continued)

Based on the amount received by the Company under the 2017 WINN Agreement, the monthly repayment is $7,083 (June 30, 2018 - $7,083).

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

Discount rate	**17.36%**
Number of monthly repayments	**60**
Monthly instalment amount	**$7,083**
Monthly instalment start date	**April 1, 2019**

See Note 4 for discussion in determining the discount rate.

e) 2019 Western Innovation Initiative Repayable Contribution

The Western Innovation Initiative repayable contribution activity is as follows:

		Principal		Accumulated Interest Accretion		Contribution Payable
Balance at June 30, 2017 and 2018	**$**	**-**	**$**	**-**	**$**	**-**
Contributions		260,639		-		260,639
Benefit on contributions		(128,755)		-		(128,755)
Interest accretion		-		4,845		4,845
Balance at March 31, 2019	**$**	**131,884**	**$**	**4,845**	**$**	**136,729**

On October 9, 2018, the Company entered into a second repayable contribution agreement (the "2019 WINN Agreement") with Her Majesty the Queen in Right of Canada as represented by Western Economic Diversification Canada. Under the terms of the 2019 WINN Agreement, the Company can borrow up to $508,000 as a 50% reimbursement for spending incurred on eligible expenditures. The eligible costs are related to preparations of the SMART technology for the US planter market. The Company could submit claims for contribution for amounts it incurs on or before March 31, 2020.

The Company will be obligated to repay all contributions received totaling $260,639 in equal monthly payments over five years commencing April 1, 2021. Amounts received bear a 0% interest rate and are unsecured. Any repayments that are not made in accordance with the 2019 WINN Agreement will incur interest of prime plus 3% from the period starting the day after the payment was due until the amount is paid.

Based on the amount received by the Company under the 2019 WINN Agreement, the monthly repayment is $4,418 (June 30, 2018 - $nil).

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

Discount rate	**16.33%**
Number of monthly repayments	**59**
Monthly instalment amount	**$4,418**
Monthly instalment start date	**April 1, 2021**

See Note 4 for discussion in determining the discount rate.

14. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value

b) Issued

There were no share capital transactions during the nine months ended March 31, 2019.

During the year ended June 30, 2018, the following share capital transactions occurred:

(i) On September 5, 2017, the Company completed a private placement by issuing 2,500,000 shares at a price of $0.40 per share for gross proceeds of $1,000,000. Share issue costs for this private placement totaled $7,565 in cash.

(ii) On January 4, 2018, the Company completed a private placement of 1,735,000 units, with each unit consisting of one common share and one share purchase warrant at a price of $0.50 per unit for gross proceeds of $867,500. Each share purchase warrant entitles the holder to purchase one common share for a period of 12 months at a price of $0.75. Share issue costs for this private placement totaled $37,259 and consisted of $23,445 in cash and 50,050 broker warrants valued at $13,813. The broker warrants are exercisable at $0.50 per share for 12 months from the date of issuance.

(iii) On June 26, 2018, the Company completed a private placement of 3,210,000 shares at a price of $0.50 per share for gross proceeds of $1,605,000. Share issue costs for this private placement totaled $103,540 and consisted of $86,475 in cash and 143,400 broker warrants valued at $17,065. The broker warrants are exercisable at $0.50 per share for 12 months from the date of issuance.

(iv) The Company received proceeds of $1,080,104 upon exercise of 3,023,597 incentive share options at an average exercise price of $0.36 per option. The fair value of the incentive options exercised totaling $882,444 was transferred from share-based payment reserve to share capital upon exercise.

(Unaudited – Expressed in Canadian Dollars)

15. EQUITY AND RESERVES

a) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's statement of financial position include "Share-based Payment Reserve" and "Accumulated Deficit".

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

b) Share-based Payment Reserve

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

	Incentive Options	Warrants	Broker Warrants	Share-based Payment Reserve
Balance, June 30, 2017	**$ 1,450,762**	**$ 234,100**	**$ 64,819**	**$ 1,749,681**
Options granted under stock option plan	1,251,832	-	-	1,251,832
Broker warrants issued	-	-	30,878	30,878
Transfer of fair value of options exercised	(882,444)	-	-	(882,444)
Balance, June 30, 2018	**1,820,150**	**234,100**	**95,697**	**2,149,947**
Options granted in previous periods under stock option plan	11,614	-	-	11,614
Options forfeited	(65,555)	-	-	(65,555)
Balance, March 31, 2019	**$ 1,766,209**	**$ 234,100**	**$ 95,697**	**$ 2,096,006**

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

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

(i) Incentive Share Options

The Company has a share option plan 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 date of grant or at terms to be determined by the directors at the time of grant. The exercise price of each option shall be determined by the directors at the time of grant but shall not be less than the price permitted by the policies of the TSX-V.

