CleanSeed™
CAPITAL GROUP

DRIVING TECHNOLOGY
DEVELOPMENT
IN MODERN AGRICULTURE

Management Discussion and Analysis
2024 Second Quarter

WELCOME TO OUR MANAGEMENT DISCUSSION & ANALYSIS

This management discussion & analysis ("MD&A") includes information that will help you understand management's perspective of our condensed consolidated interim financial statements and notes thereto as at December 31, 2023 and for the three and six months then ended. This information is based on what we knew on October 9, 2024. This MD&A includes statements and information about our expectations for the future and things that have not yet taken place. We highlight the section titled **Forward-looking Information** for additional information about future expectations.

We encourage you to read our condensed consolidated interim financial statements and notes thereto as you review this MD&A. You can find more information about Clean Seed Capital Group Ltd., including our most recent filings on SEDAR+, at http://www.sedarplus.ca.

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

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

DRIVING TECHNOLOGY DEVELOPMENT
IN MODERN AGRICULTURE

CONTENTS

VISION AND PURPOSE

To drive sustainable transformation of global agricultural production through the deployment of our SMART Seeder MAX™ ("SMART Seeder MAX") precision seeding and planting platforms, enhancing crop production outcomes while reducing environmental impacts.

GENERAL

The Company is the creator of a suit of technologies that collectively led to the creation of the world's most advanced seeding and planting platform known as the SMART Seeder MAX and a scaled down version, the Mini-MAX™ ("Mini-MAX"). The products can improve global agricultural performance in a format scalable for each major agricultural marketplace.

The Company was incorporated on January 28, 2010. On September 26, 2011, the Company (1) completed its initial public offering, and (2) completed the acquisition of Vesco Agricultural Technologies Ltd. (subsequently renamed Clean Seed Agricultural Technologies Ltd.). On September 28, 2011, the Company began trading on the TSX Venture Exchange ("TSXV").

The Company has one reportable operating segment.

INVESTOR INFORMATION

Common Shares

The Company's common shares are currently listed on the NEX branch of the TSXV under the symbol "CSX.H". Trading is currently suspended due to a cease trade order, as referenced below.

On January 5, 2024, the Company was issued a cease trade order by the British Columbia Securities Commission for failure to file its annual audited consolidated financial statements for the year ended June 30, 2023, and its interim financial report for the period ended September 30, 2023. Subsequently, the Company did not file its interim financial reports for the periods ended December 31, 2023 and March 31, 2024. The Company is in the process of remedying the failure to file, having filed its year ended June 30, 2023 annual financial reports and its interim period ended September 30, 2023 financial reports. Once the remaining financial reports and any other required reports are filed, the Company will apply to have the cease trade order revoked and will seek to resume trading on the TSXV. On July 18, 2024, the Company was issued a partial revocation of the cease trade order thereby enabling the Company to undertake a financing of up to $250,000 to provide funds to prepare the financial reports to remedy the failure to file. To date, the Company has closed a tranche of financing of $175,000.

Transfer Agent

For information on common shareholdings, lost share certificates and address changes, contact:

Olympia Trust Company
4000 – 520 Third Avenue SW
Calgary, AB T2P 0R3
Canada
Email: CSSInquiries@olympiatrust.com

For Inquiries

Clean Seed Capital Group Ltd.
Email: ir@cleanseedcapital.com

CLEAN SEED'S BUSINESS MODEL

SMART Seeder MAX™

In February 2020, the Company entered into a joint venture agreement with 1240097 B.C. Ltd. ("Norwood") under which the parties will undertake to commercialize new seeding and hybrid planting equipment for the North American market (the "Joint Venture"). The Joint Venture combines Norwood's significant market experience, frame technologies, engineering, supply chain and manufacturing resources with Clean Seed's award-winning SMART Seeder technologies. The Joint Venture provides Clean Seed a path to commercializing its flagship SMART Seeder MAX technology without the financial requirements of a manufacturing plant.

Mini-MAX™

On February 13, 2024, Clean Seed secured a landmark technology license agreement with Mahindra and Mahindra Limited ("Mahindra") for the Mini-MAX line, granting Mahindra exclusive rights in India, Africa, Turkey and most of Asia. As part of this collaboration, Mahindra will serve as a white-label supplier for both our Mini-MAX line for direct sales by Clean Seed in non-exclusive regions and key components of the SMART Seeder MAX. This strategic alliance provides robust quality control, protects proprietary technology, and optimizes the supply chain. As a result, we aim to broaden the global reach of our product lines, maximize revenue potential and reduce direct overhead costs. Under the agreement, Mahindra will pay Clean Seed a royalty on the revenues generated from the sale of Mini-MAX whole goods and spare parts. Clean Seed will pay Mahindra a pre-agreed manufacturing price for whole goods and related key components of the SMART Seeder MAX.

With manufacturing and supplier agreements now in place, Clean Seed is positioned to form additional business relationships for distributing the Mini-MAX line in non-exclusive territories under the Technology License Agreement. The manufacturing arrangement with Mahindra provides the opportunity for Clean Seed to develop distribution networks for the Mini-MAX in Canada, the United States, Mexico, Brazil, Europe and other key markets.

On October 2, 2024, Clean Seed entered into an agreement with Maqunaria Agricola JAS ("MAJAS") wherein MAJAS shall have the exclusive rights to sell and distribute SMART Seeder Mini-MAX units in Mexico under the Clean Seed brand. Under this agreement, MAJAS shall purchase Mini-MAX units from the Company.

2024/2025 Outlook

The agricultural technology development knowledge, management experience and commercial operations expertise of our management team and Board of Directors is significant and widely recognized. Our technology development team has been with Clean Seed since inception, from conceptualization phase through completion of our scalable SMART Seeder technology portfolio, now ready to progress to commercialization. We anticipate the following activities will drive the performance for our 2024/2025 fiscal year:

- initiate production of Mini-MAX commercial units with Mahindra
- undertake Clean Seed branded sales and marketing programs for the Mini-MAX by building a distribution network in Canada, the United States, Mexico, Brazil and Europe
- finalize the commercial viability plans for the SMART Seeder MAX with Norwood in preparation of international licensing opportunities
- produce Mini-MAX units for deployment into Mexico and Brazil for market testing and evaluation with prospective in-country partner groups

- Expand our intellectual property (or "IP") portfolio with the integration of new technologies and advance opportunities to monetize our IP in new markets
- enter into strategic relationships that are synergistic to Clean Seed, including leveraging artificial intelligence and ESG opportunities
- secure financing to support the commercialization of the SMART Seeder product portfolio and the financial position of the Company.

As we develop new technologies, Clean Seed will continue to broaden its intellectual property coverage and extend its patent protection life. We highlight the area regarding "material risks" within the **Forward-looking Information** section.

Clean Seed will continue to explore opportunities to work collaboratively with like-minded organizations as part of its efforts to build and commercialize Clean Seed's intellectual property portfolio and related products. The industry is active with strategic transactions, including mergers, acquisitions and joint ventures, that we believe could be beneficial for our advancement into new marketplaces. The Company plans to advance its business model by evaluating opportunities to introduce its products or technologies into different segments of the seeding and planting equipment marketplace and into new countries and regions.

2024 YEAR-TO-DATE

During the six months ended December 31, 2023, the primary activities of the Company for the quarter were:

- continuing to advance the SMART Seeder technology portfolio; and
- undertaking demonstrations and business development activities with the Mini-MAX in India.

As discussed under **Mini-MAX**, in February 2024, the Company entered into a Technology License Agreement with Mahindra, and in October 2024, the Company entered into an agreement with MAJAS for the distribution of the Mini-MAX in Mexico.

The Company requires financing based on its plans for commercialization and to meet its current obligations. Please refer to the section titled **Liquidity and Capital Resources** with respect to its current obligations. Please refer to the sections **Summary of Cash Flows** and **Forward-looking Information** for additional information on our 2024 fiscal year outlook.

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

COMPANY OVERVIEW

Clean Seed is driving technology development in modern agriculture. The Company created, designed and developed its portfolio of intellectual property into smart technologies that balance innovation, productivity and sustainability of the seeding operation. The Company is the creator of the world's only SMART Seeder technology portfolio with a mission to drive technology development in modern agriculture. The Company operates in the precision seeding and planting segment of the agriculture industry. We are expecting that our SMART Seeder technology lineup will contribute to the global farming community's ability to meet future agriculture crop production demand in an environmentally focused manner.

We designed our SMART Seeding technology with our team of professionals to create a farmer driven rethink of existing air seeding and planting equipment products in the marketplace. The result is the SMART Seeder MAX that has been designed to offer improved levels of precision and flexibility in seeding and planting operations. We believe this level of precision will provide improved farming outcomes compared to existing air seeder and planting equipment, meaning increased crop production, reduction of product inputs (seeds, fertilizers and soil amendments, etc.), reduction of operating expenses and a significant reduction of the environmental impact.

Technological innovations impact every industry in a meaningful way and no industry has a further reach or is of more basic human importance than agriculture. Without sufficient agricultural production there is not enough crop to meet current food demand, let alone to meet increased levels of future food demand. Many companies are revolutionizing agricultural technologies to drive improvements in agriculture; however, it is our viewpoint that investments made to solve yield challenges has not directly addressed the most critical time to optimize yield potential – planting and seeding.

