Calyx Bio-Ventures Inc.

Consolidated Financial Statements

(EXPRESSED IN CANADIAN DOLLARS)

For the years ended
December 31, 2016 and 2015

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Calyx Bio-Ventures Inc.

We have audited the accompanying consolidated financial statements of Calyx Bio-Ventures Inc., which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Calyx Bio-Ventures Inc. as at December 31, 2016 and 2015, and its financial performance and its cash flow for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describe certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Calyx Bio-Ventures Inc.'s ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 24, 2017

CALYX BIO-VENTURES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
As at

	Notes		December 31, 2016		December 31, 2015
ASSETS					
Current					
Cash		$	188,657	$	7,583
Receivables	5		19,388		15,758
Prepaid expenses and deposits			47,646		3,667
			255,691		27,008
Non-current assets					
Equipment	7		12,436		16,025
Intangible assets	6		609,239		291,502
Total Assets		**$**	**877,366**	**$**	**334,535**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities	10	$	44,623	$	37,598
Deferred revenue			-		2,500
Promissory note	6		141,302		-
			185,925		40,098
Non-current liabilities					
Deferred revenue			5,500		5,500
Total Liabilities			191,425		45,598
Shareholders' Equity					
Capital stock	9		7,680,624		6,832,163
Reserves			2,570,076		2,325,193
Deficit			(9,564,759)		(8,868,419)
			685,941		288,937
Total Liabilities and Shareholders' Equity		**$**	**877,366**	**$**	**334,535**

Nature and Continuance of Operations (Note 1)

Approved and authorized for issue by the Board of Directors:

"Roger Forde" Director
Roger Forde

"Gavin McMillan" Director
Gavin McMillan

CALYX BIO-VENTURES INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Notes		Year Ended December 31, 2016		Year Ended December 31, 2015
REVENUE		$	105,438	$	49,266
COST OF REVENUE			44,301		16,221
NET REVENUE			61,137		33,045
Depreciation	7		3,589		7,975
Depreciation of intangible assets	6		134,696		104,698
Development expenses			18,457		-
Personnel costs			123,410		161,520
Professional and regulatory			63,832		115,549
Marketing			10,510		4,104
Office and administrative			43,061		24,173
Share-based compensation	9,10		358,412		66,020
			(755,967)		(484,039)
OTHER INCOME (EXPENSES)					
Foreign exchange loss			(141)		(1,089)
Accretion			(1,369)		-
Recovery on the sale of interest in associate	8		-		300,236
Net and comprehensive loss for the year		**$**	**(696,340)**	**$**	**(151,847)**
Basic and diluted loss per common share		$	(0.01)	$	(0.00)
Weighted average number of common shares outstanding			52,473,836		48,760,715

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

CALYX BIO-VENTURES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended December 31, 2016	Year Ended December 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (696,340)	$ (151,847)
Items not affecting cash:		
Accretion	1,369	-
Depreciation	3,589	7,975
Depreciation of intangible assets	134,696	104,698
Shares issued for management fees	25,000	-
Shares issued for management bonus	25,000	-
Share-based compensation	308,412	66,020
Recovery on the sale of interest in associate	-	(300,236)
Changes in working capital items relating to operations:		
Receivables	(3,630)	(77)
Prepaid expenses and deposits	(22,979)	9,548
Accounts payable and accrued liabilities	7,025	(44,317)
Unearned revenue	(2,500)	8,000
Net cash flows used in operating activities	**(220,358)**	**(300,236)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of interest in associate	-	300,236
Acquisition of equipment	-	(9,500)
Acquisition of intangible assets	(50,000)	-
Net cash flows provided from (used in) investing activities	**(50,000)**	**290,736**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of shares, net of issuance costs	323,932	-
Proceeds from the exercise of stock options	127,500	-
Net cash flows provided from financing activities	**451,432**	**-**
Change in cash during the year	181,074	(9,500)
Cash, beginning of year	7,583	17,083
Cash, end of year	**$ 188,657**	**$ 7,583**

Non-cash investing and financing activities		
Shares issued for the acquisition of intangible assets	$ 262,500	$ 120,000
Promissory note issued for acquisition of intangible asset	150,000	-
Shares issued for services received	71,000	-
Fair value of options exercised	63,529	-