(Unaudited – Expressed in Canadian Dollars)

15. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve (continued)

(i) Incentive Share Options (continued)

The following table summarizes incentive share option activity for the nine months ended March 31, 2019 and year ended June 30, 2018:

	Number of Options		Weighted Average Exercise Price		Share-based Payment Reserve
Balance, June 30, 2017	**4,100,097**	**$**	**0.38**	**$**	**1,450,762**
Granted	4,108,600	$	0.46		1,251,832
Exercised	(3,023,597)	$	0.36		(882,444)
Forfeited	(375,000)	$	0.42		-
Expired	(180,000)	$	0.30		-
Balance, June 30, 2018	**4,630,100**	**$**	**0.46**		**1,820,150**
Granted in previous periods	-	$	-		11,614
Forfeited	(500,000)	$	0.50		(65,555)
Balance, March 31, 2019	**4,130,100**	**$**	**0.46**	**$**	**1,766,209**

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, 2019	June 30, 2018
Risk-free interest rate	**N/A**	1.64% - 2.15%
Expected life of options	**N/A**	5 Years
Annualized volatility	**N/A**	84% - 95%
Dividend rate	**N/A**	0.00%

(Unaudited – Expressed in Canadian Dollars)

15. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve (continued)

(i) Incentive Share Options (continued)

Options outstanding at March 31, 2019 and June 30, 2018 were as follows:

	March 31, 2019			**June 30, 2018**		
Expiry Date	Number of Options Outstanding		Weighted Average Exercise Price	Number of Options Outstanding		Weighted Average Exercise Price
April 17, 2019	350,000	$	0.50	350,000	$	0.50
May 22, 2019	25,000	$	0.60	25,000	$	0.60
August 1, 2019	50,000	$	0.60	50,000	$	0.60
January 28, 2020	50,000	$	0.58	50,000	$	0.58
May 19, 2020	75,000	$	0.40	75,000	$	0.40
August 20, 2020	30,000	$	0.40	30,000	$	0.40
September 17, 2020	250,000	$	0.50	250,000	$	0.50
October 13, 2020	150,000	$	0.50	150,000	$	0.50
March 21, 2021	29,000	$	0.37	29,000	$	0.37
September 28, 2021	140,000	$	0.35	140,000	$	0.35
December 21, 2021	50,000	$	0.35	50,000	$	0.35
January 25, 2022	25,000	$	0.35	25,000	$	0.35
April 13, 2022	25,000	$	0.35	25,000	$	0.35
September 1, 2022	100,000	$	0.40	100,000	$	0.40
September 5, 2022	633,500	$	0.40	633,500	$	0.40
September 29, 2022	100,000	$	0.40	100,000	$	0.40
November 3, 2022	470,000	$	0.45	470,000	$	0.45
November 20, 2022	686,100	$	0.50	686,100	$	0.50
December 14, 2022	454,000	$	0.50	954,000	$	0.50
January 4, 2023	25,000	$	0.55	25,000	$	0.55
February 9, 2023	75,000	$	0.60	75,000	$	0.60
April 18, 2023	337,500	$	0.44	337,500	$	0.44
	4,130,100	**$**	**0.46**	4,630,100	$	0.46
Weighted Average Remaining Contractual Life (years)			**2.90**			3.74
Weighted Average Fair Value of Options Granted			**N/A**		$	0.32
Weighted Average Share Price During Period		**$**	**0.40**		$	0.46

At March 31, 2019, 25,000 (June 30, 2018 - 562,500) of the incentive stock options, which expire on September 5, 2022, had not vested. All other incentive stock options are fully vested.

(ii) Warrants

The Company has issued share purchase warrants (“warrants”) as a component 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.

(Unaudited – Expressed in Canadian Dollars)

15. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve (continued)

(ii) Warrants (continued)

The following table summarizes warrants activity for the nine months ended March 31, 2019 and year ended June 30, 2018:

	Number of Warrants		Weighted Average Exercise Price		Share-based Payment Reserve
Balance, June 30, 2017	**2,246,000**	**$**	**0.60**	**$**	**234,100**
Issued	1,735,000	$	0.75		-
Expired	(2,246,000)	$	0.60		-
Balance, June 30, 2018 and March 31, 2019	**1,735,000**	**$**	**0.75**	**$**	**234,100**

As part of the January 4, 2018 private placement, the Company issued 1,735,000 warrants. Each warrant entitles the holder to purchase one common share for a period of 12 months at a price of $0.75. On December 27, 2018, the Company extended the expiry date from January 4, 2019 to July 4, 2019.