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

At the farm level, existing seeding equipment limitations have resulted in sub-optimal yields and overuse of farming inputs, reducing potential revenues while increasing farming operation costs. Crop production is already vulnerable enough, and while weather will always be the key factor to success, the farmer should not have to compromise overusing inputs to capture additional yield revenues or miss out on maximizing revenues in order to minimize input wastage. In most markets, farmers only have a short window to plant, and every moment counts. Currently, compromises are made across every square foot of the farm because the farmer's seeding equipment cannot 1) satisfy the varied soil conditions of their field down to the square foot, and 2) be sufficiently efficient to maximize time available for planting.

Within the agricultural industry, there is a growing need for high yielding crops to support the surging demand for food globally. Population growth and preference for types of food in emerging countries are leading to high forecasted growth rates for crop production. Concurrently, agriculture input costs are increasing at high levels while their availability is diminishing. The trend of increasing crop demand is not reversing. If consumption patterns do not change, the United Nations estimates that agricultural crop production will need to increase by 70% to meet projected food demand by 2050.

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

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

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

Agronomic data is now widely available at much lower costs and fertilizer implementation has made significant advances providing for the opportunity for improved farming outcomes. However, technological advances such as these cannot be fully realized because current seeding and planting equipment available cannot take advantage of these improvements in the farming operation. Our SMART Seeder technology was designed to harness the vast volume of agronomic data to utilize it on every square foot of every field on every farm. We believe that the SMART Seeder will redefine efficient and effective seeding and planting in North America and is scalable for farming operations globally. The Company has developed the SMART Seeder MAX product line for North American operations and is developing the Mini-MAX for developing nations.

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

Intellectual Property Portfolio

Clean Seed has secured its competitive advantage through its comprehensive intellectual property portfolio that consists of patents and patent applications in major agricultural markets.

Clean Seed's IP covers key technologies that comprise the SMART Seeder MAX™ securing the Company's competitive advantage in every major agricultural market

As we advance our business, we plan to seek licensing agreements similar to our agreements with Mahindra and AMVAC Chemical Corporation ("AMVAC"), into which we previously entered. We view these as key mechanisms to advance our Company from operating within the $6.5B per year North American air seeder and planter marketplace to become a global player in the estimated $25B per year global seeding and planting equipment marketplace.

Each marketplace is different. As a technology company focused on farmer driven solutions, we believe we will be sufficiently scalable to deliver solutions to most major marketplaces in an efficient manner. These solutions will range from product line extensions, retrofit solutions, brand extensions, such as planter technologies, and licensing opportunities. The Company has developed its Mini-MAX to address challenges faced by farmers in developing nations.

SMART Seeder MAX Response to Challenges Faced by the Farming Community

The SMART Seeder MAX was designed to address the challenges in agriculture faced by the farming community.

CHALLENGES IN AGRICULTURE	CURRENT SITUATION	SMART SEEDER MAX
RISING YIELD REQUIREMENTS	Farmers need to increase yield to offset the rising cost to own or rent arable land. Existing air seeding and planting equipment is imprecise, limiting yield.	Increases yield by improving the placement of seed and fertilizer, facilitating access to water for root structures and reducing mortality rates of planted seeds.
RISING FUEL COSTS	Existing equipment requires multiple passes to condition the soil, consuming excess fuel, time, and labour.	Conditions soil and places efficiently in a single pass, reducing input costs, labour costs and equipment requirements.
RISING INPUT COSTS	Existing products lack precision in the placement of seeds and fertilizer, causing waste and increasing operating costs.	High resolution control to place precise amounts of inputs in exact locations, reducing the quantity used.
INABILITY TO USE AGRONOMIC DATA	Existing seeding technology provides low-resolution seeding and planting prescriptions (i.e., by field), ignoring differences in moisture and other soil characteristics.	Software leverages existing agronomic data to provide actionable insights on a high-resolution foot-by-foot basis.
DECLINING SOIL BIODIVERSITY FROM OVERTILLING	Overtilling and over conditioning soil reduces biodiversity. Many competitors claim "low" or "no-" till, but cause irreparable soil damage.	True "no-till" machine that uses a proprietary saw tooth coulter to cut through biomatter on top of the soil and open a clean furrow.
REDUCING CO^2 AND N_2O EMISSIONS	Imprecise input placement requires higher quantities of fertilizer and multiple passes, which causes overtilling and leads to higher emissions of greenhouse gases.	No tilling allows for carbon sequestration, reducing CO^2 and N_2O emissions.

MARKETPLACE & PRODUCTS

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

Consistent with the 2011 Census, the average farm size in Canada has continued to increase and the number of crop farms over 1,600 acres continues to increase. In general, farms are continuing to consolidate while becoming larger.

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

North American Marketplace for Seeding Equipment

All crop-based farming operations require seeding or planting equipment. The overwhelming majority of North American commercial crop farms use air seeders (except for those farms primarily planting corn or soybean, which generally use "planters" as their planting equipment). The Alberta Ministry of Agriculture and Forestry previously estimated 14,000 air seeders were in use in the Northern Great Plains area (Canada and the United States). In 2016, there were approximately 9,700 Canadian crop farms that were larger than 2,500 acres, which we believe substantially all of which would be using air seeders (not to mention smaller farms that have adopted small air seeders). We believe the US market size for air seeders (small grain seeding equipment) would be approximately the same (the large grain planting equipment market size in the US is significantly larger, reaching as high as 11,000 units). Our own research indicates that the annual marketplace for air seeders in Canada and the United States is between 1,000 and 3,000 units per year with year-to-year fluctuations within that range. We believe that the annual air seeder marketplace will fluctuate within that range based on a number of factors, including crop yields, crop prices, economic conditions, government stimulus and the supply of used farm equipment. To translate into dollars, we believe the annual marketplace:

- for air seeders is valued between $800M and $1.2B per annum; and
- for planters is between $4B and $6B.

SMART Seeder MAX

The SMART Seeder MAX was developed from a combination of the Company's SMART Seeder technology and its Joint Venture partner's frame and related technologies. The SMART Seeder MAX was built for the large scale Canadian and US Prairie markets to resolve their seeding limitations. With the capabilities to seed all crops used by seeders and planters, the SMART Seeder MAX is a true hybrid that will cross both markets as one platform in North America. The SMART Seeder MAX technology is scalable for international markets to suit regional requirements, including the development of the Mini-MAX.

Mini-MAX

The Mini-MAX was developed from the SMART Seeder technology to improve the farming operations for small farming operations in developed and developing nations. As discussed in the section **Mini-MAX**, the Company has entered into a Technology License Agreement with Mahindra and a distribution agreement with MAJAS.

RESULTS OF OPERATIONS

Six Months Ended December 31, 2023

During the six months ended December 31, 2023, the net and comprehensive loss was $2,086,000 ($0.02 per share), as compared to net and comprehensive loss of $2,132,000 ($0.02 per share) for the six months ended December 31, 2022, a 2% decrease in net and comprehensive loss.

	Six Months Ended December 31, 2023	2022	$ Change	% Change
Operating expenses				
Amortization of intellectual property	**501,000**	360,000	141,000	39
Depreciation of property and equipment	**195,000**	172,000	23,000	13
Foreign exchange loss	**6,000**	15,000	(9,000)	(60)
Interest	**466,000**	238,000	228,000	96
Office and miscellaneous	**54,000**	55,000	(1,000)	(2)
Personnel	**276,000**	377,000	(101,000)	(27)
Premises	**8,000**	95,000	(87,000)	(92)
Professional	**277,000**	409,000	(132,000)	(32)
Research and development	**108,000**	183,000	(75,000)	(41)
Share-based compensation	**51,000**	47,000	4,000	9
Share of loss from equity accounted investment	**138,000**	135,000	3,000	2
Travel and trade shows	**6,000**	46,000	(40,000)	(87)
Net and comprehensive loss	**$ (2,086,000)**	$ (2,132,000)	(46,000)	(2)

A substantial amount of the Company's operating expenses pertained to non-cash items, including amortization of intellectual property, depreciation of property and equipment, share-based compensation, share of loss from equity accounted investment and interest accretion. Reviewing the Company's expenses, less these non-cash amounts and non-recurring amounts provides insight as to the year-to-year cash operating expenses of the Company. The Company's loss before interest, depreciation, amortization, share-based compensation and share of loss from equity accounted investment was $737,000 for the six months ended December 31, 2023, as compared to a loss of $1,450,000 for the six months ended December 31, 2022, a decrease of $713,000 (49%) from the prior period. We highlight that ***loss before interest, depreciation, amortization, share-based compensation and share of loss from equity accounted investment*** is a "non-IFRS financial measure". See section titled **Non-IFRS Financial Measures** for more information.