Warrants outstanding at March 31, 2019 and June 30, 2018 are as follows:

	March 31, 2019			**June 30, 2018**		
Expiry Date	Number of Warrants Outstanding		Exercise Price	Number of Warrants Outstanding		Exercise Price
July 4, 2019	**1,735,000**	**$**	**0.75**	1,735,000	$	0.75
Remaining Contractual Life (years)			**0.26**			0.51

(iii) Broker Warrants

The Company has issued warrants to brokers as part of their compensation for services received for private placements completed by the Company. The Company uses the Black-Scholes option 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, 2019 and year ended June 30, 2018:

	Number of Broker Warrants		Weighted Average Exercise Price		Share-based Payment Reserve
Balance, June 30, 2017 and 2018	**193,450**	**$**	**0.50**	**$**	**95,697**
Expired	(50,050)	$	0.50		-
Balance, March 31, 2019	**143,400**	**$**	**0.50**	**$**	**95,697**

(Unaudited – Expressed in Canadian Dollars)

15. EQUITY AND RESERVES (continued)

b) Share-based Payment Reserve (continued)

(iii) Broker Warrants (continued)

The following broker warrants were issued during the year ended June 30, 2018:

- As part of the January 4, 2018 private placement, the Company issued 50,050 broker warrants as compensation for services. These warrants are valued at $13,813. These broker warrants are exercisable at $0.50 per share for 12 months from the date of issuance.
- As part of the June 26, 2018 private placement, the Company issued 143,400 broker warrants as compensation for services. These warrants are valued at $17,065. These broker warrants are exercisable at $0.50 per share for 12 months from the date of issuance.

Broker warrants outstanding at March 31, 2019 and June 30, 2018 are as follows:

	March 31, 2019			**June 30, 2018**		
Expiry Date	Number of Broker Warrants Outstanding		Exercise Price	Number of Broker Warrants Outstanding		Exercise Price
January 4, 2019	-	$	-	50,050	$	0.50
June 26, 2019	143,400	$	0.50	143,400	$	0.50
	143,400	**$**	**0.50**	193,450	$	0.50
Remaining Contractual Life (years)			**0.24**			0.87
Fair Value of Broker Warrants Issued			**N/A**		$	0.16

16. RELATED PARTY TRANSACTIONS AND BALANCES

a) Key Management Personnel

Compensation to key management, which consists of executives and management directors, for the nine months ended March 31, 2019 and 2018 was as follows:

	Three Months Ended March 31				**Nine Months Ended March 31**			
		2019		2018		**2019**		2018
Short-term benefits	**$**	**149,800**	$	208,972	**$**	**449,400**	$	738,325
Share-based payments		**-**		8,675		**-**		380,436
	$	**149,800**	$	217,647	**$**	**449,400**	$	1,118,761

Short-term benefits include compensation for four executives as at March 31, 2019 (2018 - six). During the nine months ended March 31, 2019, no bonuses (2018 - $222,000) were granted to key management personnel to exercise their options to acquire shares (2018 - 396,000) of the Company.

(Unaudited – Expressed in Canadian Dollars)

16. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Due to Related Parties

Amounts due to related parties as at March 31, 2019 and June 30, 2018 were as follows:

		March 31, 2019		June 30, 2018
Amounts due to companies controlled by directors and officers of the Company. These amounts are unsecured and are due on demand. Amounts totaling $262,065 bear interest at 8% per annum while the balance is non-interest-bearing	**$**	**355,524**	$	397,175
Amount due to a legal firm in which a director of the Company is a senior partner for legal fees. Amount is non-interest-bearing, unsecured and due on demand		**122,801**		30,130
	$	**478,325**	$	427,305

See Note 13a for disclosure on loans payable totaling $1,046,652 (June 30, 2018 - $nil) due to directors and officers of the Company.

c) Related Party Transactions

Transactions with related parties for the three and nine months ended March 31, 2019 and 2018 were as follows:

	Three Months Ended March 31,				Nine Months Ended March 31,			
		2019		2018		**2019**		2018
Legal fees from a legal firm in which a director of the Company is a senior partner included in intellectual property and development expense	**$**	**117,036**	$	-	**$**	**186,753**	$	-
Lease expense for leases from a company controlled by a director and officer of the Company included within intellectual property and development expense	**$**	**-**	$	38,900	**$**	**-**	$	87,200
Consulting fees from a relative of the Chief Executive Officer included within intellectual property	**$**	**15,000**	$	-	**$**	**45,000**	$	-
Interest accrued on amount due to related party (Note 16b)) included within intellectual property	**$**	**6,366**	$	-	**$**	**27,140**	$	-
Interest accrued on notes payable to officers of the Company included within interest expense	**$**	**34,259**	$	-	**$**	**88,290**	$	-

(Unaudited – Expressed in Canadian Dollars)

17. COMMITMENTS AND CONTINGENCIES

As at March 31, 2019	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023 and Beyond	Total
Accounts payable	$ 2,101,726	$ 22,723	$ 11,750	$ -	$ -	**$ 2,136,199**
Due to related parties	478,325	-	-	-	-	**478,325**
Loans payable	1,681,987	262,718	275,971	315,729	1,350,193	**3,886,598**
Premises leases	45,000	180,000	180,000	180,000	45,000	**630,000**
	$ 4,307,038	**$ 465,441**	**$ 467,721**	**$ 495,729**	**$ 1,395,193**	**$ 7,131,122**

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 April 1, 2016 for approximately $5,400 per month.