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

Amortization of Intellectual Property	2023	2022	Change ($)	Change (%)
Expense	$ 501,000	$ 360,000	141,000	39

The Company amortizes its intellectual property available for use in accordance with IFRS. Intellectual property is amortized on a straight-line basis over the remaining life of the related portfolio of patents. Amortization of intellectual property increased compared to the prior period due to the amount of intellectual property in use differing. The following table shows the intellectual property in use and intellectual property not in use:

	2023	2022
Intellectual property in use (commercialized under IFRS)	$ 14,860,000	$ 11,723,000
Intellectual property not in use (not yet commercialized under IFRS)	-	2,325,000
	$ 14,860,000	$ 14,048,000

While most development work related to the Joint Venture is considered a contribution, certain development expenditures are considered the intellectual property of the Company and are not contributed to the Joint Venture.

Depreciation of Property and Equipment	2023	2022	Change ($)	Change (%)
Expense	$ 195,000	$ 172,000	23,000	13

Depreciation of property and equipment expense increased for the six months ended December 31, 2023, as compared to December 31, 2022. Depreciation of right-of-use ("ROU") assets make up the majority of the balance. During Q2 2023, the Company extended its on-farm lease effective October 1, 2023 and added $335,459 in ROU assets as a result. Depreciation expense of the ROU assets accounted for 94% (2022: 88%) of depreciation expense incurred. The increase in 2023, as compared to 2022, reflects the timing from the additions of the ROU assets during each of the respective period-ends.

Interest	2023	2022	Change ($)	Change (%)
Expense	$ 466,000	$ 238,000	228,000	96

Interest expense is incurred on loans, promissory notes and convertible debentures. During the six months ended December 31, 2022, interest expense consisted:

- interest incurred of $311,000 (2022: $111,000) on promissory notes;
- interest accretion of $57,000 (2022: $66,000) on 0% interest government loans;
- interest accretion of $37,000 (2022: $31,000) on lease obligations;
- interest expense (actual and accretion) of $55,000 (2022: $30,000) on convertible debentures; and
- other amounts of $6,000 (2022: $nil).

Interest expense increased during the six months ended December 31, 2023, as compared to the six months ended December 31, 2022, as a result of the Company securing additional interest-bearing debt instruments aggregating $1.354M for financing in April 2023 and October 2023.

The interest accreted for the 0% interest loans and convertible debentures is based on the estimated discount rate applied in recording the loans at their fair value. The interest accretion on 0% government loans represents the allocation of the benefit calculated in "Repayable Government Loans" of the **Liquidity & Capital Resources** section, over the life of the loan in accordance with IFRS.

Office and Miscellaneous	2023	2022	Change ($)	Change (%)
Expense	$ 54,000	$ 55,000	(1,000)	(2)

Office and miscellaneous expense was consistent for the six months ended December 31, 2023, as compared to the six months ended December 31, 2022.

Personnel	2023	2022	Change ($)	Change (%)
Expense	$ 276,000	$ 377,000	(101,000)	(27)

Personnel expense on the income statement decreased by $101,000 during the six months ended December 31, 2023, as compared to the six months ended December 31, 2022, as a result of reduced personnel employed and retained by the Company. Personnel costs for the Company are allocated amongst personnel expenses, research and development (or "R&D"), intellectual property and interest in Joint Venture. The personnel costs incurred on an aggregate basis were significantly reduced for Q2 2024 and Q2 2023.

The personnel costs during the six months ended December 31, 2023 were as follows:

2023	Personnel Count	Expense for the Period		Allocation on Financial Statements
Administration	2	$	35,000	Personnel
Executives	2		187,000	Personnel and IP
Marketing	0		55,000	Personnel and R&D
Technical	8		308,000	R&D and IP
Total	12	$	585,000	

The personnel costs during the six months ended December 31, 2022 were as follows:

2022	Personnel Count	Expense for the Period		Allocation on Financial Statements
Administration	2	$	66,000	Personnel
Executives	3		316,000	Personnel and IP
Marketing	3		169,000	Personnel and R&D
Technical	16		583,000	R&D and IP
Total	24	$	1,134,000	

The allocation of personnel fees during the two years was:

Personnel	-	$ 276,000	(2022: $ 609,000)
Research and Development	-	$ 101,000	(2022: $ 105,000)
Intellectual Property	-	$ 208,000	(2022: $ 420,000)

The Company made contributions to the Joint Venture of personnel amounts as follows:

Personnel	-	$ 2,000	(2022: $ 232,000)
Intellectual Property	-	$ 10,000	(2022: $ 142,000)

Professional	**2023**	**2022**	**Change ($)**	**Change (%)**
Expense	$ 277,000	$ 409,000	(132,000)	(32)

Professional expense includes corporate legal advisor fees, auditor fees, business valuation services, corporate finance services, investor relations services and investor market distribution services. Professional fees decreased by $132,000 due to decreased audit and assurance fees.

Research and Development	**2023**	**2022**	**Change ($)**	**Change (%)**
Expense	$ 108,000	$ 183,000	(75,000)	(41)

Research and development expenses are costs incurred to develop and test the SMART Seeder MAX, Mini-MAX and related SMART Seeder technologies that do not meet the criteria for capitalization, and other costs related to the operations of the Company for supply chain and opening its new premises in Saskatoon. Research and development expenses consist of engineering and technical staff costs, consulting fees, professional fees, materials, prototypes, production molds no longer in use, purchases, travel, testing, testing facilities and inventories that are uncertain as to when they would be realized.

While much of the Company's SMART Seeder expenditures qualified as development expenditures, a significant amount of expenditures were incurred by our development team or related to our operations that were necessary for preparing for commercialization and did not qualify for capitalization. During the six months ended December 31, 2023, the research and development expenses decreased, as a result of decreased purchases during the period reflecting the Company's focus on the Mini-MAX.

See "Enhancements to Intellectual Property" of the **Liquidity & Capital Resources** section for a summary of the SMART Seeder technology expenditures.

Share-based Compensation	**2023**	**2022**	**Change ($)**	**Change (%)**
Expense	$ 51,000	$ 47,000	4,000	9

Share-based compensation expense is related to the grant and modification of incentive stock options in accordance with the Company's stock option plan. During the six months ended December 31, 2023, the Company granted 1,100,000 stock options. During the six months ended December 31, 2022, the Company granted 500,000 stock options.

The options activity was as follows:

	2023		**2022**	
	# of Options Granted	**Fair Value of Options**	**# of Options Granted**	**Fair Value of Options**
Options Granted in Prior Periods with Vesting Terms	-	$ 5,000	-	$ 18,000
Options Granted in Current Period	1,100,000	46,000	500,000	29,000
Total Share-based Compensation	1,100,000	51,000	500,000	$ 47,000
Fair Value per Option Granted		$ 0.04		$ 0.06

See Note 17b to the condensed consolidated interim financial statements for more information about share-based compensation.

The options granted during the six months ended December 31, 2023, consisted of 1,100,000 options that had fully vested. The options granted during the six months ended December 31, 2022 consisted of 500,000 options that had fully vested. In aggregate, and on a per option basis, the options granted in Q2 2024 had a significantly lower per option fair value than the options granted in Q2 2023 based on the Company's share price at the time of grant.

Share of Loss from Equity Accounted Investment	2023	2022	Change ($)	Change (%)
Expense	$ 138,000	$ 135,000	3,000	2

The Company's Joint Venture incurred a net loss of $276,000 for the six months ended December 31, 2023, as compared to $271,000 for the six months ended December 31, 2022, an increase of $5,000. The Joint Venture's net loss consisted of the following expenses:

Amortization	-	$ 274,000	(2022: $ nil)
Personnel	-	$ 2,000	(2022: $ 232,000)
Sales	-	$ nil	(2022: $ 39,000)

The increase in net loss for the six months ended December 31, 2023 is a result of the intellectual property owned by the Joint Venture being considered in use, and accordingly, the Company began amortizing the intellectual property. The increase from amortization was offset by a reduction in personnel and sales expenses within the Joint Venture, as the operations were reduced while the Joint Venture partners sought financing.

Three Months Ended December 31, 2023

During the three months ended December 31, 2023, the net and comprehensive loss was $988,000 ($0.01 per share), as compared to net and comprehensive loss of $1,084,000 ($0.01 per share) for the three months ended December 31, 2022.

	Three Months Ended December 31, 2023	2022	$ Change	% Change
Operating Expenses				
Amortization of intellectual property	**$ 252,000**	$ 180,000	72,000	40
Depreciation of property and equipment	**53,000**	84,000	(31,000)	(37)
Foreign exchange loss	**1,000**	3,000	(2,000)	(67)
Interest	**200,000**	137,000	63,000	46
Office and miscellaneous	**22,000**	27,000	(5,000)	(19)
Personnel	**125,000**	266,000	(141,000)	(53)
Premises	**8,000**	51,000	(43,000)	(84)
Professional	**166,000**	202,000	(36,000)	(18)
Research and development	**49,000**	82,000	(33,000)	(40)
Share-based compensation	**42,000**	9,000	33,000	367
Share of loss from equity accounted investment	**69,000**	12,000	57,000	475
Travel and trade shows	**1,000**	31,000	(30,000)	(97)
Net and comprehensive loss	**$ (988,000)**	$ (1,084,000)	(96,000)	(9)

A substantial amount of the Company's operating expenses pertained to non-cash items, including amortization of intellectual property, depreciation of property and equipment, share-based compensation, share of loss from equity accounted investment and interest accretion. Reviewing the Company's expenses, less these non-cash amounts and non-recurring amounts provides insight as to the year-to-year cash expenses of the Company. The Company's loss before interest, depreciation, amortization, share-based compensation and share of loss from equity accounted investment was $372,000 for the three months ended December 31, 2023, as compared to a loss of $686,000 for the three months ended December 31, 2022, a decrease of $314,000 (46%) from the prior period. We highlight that **loss before interest, depreciation, amortization, share-based compensation and share of loss from equity accounted investment** is a "non-IFRS financial measure". See section titled **Non-IFRS Financial Measures** for more information.

Significant operating expenses incurred in the current three months ended December 31, 2023 and variations of operating expenses, as compared to the prior period, include:

Amortization of Intellectual Property	2023	2022	Change ($)	Change (%)
Expense	$ 252,000	$ 180,000	72,000	40

The Company amortizes its intellectual property available for use in accordance with IFRS. Intellectual property is amortized on a straight-line basis over the remaining life of the related portfolio of patents. Amortization of intellectual property increased during the six months ended December 31, 2023, as compared to the same period in the previous year, as a result of an increased amount of intellectual property in use during the current period.

Depreciation of Property and Equipment	2023	2022	Change ($)	Change (%)
Expense	$ 53,000	$ 84,000	(31,000)	(37)

Depreciation of property and equipment expense decreased for the three months ended December 31, 2023, as compared to the three months ended December 31, 2022, as a result of the leases in Saskatchewan terminating during the six months ended December 31, 2023. Depreciation of ROU assets make up the majority of the balance. During the three months ended December 31, 2023, ROU assets were 92% (2022: 87%) of depreciation expense incurred.

Interest on Loans	2023	2022	Change ($)	Change (%)
Expense	$ 200,000	$ 137,000	63,000	46

Interest expense is incurred on loans, promissory notes and convertible debentures. During the three months ended December 31, 2023, interest expense increased by $63,000 compared to the three months ended December 31, 2022 as a result of an increase in interest-bearing instruments outstanding that were issued to secure financing, as discussed in the section for Interest on Loans for the six months ended December 31, 2023.

Personnel	2023	2022	Change ($)	Change (%)
Expense	$ 125,000	$ 266,000	(141,000)	(53)

Personnel expense on the income statement and overall personnel costs incurred decreased for the three months ended December 31, 2023, as compared to the three months ended December 31, 2022. Overall personnel costs consist of wages and consulting fees allocated to personnel expense, research and development expense and intellectual property.

Overall personnel costs incurred decreased by $253,000 (48%) during the three months ended December 31, 2023, as compared to the three months ended December 31, 2022, as a result of a reduction in the personnel employed and engaged during the current year period based on the activities of the Company.

The allocation of personnel fees during the period was:

Personnel	-	$ 128,000	(2022: $ 285,000)
Research and Development	-	$ 46,000	(2022: $ 72,000)
Intellectual Property	-	$ 97,000	(2022: $ 167,000)

The Company made contributions to the Joint Venture of personnel amounts as follows:

Personnel	-	$ nil	(2022: $ 19,000)
Intellectual Property	-	$ nil	(2022: $ 27,000)

Professional	2023	2022	Change ($)	Change (%)
Expense	$ 166,000	$ 202,000	(36,000)	(18)

Professional expense includes corporate legal advisor fees, auditor fees, business valuation services, corporate finance services, investor relations services and investor market distribution services. Professional fees decreased by $36,000 due to decreased audit fees, which was offset by increased corporate finance consulting fees incurred.

Research and Development	2023	2022	Change ($)	Change (%)
Expense	$ 49,000	$ 82,000	(33,000)	(40)

Research and development expenses are costs incurred to develop and test the SMART Seeder MAX, Mini-MAX and related SMART Seeder technologies that do not meet the criteria for capitalization and other costs related to the operations of the Company for supply chain and opening its new premises in Saskatoon. Research and development expenses consist of engineering and technical staff costs, consulting fees, professional fees, materials, prototypes, production molds no longer in use, purchases, travel, testing, testing facilities and inventories that are uncertain as to when they would be realized.

While much of the Company's SMART Seeder expenditures qualified as development expenditures, a significant amount of expenditures were incurred by our development team or related to our operations that were necessary for preparing for commercialization and did not qualify for capitalization. During the three months ended December 31, 2023, the research and development expenses decreased as a result of decreased purchases related to preparing for commercialization of the SMART Seeder MAX, as the Company was focused on advancing its opportunities for the Mini-MAX with Mahindra.

See "Enhancements to Intellectual Property" of the **Liquidity & Capital Resources** section for a summary of the SMART Seeder technology expenditures.

Share-based Compensation	2023	2022	Change ($)	Change (%)
Expense	$ 42,000	$ 9,000	$33,000	367

Share-based compensation expense is related to the grant of incentive stock options in accordance with the Company's stock option plan. During the three months ended December 31, 2023, the Company granted 1,000,000 options. During the three months ended December 31, 2022, the Company did not grant any stock options.

The options activity was as follows:

	2023		2022	
	# of Options Granted	**Fair Value of Options**	**# of Options Granted**	**Fair Value of Options**
Options Granted in Prior Periods with Vesting Terms	-	$ 3,000	-	$ 9,000
Options Granted in Current Period	1,000,000	39,000	-	-
Total Share-based Compensation	1,000,000	$ 42,000	-	$ 9,000

See Note 17b to the condensed consolidated interim financial statements for more information about share-based compensation.

The options granted during the three months ended December 31, 2023 consisted of 1,000,000 options that had fully vested.

Share of loss from equity accounted investment	2023	2022	Change ($)	Change (%)
Expense	$ 69,000	$ 12,000	57,000	475

The Company's Joint Venture incurred a net loss of $137,000 for the three months ended December 31, 2023 and incurred a net loss of $24,000 for the three months ended December 31, 2022. The Joint Venture's net loss was as follows:

Amortization	-	$ 137,000	(2022: $ nil)
Personnel	-	$ nil	(2021: $ 20,000)
Sales	-	$ nil	(2021: $ 4,000)

During the three months ended December 31, 2022, the activities of the Joint Venture were reduced, as the Company was seeking financing to advance its commercialization program.

Non-IFRS Financial Measures

In the **Results of Operations** for the six months ended December 31, 2023 and 2022, the Company uses a non-IFRS financial measure labelled loss before interest, depreciation, amortization, share-based compensation and share of loss from equity accounted investment.

This measure is calculated by removing those items from the net loss presented on our condensed consolidated interim statements of comprehensive loss. This measure does not have a standardized meaning under IFRS. Management uses this measure internally to evaluate its results of operations as it removes:

- the impact of non-cash depreciation, amortization, share-based compensation and interest accretion;
- the impact of cash-based interest, which is a result of the financing strategy undertaken at that point in time; and
- the impact of the Joint Venture earnings on the results of the Clean Seed statement of comprehensive loss and adding back those expenses contributed to the Joint Venture that are not reflected in its net income (loss). The Company had an equity loss of $138,000 (2022: $135,000) during the six months ended December 31, 2023 and contributed total expenses of $2,000 (2022: $270,000), for net reduction of expenses of $136,000 (2022: additional $135,000).

Loss per share for the six months ended December 31, 2023 and 2022 have been impacted by the items enumerated in the table below, which reconciles net loss to loss before interest, depreciation, amortization, share-based compensation and share of loss from net additional expenses contributed to the Joint Venture:

	Six Months Ended December 31, 2023		2022	
Net loss	**$**	**(2,086,000)**	$	(2,132,000)
Basic and diluted net loss per share	**$**	**(0.02)**	$	(0.02)
Amortization on intellectual property	**$**	**501,000**	$	360,000
Depreciation of property and equipment	**$**	**195,000**	$	172,000
Interest on loans	**$**	**466,000**	$	238,000
Share-based compensation	**$**	**51,000**	$	47,000
Impact from equity accounted investment	**$**	**136,000**	$	(135,000)
Loss before interest, amortization, depreciation, share-based compensation and share of loss from equity accounted investment	**$**	**(737,000)**	$	(1,450,000)
Basic and diluted loss before interest, amortization, depreciation, share-based compensation and share of loss from equity accounted investment per share	**$**	**(0.01)**	$	(0.02)

Annual Information and Quarterly Results

Selected Annual Information

Year Ended June 30	Revenue ($)	Net Loss ($)	Basic and Diluted Loss Per Share ($)	Total Assets ($)	Non-current Liabilities ($)	Cash Dividend ($)
2023	-	(4,880,000)	(0.05)	15,120,000	1,843,000	-
2022	1,266,000	(2,640,000)	(0.03)	15,155,000	1,544,000	-
2021	7,000	(3,271,000)	(0.04)	12,950,000	1,092,000	-

During the years ended June 30, 2023, 2022 and 2021, the primary activities of the Company varied significantly.

Year Ended June 30, 2023
The Company continued commercialization activities for the SMART Seeder MAX in North America. The Company advanced its effort to commercialize the Mini-MAX, entering into a memorandum of understanding ("MOU") with Mahindra.

Year Ended June 30, 2022
The Company continued commercialization activities for the SMART Seeder MAX in North America. The Company also developed a Mini-MAX demonstration unit, which was shipped to India for demonstrations and validation activities.