Effective October 1, 2018, the Company entered into a premises lease for an on-farm testing and development facility in Banshaw, Alberta, which provides direct access to farm land, farm equipment, buildings, storage and on-site housing. The lease is for four years and is $15,000 per month. The facility is a commercial farm that operates approximately 8,000 acres.

Production and Development Costs

The Company's contract manufacturer had been conducting production, development and engineering work on behalf of the Company with respect to its CX-6 SMART Seeder. Under the terms of its manufacturing agreement, the Company committed to producing 100 CX-6 SMART Seeders with the contract manufacturer. To date, the Company has produced five CX-6 SMART Seeders. The manufacturer has issued the Company invoices for approximately $955,000 related to the production of CX-6 SMART Seeders and related equipment, which the Company believes are in excess of the agreed price, are invalid due to inadequate manufacturing performance and inability of the manufacturer to meet delivery dates. Furthermore, the Company believes it is entitled to recoveries related to warranty work performed on defects incurred from the products delivered by the manufacturing partner. The Company has assessed the payment of the disputed invoices and recovery of any amounts related to the defects as unlikely and has not recorded an asset or liability related to those amounts.

18. SUPPLEMENTAL CASH FLOW

	Nine Months Ended March 31, **2019**	2018
Fair value of stock options exercised	**$ -**	$ 843,132
Fair value of warrants issued to brokers as compensation on unit issuance	**$ -**	$ 13,814
Extinguishment of accounts payable through option exercise	**$ -**	$ 214,520
Interest paid on notes payable and amounts due to related parties	**$ 48,391**	$ -
Change in intellectual property enhancements included in due to related parties	**$ (58,353)**	$ 260,123
Change in intellectual property enhancements included in accounts payable	**$ 67,994**	$ 143,330

(Unaudited – Expressed in Canadian Dollars)

19. PRIOR PERIOD RESTATEMENT

The Company determined that an error in application of accounting policy was applied for the quarter ended March 31, 2018 related to the capitalization of development costs. During the quarter ended March 31, 2018, the Company continued to develop its SMART Seeder technology for a significant portion of those activities qualified i) for capitalization as an intangible asset into intellectual property, and ii) as a betterment to the technology. These development activities were expensed in error and should have been capitalized in accordance with the Company's accounting policies for intellectual property.

A summary for the changes in each financial statement line item for as at March 31, 2018 and for the period ended March 31, 2018 are as follows:

Consolidated Statement of Financial Position as at March 31, 2018

Line Item		Prior to Restatement		Subsequent to Restatement		Increase (Decrease)
Intellectual property	$	6,870,296	$	10,042,087	$	3,171,791
Non-current assets	$	7,064,151	$	10,235,942	$	3,171,791
Total assets	$	8,018,593	$	11,190,384	$	3,171,791
Deficit	$	14,596,259	$	11,424,468	$	(3,171,791)

Consolidated Statement of Comprehensive Loss for the quarter ended March 31, 2018

Line Item		Prior to Restatement		Subsequent to Restatement		Increase (Decrease)
Research and development	$	1,925,216	$	415,373	$	(1,509,843)
Net loss and comprehensive loss for the period	$	4,700,711	$	3,190,868	$	(1,509,843)
Basic and diluted loss per share	$	0.09	$	0.06	$	(0.03)

Consolidated Statement of Cash Flows for the quarter ended March 31, 2018

Line Item		Prior to Restatement		Subsequent to Restatement		Increase (Decrease)
Operating Activities						
Net loss for the period	$	(4,700,711)	$	(3,190,868)	$	(1,509,843)
Cash flows from operating activities	$	(2,751,687)	$	(1,241,844)	$	(1,509,843)
Investing Activities						
Development of intellectual property	$	(265,417)	$	(1,775,260)	$	1,509,843
Cash flows from investing activities	$	(416,576)	$	(1,926,419)	$	1,509,843

The error did not have an impact on the Company's financing or overall cash flows.

20. SUBSEQUENT EVENT

The Company previously disclosed that it had entered into a Letter Agreement dated July 16, 2018 to acquire Harvest International Inc. ("Harvest"). Closing of that potential acquisition was subject to a number of conditions precedent, including satisfactory due diligence. That transaction did not close when the Letter Agreement to acquire Harvest expired on April 15, 2019.