Year Ended June 30, 2021
The Company worked with the Joint Venture to develop a 2021 model year SMART Seeder MAX-S validation unit and initiated commercialization activities to prepare for the production and distribution of a 2022 model year SMART Seeder MAX-S.

Quarterly Results

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

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

Quarter Ended	Revenue ($)	Net Income (Loss) ($)	Basic and Diluted Earnings (Loss) Per Share ($)	Total Assets ($)	Long-term Liabilities ($)	Cash Dividend ($)
December 31, 2023	-	(988,000)	(0.01)	13,930,000	1,647,000	-
September 30, 2023	-	(1,097,000)	(0.01)	14,450,000	1,582,000	-
June 30, 2023	-	(1,984,000)	(0.02)	15,120,000	1,843,000	-
March 31, 2023	-	(763,000)	(0.01)	15,699,000	2,311,000	-
December 31, 2022	-	(1,084,000)	(0.01)	15,745,000	2,039,000	-
September 30, 2022	-	(1,049,000)	(0.01)	15,270,000	2,096,000	-
June 30, 2022	-	(1,224,000)	(0.01)	15,155,000	1,544,000	-
March 31, 2022	1,266,000	344,000	0.00	14,684,000	1,631,000	-

Revenues

During the quarter ended June 30, 2021, the Company earned royalties pursuant to a license agreement. During the quarter ended March 31, 2022, the Company received US$1,000,000 from AMVAC in exchange for amending a license agreement whereby it agreed all future royalties were paid in full.

Net Income (Loss) and Earnings (Loss) per Share

During the quarter ended March 31, 2022, the Company received licensing income of US$1,000,000, which led to the Company having net income for the quarter.

During the quarters ended June 30, 2021 through December 31, 2021 and the quarters ended June 30, 2022 through June 30, 2023, the Company was focused on developing the 2021 SMART Seeder MAX and commencing commercialization activities to support the production and distribution of the SMART Seeder MAX. During the quarters ended June 30, 2022 through June 30, 2023, the Company had increased activities for the advancement of the Mini-MAX.

Total Assets

In addition to the licensing income collected in 2022, the Company completed the following financings for the development and commercialization of its SMART Seeder technology, general working capital and the related business development opportunities:

- Q2 2024 – two promissory notes resulting in gross proceeds of $150,000;
- Q4 2023 – one promissory note resulting in gross proceeds of $800,000;
- Q3 2023 – two promissory notes resulting in gross proceeds of $404,000;
- Q2 2023 – restructured two promissory notes, which provided gross incremental proceeds of $700,000;
- Q1 2023 – convertible debenture issuance for gross proceeds of $630,000; and
- Q4 2022 – a unit issuance for gross proceeds of $1,508,750.

A substantial amount of the total assets in each period presented above is comprised of intellectual property and the Company's interest in the Joint Venture (see "Enhancements to Intellectual Property" of the **Liquidity & Capital Resources** section for discussion on the intellectual property and Joint Venture).

Non-current Liabilities

During the 2017 and 2019 fiscal years, the Company entered into three long-term loan agreements with her Majesty the Queen of Canada for total borrowings of $2.532M. The amounts shown in the **Quarterly Results** table are presented at their fair value in accordance with IFRS. For additional discussion on the difference between the fair value and the legal liability, see **Repayable Government Loans**. During the quarter ended March 31, 2022, the Company took possession of its new build leased facilities in Saskatoon, which resulted in an ROU liability of $686,000. During the quarter ended September 30, 2022, the Company issued two convertible debentures, which resulted in a fair value of $490,084 (net of transaction costs). During the quarter ended December 31, 2022, the Company entered into an amendment to extend the expiry date of the on-farm lease from September 30, 2022 to September 30, 2024, which resulted in an increase in the ROU liability of $335,459. During the quarter ended March 31, 2023, the Company issued two promissory notes with gross proceeds of $404,000, which mature on April 24, 2024.

LIQUIDITY & CAPITAL RESOURCES

The Company's historical capital needs have been met by raising funds through the issuance of equity and debt instruments and the issuance of a license for its technology. As of December 31, 2023, the Company had cash and cash equivalents of $28,000, while the carrying amount of its debts was $10,653,000. The Company will need to raise funds to meet its ongoing operations, its current obligations and its planned business activities for the 2024 fiscal year and beyond. During the six months ended December 31, 2023, the Company completed promissory note financings aggregating $150,000 and subsequently received a further $550,000 through the issuance of promissory notes.

The primary factors impacting the Company's liquidity are its ability to produce, sell and collect the proceeds from the sales of its products and services, its ability to license its technology and its ability to obtain financing as it requires. Commercializing technology carries uncertainty with respect to the timing and volume of sales and the associated costs to produce and service those sales. The Company, directly or indirectly, has not completed any sales of its SMART Seeder MAX product line.

- The Company entered into the Joint Venture to commercialize planting and seeding equipment in North America, which substantially reduced its initial cash outflows to commercialize the SMART Seeder products, as compared to a strategy of manufacturing and distributing the SMART Seeder products independently.
- The Company has entered into a MOU to bring the Mini-MAX to India and other strategic countries thereafter, under which it aims to enter into a definitive agreement to license the Mini-MAX to the counterparty.

During the years ended June 30, 2017 and 2019, the Company entered into three zero-interest loan agreements with two different departments of the Canadian federal government. The Company has $nil of further borrowing available under these loans. The loans are repayable as follows:

- $425,000 in monthly instalments of $7,809 until December 1, 2024;
- $508,000 in monthly instalments of $9,004 until March 1, 2026; and
- $1,599,461 in monthly instalments of $16,532 until February 29, 2028.

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

Contractual Commitments as at December 31, 2023	Payments Due by Period				
	Total	Less than 1 Year	2-3 Years	4-5 Years	5+ Years
Accounts payable	$ 3,345,000	$ 3,345,000	$ -	$ -	$ -
Due to related parties	846,000	846,000	-	-	-
Loans payable	149,000	149,000	-	-	-
Convertible debentures	5,990,000	5,228,000	531,000	231,000	-
Other contractual commitments	753,000	166,000	528,000	59,000	-
Total Contractual Commitments	**$ 11,083,000**	**$ 9,734,000**	**$ 1,059,000**	**$ 290,000**	**$ -**

The Company has stock options outstanding that, if exercised, would provide up to an additional $300,000 of cash for the Company. See the table under **Share Structure** for more information on those instruments. The Company is uncertain as to the likelihood of any option exercises in the next twelve months.

The Company's ability to continue as a going concern is dependent upon management's forecasts and/or initiatives being realized through the sale of its products. To satisfy its liabilities in the normal course of operations until that time and to meet the anticipated cash requirements for working capital and capital expenditures as required, the Company will need to secure financing through a combination of licensing of its technologies, the acquisition of profitable operations, future equity issuances, future debt issuances, asset sales or a combination thereof.

The combination of financing required to proceed with commercializing its technology, meet its contractual commitments and meet its operating requirements will determine the amount of funds the Company needs to raise in future years. The strategy set for the extent of financing required and sources of financing available to commercialize the SMART Seeder MAX will dictate the amount of funds the Company may be required to invest in future years. As of the date of this MD&A, the Company has no financial commitments for the Joint Venture, but is contributing development and business resources to commercialize the SMART Seeder MAX. The Company will continue to evaluate opportunities to generate revenues from other sources that will reduce its requirement to obtain debt or equity financing.

Until the Company or its associated entities reach the point of generating sufficiently profitable operations to meet its ongoing operating requirements, the Company will continue to experience negative cash flow, losses from operations, and be at risk of current liabilities exceeding current assets, and will need to continue raising funds through debt or equity issuances, or seek to raise funds through alternatives, such as selling license rights. If the Company cannot generate profitable operations, it will continue to need to raise funds through the issuance of equity or debt instruments to continue as a going concern. Should the Company be unable to continue as a going concern, the realization of its assets may be at amounts significantly less than their carrying values.

Share Structure

As at October 9, 2024, the Company's share structure, basic and fully diluted, is shown below. Any warrant or option exercises that could occur would provide funding to the Company as indicated below:

	Number of Securities Outstanding		Weighted Average Exercise Price		Potential Proceeds from Exercise	Weighted Average Remaining Life of Derivative (years)
Common Shares	95,056,869		N/A	$	N/A	N/A
Incentive Options*	700,000	$	0.43		300,000	1.27
Warrants	-	$	-		-	-
Convertible Debentures	2,650,000	$	0.24		-	1.87
	98,406,869			$	300,000	

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

Repayable Government Loans

During the 2017 and 2019 fiscal years, the Company entered into repayable government contributions (loans) with the Government of Canada, borrowing a total of $2,532,000. The repayable government loans are interest-free and fall within the scope of International Accounting Standard ("IAS") 20 *Government Grants* for accounting purposes. Under IAS 20, the Company is required to recognize the loans at their fair value by determining what the market rate of interest would have been under market conditions.

The difference between the proceeds received (repayable contribution) and the calculated fair value is considered a benefit and is treated as a government grant (the "Benefit"). This Benefit is treated as a recovery of the related expenditures for which the loan proceeds were received:

		December 31, 2023		June 30, 2023
Legal liability	**$**	**1,738,000**	$	1,754,000
Benefit on loans payable		**(261,000)**		(335,000)
Carrying values	**$**	**1,477,000**	$	1,419,000

During the six months ended December 31, 2023, $73,000 (2022: $84,000) of the Benefit was amortized as interest, of which $16,000 (2022: $17,000) was capitalized to intellectual property and $57,000 (2022: $67,000) was recorded as interest on loans. The amount of the Benefit amortized decreased, as a result of lower interest accretion, as the loans reduce their principal balance every period.

See Notes 4 and 14 in our condensed consolidated interim financial statements for additional information with respect to these repayable contributions.

Summary of Cash Flows

		Six Months Ended December 31,		
		2023		**2022**
Cash and cash equivalents, beginning of period	**$**	**109,000**	$	94,000
Cash used by operating activities		**(18,000)**		(673,000)
Investing activities				
Enhancements to intellectual property, net of government grants		**(199,000)**		(441,000)
Financing activities				
Net proceeds from loans		**150,000**		700,000
Repayments of loans payable		**(17,000)**		(63,000)
Repayments of finance lease obligations		**(77,000)**		(101,000)
Repayments of convertible debentures		**-**		(4,000)
Net proceeds from issuance of shares		**80,000**		100,000
Net proceeds from issuance of convertible debentures		**-**		624,000
Effect of exchange rates on cash and cash equivalents		**-**		1,000
Cash and cash equivalents, end of period	**$**	**28,000**	$	237,000

Cash used by Operating Activities

		Six Months Ended December 31, 2023		2022
Net loss for the period	**$**	**(2,086,000)**	$	(2,132,000)
Adjustments for items not affecting cash				
Amortization and depreciation		**696,000**		532,000
Net contributions to joint venture not included in net loss		**136,000**		(135,000)
Interest accretion and accrual on loans payable		**468,000**		238,000
Share-based compensation		**51,000**		47,000
Other items		**17,000**		(1,000)
Expenditures from the income statement adjusted for items not affecting cash		**(718,000)**		(1,451,000)
Changes in non-cash working capital items		**700,000**		778,000
	$	**(18,000)**	$	(673,000)

During the six months ended December 31, 2023, the Company used cash of $18,000 for operations, whereas during 2022, the Company used cash of $673,000 for operations.

Commentary on the Six Months Ended December 31, 2023

We had anticipated that cash flows used in operations prior to changes in working capital would decrease significantly in the current year, as compared to the prior year. Cash flows used in operations prior to changes in working capital decreased by $733,000, or 51%.

Outlook for 2024 Fiscal Year

The Company expects cash flows used in operations for the 2024 fiscal year to decrease compared to the 2023 fiscal year based on the availability of financing and reduced activities of the business. While the Company does not expect any additional production and distribution activity for the 2024 fiscal year for the SMART Seeder MAX, the Company is expecting to advance the Mini-MAX pursuant to its MOU (as discussed in the section titled **Mini-MAX**, a technology license agreement was executed in Q3 2024).

Cash used in Investing Activities

Cash used in investing activities consists of property and equipment purchases and enhancements to intellectual property. The Company is a party to the Joint Venture, which requires certain contributions to develop the SMART Seeder MAX prototypes, including development activities related to adapting their respective technologies for planting and seeding equipment to be commercialized. These development activities are considered part of each party's investment into the Joint Venture. Accordingly, the Company will continue to have significant development expenditures, many of which will be applied towards its interests in the Joint Venture. These expenditures are classified as development expenditures on the Company's condensed consolidated interim statements of cash flows.

Purchases of Property and Equipment

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

Commentary on the Six Months Ended December 31, 2023

The Company did not have any material purchases of property and equipment during 2023 or 2022.

Outlook for 2024 Fiscal Year

As we advance our SMART Seeder technology to commercialization in North America and in other markets thereafter, we will have property and equipment purchases, including production molds, demonstration units and other related purchases. Long-term, we are evaluating production alternatives that, while capital-intensive, we believe will enable us to reduce production costs for core elements of the SMART Seeder technology. We do not expect that those capital-intensive expenditures could begin occurring during the 2024 fiscal year. We continue to expect to experience significant variability in our cash flows used to purchase property and equipment in 2024 and beyond.

Enhancements to Intellectual Property

Enhancements to intellectual property are considered capitalized development costs under IFRS. The Company capitalizes development costs when those expenditures meet the definition of an asset pursuant to IFRS for intangible assets, which include costs that:

- are separate and identifiable;
- are controllable;
- have a future benefit; and
- relate to activities that qualify for capitalization under IFRS.

The Company has one cash-generating unit, the SMART Seeder technology portfolio. All the development costs capitalized to intellectual property are related to the SMART Seeder technology portfolio. The amounts capitalized by the Company include the cost of development staff working directly on the development projects, consulting fees incurred, material and component purchases, intellectual property protection costs, travel, in-house testing costs, field testing costs and testing facilities. In addition to development costs, the Company also incurs inventory purchases, personnel costs, and research and development costs related to the SMART Seeder technology cash-generating unit. Included within the SMART Seeder technology portfolio is the Mini-MAX.

Commentary on the Six Months Ended December 31, 2023

The Company expected it would continue to have significant development activities related to its SMART Seeder technology. During the six months ended December 31, 2023, the Company incurred development expenditures of $417,000, as compared to $1,109,000 during the six months ended December 31, 2022, a decrease of 62%, or $692,000.

Development expenditures decreased, as compared to the prior period, as a result of a change in the nature of development activities during the current period, in conjunction with decreased overall development activities and a greater amount of development activities included within accounts payable and due to related parties in the six months ended December 31, 2023, as compared to the six months ended December 31, 2022. The Company also continued development of its Mini-MAX unit.

Below is a summary of the SMART Seeder technology cash-generating costs incurred during the year and their allocations:

	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Cost type		
Personnel wages and fees	**$ 318,000**	$ 870,000
Purchases for prototypes, testing and validation	**66,000**	121,000
Consumption in inventories in building prototypes	**-**	-
Patent application and related filings	**-**	56,000
Travel related to development activities	**-**	30,000
Interest and premises lease accretion	**34,000**	32,000
	$ 418,000	$ 1,109,000
Allocated as		
Capitalized to intellectual property	**$ 302,000**	$ 557,000
Capitalized to inventories	**-**	-
Personnel expense	**8,000**	345,000
Sales expense	**-**	-
Research and development expense	**108,000**	183,000
Travel expense	**-**	24,000
	$ 418,000	$ 1,109,000

Below is a reconciliation of the change in intellectual property to the intellectual property expenditures incurred as presented in the condensed consolidated interim statements of cash flows:

	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Intellectual property balance on the condensed consolidated interim statements of financial position at the end of period	**$ 9,463,000**	$ 9,734,000
Intellectual property balance on the condensed consolidated interim statements of financial position at the beginning of period	**(9,674,000)**	(9,708,000)
Change in intellectual property balance	**(211,000)**	26,000
Add: Amortization of intellectual property	**501,000**	360,000
Add: Intellectual property contributions to Joint Venture	**10,000**	171,000
Intellectual property additions	**300,000**	557,000
Capitalized non-cash interest costs	**(34,000)**	(32,000)
Amounts in accounts payable and other amounts	**(67,000)**	(84,000)
Expenditures to enhance intellectual property on the condensed consolidated interim statements of cash flows	**$ 199,000**	**$** 441,000

The total expenditures to enhance intellectual property decreased by $242,000, or 55%. Included in the intellectual property additions were amounts contributed to the Joint Venture as follows:

	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Intellectual property additions	**$ 300,000**	$ 557,000
Amounts contributed to the Joint Venture	**(10,000)**	(171,000)
Additions to intellectual property net of Joint Venture contributions made by the Company	**$ 290,000**	$ 386,000

Additions to intellectual property, excluding those contributions to the Joint Venture, decreased by $96,000 for the six months ended December 31, 2023, as compared to the six months ended December 31, 2022. The decrease is a result of the nature of the development work undertaken for the current year, as compared to the prior year and the financial resources available to the Company.

Outlook for 2024 Fiscal Year

We anticipate that the nature of the development work will be focused on continual refinements to software, calibration and improved user experience with the SMART Seeder MAX. Based on these expectations, we anticipate that the development expenditures will be reduced for the 2024 fiscal year, as compared to the 2023 fiscal year.

In addition, the Company anticipates it will continue to have development activities related to its SMART Seeder technology plans that are not directly related to contributions to the SMART Seeder MAX in North America. The Company has continued demonstrations for the Mini-MAX in India, culminating in a Technology License Agreement executed in

Q3 2024, as described in the section **Mini-MAX**. We anticipate there will be additional development work as part of advancing the commercial plans for the Mini-MAX.

Overall, the Company anticipates its intellectual property additions to be reduced for the June 30, 2024 year-end, as compared to the June 30, 2023 year-end. Based on the nature of development activities and the inherent uncertainties as of the date of this MD&A, we could experience significant variability in our cash flows used by development activities.

Cash from Financing Activities

Net cash flows from financing activities consists primarily of funds raised from the issuance of shares, exercise of stock options, proceeds from convertible debentures, proceeds from promissory notes and loan repayments. Cash flows from financing activities have primarily supported the Company's operating and investing activities since inception. See the condensed consolidated interim statements of cash flows in our December 31, 2023 condensed consolidated interim financial statements for details of the source of funds for the six months ended December 31, 2023 and 2022.

Commentary on Six Months Ended December 31, 2023

During the six months ended December 31, 2023, the Company received proceeds of $80,000 from the exercise of options, $150,000 from the issuance of notes payable, made loan repayments of $17,000 and made repayments of finance lease obligations of $77,000. During the six months ended December 31, 2022, the Company received proceeds of $100,000 from the exercise of options, $624,000 from the issuance of convertible debt (net of debt issuance costs), $700,000 from the restructure of notes payable and made loan repayments of $168,000.

Outlook for 2024 Fiscal Year

During the 2024 fiscal year, the Company will need to raise substantial funds to support the objectives of the business, including both working capital financing for inventory and commercialization financing to support the short- and medium-term requirements of the business, including to meet its obligations. The Company is currently evaluating the opportunities it has available for forward-looking financing.

Financial Condition

	December 31, 2023# ($)	June 30, 2023# ($)	Change ($)	Change (%)
Cash and Cash Equivalents	28,000	109,000	(81,000)	(74)
Cash used by Operations	(18,000)	(1,433,000)	1,415,000	(99)
Total Liabilities^	10,653,000	10,030,000	623,000	6
Net Working Capital Deficit	(8,895,000)	(7,869,000)	(1,026,000)	13
Debt as a % of Total Capitalization*	76.5	66.3	37.9	98

The current period is for the six months ended December 31, 2023, while the comparative is for the year ended June 30, 2023.

^ All the Company's liabilities are financial liabilities.

* Total capitalization refers to total debt and shareholders' equity.

Off-Balance Sheet Activities

The Company had no off-balance sheet arrangements.

Financial Position

	December 31, 2023 ($)	June 30, 2023 ($)	Change ($)	Change (%)
Line Items to Highlight				
Cash and cash equivalents	28,000	109,000	(81,000)	(74)
Intellectual property	9,463,000	9,674,000	(211,000)	(2)
Interests in Joint Venture	4,164,000	4,290,000	(126,000)	(3)
Property and equipment	192,000	838,000	(646,000)	(77)
Other assets	83,000	209,000	(126,000)	(60)
Total Assets	13,930,000	15,120,000	(1,190,000)	(9)
Total Liabilities	10,653,000	10,030,000	623,000	6

Cash

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

Intellectual Property

A substantial amount of our total assets continues to be concentrated in our intellectual property, the SMART Seeder technology portfolio. The SMART Seeder technology includes layers of patents with expiry dates ranging from 2033 to 2037 for issued patents. The Company has made further patent applications for its SMART Seeder technology that, if successful, would provide patent coverage until 2041. From this portfolio, the Company has developed the SMART Seeder MAX (as part of the Joint Venture) and the Mini-MAX, a SMART Seeder product that was developed with small farms in mind and we believe will be applicable for the global agricultural marketplace.

From June 30, 2023 to December 31, 2023, our intellectual property decreased slightly as a result of the amortization of intellectual property. As at December 31, 2023, the intellectual property accounted for 68% of total assets (June 30, 2023: 64%). Information about our intellectual property and the changes of the balance can be seen in "Enhancements to Intellectual Property" of the **Liquidity & Capital Resources** section.

Interests in Joint Venture

Interests in Joint Venture consists of the contributions made to the Joint Venture to develop, prototype, test and prepare to commercialize the SMART Seeder MAX in North America, and provide the services of its personnel for sales, marketing and management activities. The contributions made consist of amounts incurred by the Company that would otherwise be classified as intellectual property additions and personnel expense in the Company's condensed consolidated interim financial statements. A summary of the balance of the contributions made by the Company to the Joint Venture is as follows:

Contribution Type Based on Company Financial Statement Line Item	December 31, 2023 ($)	June 30, 2023 ($)	Change ($)
Intellectual property	3,674,000	3,897,000	(223,000)
Personnel	750,000	1,008,000	(258,000)
Other	167,000	316,000	(149,000)
Total	4,591,000	5,221,000	(630,000)
Cumulative share of Joint Venture earnings	(593,000)	(931,000)	(338,000)
	3,998,000	4,290,000	(292,000)

The intellectual property held by the Joint Venture is as follows:

	December 31, 2023	June 30, 2023
Cost	6,031,000	$ 6,021,000
Accumulated amortization	(818,000)	(545,000)
	5,213,000	$ 5,476,000

Property and Equipment

Property and equipment includes ROU assets relating to one premises lease with a carrying value of $126,000 (June 30, 2023: $712,000), production molds with a carrying value of $47,000 (June 30, 2023: $50,000) and other equipment. The decrease in carrying values was mainly due to a disposal of ROU assets relating to the cancellation of two leases.

Other Assets

The other assets of the Company of $83,000 (June 30, 2023: $209,000) consist of Goods and Services Tax receivable and prepaid expenses and deposits.

Liabilities

Our financial liabilities are as follows:

Liabilities	Total	Financial Instrument	Interest Expense*	Foreign Exchange Expense	Other Expense / Income
Accounts payable	$ 3,345,000	Yes	$ -	$ -	$ -
Due to related parties	846,000	Yes	-	-	-
Finance lease obligations	140,000	No	35,000	-	-
Loans payable	5,653,000	Yes	376,000	-	-
Convertible debentures	669,000	Yes	55,000	-	-
Total Liabilities	**$ 10,653,000**		**$ 466,000**	**$ -**	**$ -**

* Interest of $32,000 was capitalized to intellectual property during the period.

The accounts payable consists of:

- trade payables and personnel payables incurred in the normal course of business and usually payable within 30 days of receiving the invoice; and
- accrued liabilities related to the operation of the business.

The amount due to related parties includes trade payables and accrued lease payments due to a company controlled by an insider of the Company (see **Related Party Transactions & Balances**).

Loans payable consists of amounts borrowed under its agreements with the Government of Canada, Farm Credit Canada and short-term lenders. The Company has borrowed:

- $1,738,000 under its agreements with the Government of Canada to support commercialization of the Company's SMART Seeder. The carrying value of $1,477,000 represents amounts repaid to date and the amount borrowed measured at amortized cost using the effective interest rate method with an average discount rate of 17%, which was selected by management by applying significant judgment. The remaining unamortized benefit of $261,000 is accreted over the life of the loans as "interest" pursuant to IFRS. See **Repayable Government Loans** for additional information on the loans payable. The full contractual commitment is shown in the **Liquidity & Capital Resources** section;
- $3,159,000 of gross proceeds from eight promissory notes (see **Related Party Transactions and Balances**). The carrying amounts of the promissory notes were measured at amortized cost using the effective interest rate method with a discount rate selected by management by applying significant judgment; and
- one lease with a carrying value totaling $140,000. The carrying amount was measured at amortized cost using the effective interest rate method with a discount rate selected by management by applying significant judgment.

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

RELATED PARTY TRANSACTIONS & BALANCES

Transactions with related parties for the three and six months ended December 31, 2023 and 2022 are as follows:

	Three Months Ended December 31,				Six Months Ended December 31,			
	2023		2022		**2023**		2022	
Monthly lease amounts payable for the on-farm lease with JDS Farms Ltd.[#]	**$**	**50,000**	$	50,000	**$**	**99,000**	$	95,000
Promissory note interest and Loan processing fees incurred from JDS Farms Ltd. on promissory note included within interest expense	**$**	**18,000**	$	33,000	**$**	**59,000**	$	44,000
Promissory note interest incurred from Ulrich Trogele on a promissory note included within interest expense	**$**	**12,000**	$	-	**$**	**24,000**	$	-
Lease accretion incurred for the on-farm lease from JDS Farms Ltd. included within intellectual property#	**$**	**7,000**	$	14,000	**$**	**16,000**	$	15,000
Consulting fees from JDS Farms Ltd. for agronomic advisory services included within development and intellectual property[#]	**$**	**8,000**	$	8,000	**$**	**15,000**	$	15,000
Crop input costs and farm equipment usage costs related to on-farm testing activities incurred from JDS Farms Ltd. included within intellectual property[#]	**$**	**-**	$	-	**$**	**-**	$	8,000
Consulting fees to a relative of the chief executive officer included in intellectual property and research and development expense for technology advisory services	**$**	**-**	$	16,000	**$**	**-**	$	31,000

[#] JDS Farms Ltd. is a company controlled by an insider of the Company

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

Related Party Balances

Amounts due to related parties as at December 31, 2023 and June 30, 2023 are as follows:

	December 31, 2023		**June 30, 2023**	
Amount due to JDS Farms Ltd. related to crop input costs, farm equipment usage costs, on-farm testing activities, monthly lease and consulting fees	**$**	**687,000**	$	567,000
Amount due to Brassard Consulting Ltd. for consulting services provided by the chief financial officer		**123,000**		48,000
Amount due a relative of the chief executive officer for technology advisory services and other amounts		**36,000**		36,000
	$	**846,000**	$	651,000

In addition, there are promissory notes owing to related parties with the following legal liabilities consisting of note principal and accrued interest as follows:

	December 31, 2023	June 30, 2023
JDS Farms Ltd.	**$ 1,036,000**	$ 976,000
Ulrich Trogele	**$ 209,000**	$ 204,000

ADDITIONAL INFORMATION

Internal Controls and Procedures

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

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

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

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

New Standards Adopted

There were no new accounting standards adopted during the six months ended December 31, 2023 that had a material impact on the condensed consolidated interim financial statements of the Company.

Critical Accounting Estimates

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

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

Whistleblower

The Company's Audit Committee has developed a process for reporting any accounting and related concerns, as outlined in our Whistleblower policy. Any accounting concerns, inquiries, questions and other matters related to the Whistleblower policy can be sent anonymously to our Audit Committee Chair at auditcommittee@cleanseedcapital.com.

FORWARD-LOOKING INFORMATION

The financial information in this MD&A and in our condensed consolidated interim financial statements and notes are prepared in accordance with IFRS. This MD&A includes statements and information about our expectations for the future. When we discuss our strategy, plans, future financial and operating performance, outlook, forecasted cash flows or other things that have not yet taken place, we are making statements considered to be forward-looking information or forward-looking statements under Canadian securities laws. We refer to them in this MD&A as forward-looking information.

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

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

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

- the Company's business plans and general market conditions;
- the Company's operating history and largely negative profitability;
- the Company's sales, distribution, commercialization, production and development plans;
- unpredictable changes to the market prices for farm commodities, exchange rates and the Company's share price (in respect of both inputs and outputs);
- political, economic and other associated risks, including ongoing military conflicts;
- the application of the Company's technology portfolio and its expectations with respect to development of the technology;
- the Company's ability to attract and retain qualified personnel and service providers;
- the Company's ability to obtain additional financing on satisfactory terms and the related use of proceeds from any future financing; and
- the Company's future investments and allocation of capital resources.

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

- our expectations about 2024 and beyond, the future global agriculture industry, farmer buying patterns, trends, marketplace demands and marketplace usage for seeding and planting equipment in North America and internationally;
- our strategy for commercializing and manufacturing our technology and products;

- our expectation that we will continue to develop the SMART Seeder technology, achieve sales and continue expanding our sales during the upcoming year;
- our expectation for capital and working capital requirements in 2024 and beyond;
- our expectation of what will be undertaken in the Joint Venture and achieving the results contemplated of the Joint Venture;
- the combination of Clean Seed's variable rate, volumetric metering cluster and the J.Assy Singulation Meter will provide a new level of flexibility to the farmer;
- the value proposition that a customer may realize from utilizing our SMART Seeder technology;
- our plans for sales and production volume for the 2024 fiscal year and subsequent years;
- our expectation of arranging manufacturing and distribution strategies, arrangements or plans during the 2024 fiscal year and that we will execute those plans in 2024 or beyond;
- our expectation of obtaining financing through the issuance of equity or debt on reasonable terms, or at all, the proceeds from options or the sales of assets;
- our expectations of receiving intellectual property protection, the timing of receiving intellectual property protection and the timing of making applications to obtain intellectual property protection, and the applications for future patents;
- our ability to regain a listing of the Company's common shares on the TSXV; and
- the economic effects of COVID-19 and recent military conflicts will not impact on North American demand for agricultural seeding and planting equipment of the nature to be sold by the Company.

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

- our ability to distribute the SMART Seeder products in the timeline contemplated, including attracting and retaining qualified personnel, continuing to update and improve the SMART Seeder products, and independently confirming the incremental benefit to a user for adopting the SMART Seeder products;
- our ability to complete the Mini-MAX products, meet our requirements in the definitive agreements to distribute or otherwise commercialize the Mini-MAX products, the functionality and performance of the Mini-MAX and the viability of the Mini-MAX product;
- the Company's reliance on key management personnel and key technical personnel;
- the Company will succeed in developing commercialized equipment in the manner contemplated, or at all;
- our ability to raise bridge financing of up to $250,000 to pay for the costs of obtaining a full revocation order to the current cease trade order affecting the Company;
- the air seeder and planter marketplace have the majority of the unit sales with a small number of companies, some of whom are much larger than the Company with significantly greater resources to market and sell their products;
- the arrangement with J.Assy will continue without modification, or be successful in the near- or long-term, or that the manufactured parts and products will work in the manner contemplated;
- any SMART Seeder or Mini-MAX products sold requiring substantial warranty work related to unexpected issues from using the equipment over several farming seasons limiting our ability to advance distribution, marketing and sales efforts in Canada, the United States and internationally;
- any SMART Seeder products sold are not able to be operated successfully by customers and those customers seek to have the product returned to Clean Seed under Company policy, provincial legislation, state legislation or other means leading to a significant refund;

- the ability of Clean Seed to achieve market success will require substantial marketing efforts and the expenditure of funds to inform potential customers of the distinctive benefits and characteristics of the SMART Seeder products;
- the ability of Clean Seed to sell enough SMART Seeders or Mini-MAX units in the manner anticipated to earn sufficient funds to support operations and our working capital requirements based on the current financial condition and capital resources of the Company;
- the ability of Clean Seed to produce SMART Seeder and Mini-MAX products for a cost that provides for profitability from the sale of any units;
- recent military conflicts having an adverse and prolonged impact on the agriculture industry, the public markets or the Company's operations directly;
- the anticipated benefit of the SMART Seeder technology is not translated to equipment purchased by customers from the Company;
- the agriculture industry, the consumer desires, the value proposition to the purchaser and the amount of the benefit to the end user for our SMART Seeder products or the SMART Seeder MAX do not meet our internal expectations;
- the desirability of our innovations, the demand for the SMART Seeder and Mini-MAX products and the specifications the end users value significantly differs from our expectations;
- our ability to raise sufficient funds to meet our ongoing obligations, existing liabilities, potential growth plans and forecasted administrative requirements for the 2024 fiscal year, 2025 fiscal year and periods thereafter, until our operations can generate sufficient cash flows to support all requirements of the Company;
- the current financial position of the Company being in a working capital deficit, the share price of the Company and low trading volume of the Company's common shares decrease our access to financing and negatively impact the terms at which the Company can secure financing;
- the current cease trade order precludes the Company from raising any new funds via the sale of securities (other than up to $250,000 pursuant to a partial revocation order obtained on July 18, 2024);
- we cannot advance our technologies into commercially ready products that are accepted by the marketplace due to financing, technical or sales limitations, or the Company incurs delays in production or development as a result of global developments, including regional slow-down due to virus or similar conditions;
- our ability to successfully obtain patents for the SMART Seeder patents pending, or for which clear passage has been received in its PCT application, and provide protection over our competitive advantage in the marketplace;
- the Company is forced to defend its intellectual property through litigation and does not have the necessary resources to do so leading to financial difficulties, resource constraint and the inability to continue operations in the manner intended to generate profits;
- changes to government regulations or policies that adversely affect us, including tax and trade laws and policies;
- the popularity of precision farming, planting technologies and air seeder technology declines, and as a result, precision farming equipment, air seeder equipment, planter equipment, and potential substitutions for air seeders and planters are not attractive to the marketplace;
- the Company, or the Company's target market, is affected by natural phenomena, including, but not limited to, climate change, inclement weather, fire, flood, drought and earthquakes;

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

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

i. customer receptiveness to accepting and purchasing SMART Seeder and Mini-MAX products;
ii. market conditions upon which we have based our capital expectations;
iii. the Company will have access to capital to meet its operating, investing and financing requirements on acceptable terms;
iv. uncertainties surrounding competition, changing technologies and the agricultural industry;
v. future demand for technology and technology-based solutions in the agricultural market;
vi. liabilities inherent in our operations;
vii. political, economic, commodity price and market risks, and changes in regulation;
viii. producers' decisions regarding total seeded acreage, crop selection and utilization levels of farm inputs, such as fertilizers and pesticides;
ix. forecasted farming receipts for the 2024/2025 fiscal year;
x. uncertainties associated with estimated market demand and sector activity levels;
xi. competition for, among other things, capital, acquisitions and skilled personnel;
xii. dependence on key personnel and third-party relationships, and the ability to hire or contract for skilled personnel to manage the Company, develop the technology, produce and distribute the products;
xiii. our operations will not be significantly disrupted as a result of political instability, nationalization, terrorism, viruses, cyber-attack, sabotage, blockades, civil unrest, social activism, political activism, equipment breakdown, natural disasters, government actions,

political actions, litigation or arbitration proceedings, unavailability of equipment, parts and supplies critical to production and development, labour shortages, or other development or operating risks;

xiv. our ability to comply with government, environmental and regulatory requirements;
xv. future expectations regarding tax rates and payments; and
xvi. fluctuations in foreign exchange or interest rates and stock market volatility.

While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. The impact from the difference between estimates, predictions, projections, assumptions for future results, levels of activity, performance or achievements expressed or implied, and actual results thereto could be material.

CleanSeed CAPITAL GROUP

PH. 604.566.9895

FX. 604.566.9896

info@cleanseedcapital.com

CLEANSEEDCAPITAL.COM