CALYX BIO-VENTURES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

		Capital Stock					
	Notes	**Number**	**Amount**	**Option Reserve**	**Warrant Reserve**	**Deficit**	**Total**
Balance as at December 31, 2014		48,351,892	$ 6,712,163	$ 1,726,159	$ 533,014	$ (8,716,572)	$ 254,764
Shares issued for acquisition	9	3,000,000	120,000	-	-	-	120,000
Shares returned to treasury	9	(733,219)	-	-	-	-	-
Warrants expired		-	-	533,014	(533,014)	-	-
Share-based compensation		-	-	66,020	-	-	66,020
Loss for the year		-	-	-	-	(151,847)	(151,847)
Balance as at December 31, 2015		50,618,673	6,832,163	2,325,193	-	(8,868,419)	288,937
Shares issued for cash	9	4,701,571	329,110	-	-	-	329,110
Share issue cost	9	-	(5,178)	-	-	-	(5,178)
Shares issued for services rendered	9	1,014,285	71,000				71,000
Shares issued for intangible assets	6, 9	2,500,000	262,500	-	-	-	262,500
Shares issued from options exercised	9	2,550,000	191,029	(63,529)	-	-	127,500
Stock options granted	9	-	-	308,412	-	-	308,412
Loss for the year		-	-	-	-	(696,340)	(696,340)
Balance as at December 31, 2016		**61,384,529**	**$ 7,680,624**	**$ 2,570,076**	**$ -**	**$ (9,564,759)**	**$ 685,941**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Calyx Bio-Ventures Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on June 10, 2008. The registered address of the Company is located at 2200 – 885 West Georgia Street, Vancouver, BC, V6C 3E8. Through its wholly owned subsidiary, Cannigistics Agri-Solutions Corp. ("Cannigistics"), the Company is in the business of bringing technology solutions to advanced indoor agriculture.

Going concern

These consolidated financial statements have been prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not earned significant revenue and has an accumulated deficit of $9,564,759. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing and or achieve profitable operations in the future.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. These adjustments could be material. The Company's financing efforts to date are not sufficient in and of themselves to enable the Company to fund all aspects of its operations. Management will pursue funding initiatives if, as and when required to meet the Company's requirements on an ongoing basis. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

As at December 31, 2016, the Company had working capital of $69,766 (December 31, 2015 deficiency - $13,090). There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These circumstances comprise a material uncertainty which may cast significant doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Company have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Cannigistics Agri-Solutions Corp. and LEAFHub Technology Inc. All intercompany balances and transactions have been eliminated upon consolidation.

Control exists where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

Critical judgments

The Company's intangible assets relate to acquired technology. The Company reviews the carrying value of amortizable intangible assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected from its use and eventual disposition. In assessing the recoverability of these intangible assets, the Company must make assumptions regarding estimated future cash flows, market conditions and other factors to determine the fair value of the assets. If these estimates or related assumptions change in the future, the Company may be required to record impairment charges for these assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. Management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the following:

Depreciation of tangible and intangible assets

The Company’s assets including equipment and certain intangible assets are depreciated and amortized, taking into account the estimated useful lives of the assets and residual values. Changes to these estimates may affect the carrying value of these assets, inventories, net earnings, and comprehensive income (loss) in future periods.

Valuation of share-based compensation and brokers’ warrants

The Black-Scholes option pricing model is used for valuation of share based compensation and brokers’ warrants, which requires the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company’s results and equity reserves.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company’s intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Financial liabilities are classified as either fair value through profit or loss or other financial liabilities, based on the purpose for which the liability was incurred, and are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument. Other financial liabilities comprise trade payables and accrued liabilities and promissory note payable are subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the year which are unpaid

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash- generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Foreign currency translation

The Company's consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. Transactions in foreign currencies are initially recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates in effect at the reporting date. Non-monetary assets and liabilities are translated using historical exchange rates. Revenue and expense items are translated at the average exchange rate during the year. Exchange gains and losses are recognized in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment

Equipment is carried at cost less accumulated depreciation. The Company provides for depreciation of its equipment using the declining balance method with annual rates at 55%.

Intangible assets

Intangible assets with finite lives consist of acquired technologies and software. Intangible assets with finite lives are depreciated on a straight-line basis over their estimated useful lives of three years and are measured at cost less accumulated depreciation and accumulated impairment losses.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Company recognizes its monthly hosting services revenue as services are provided over the period set out in the executed services agreements, when the fee is fixed or determinable, and collectability is probable.

The Company recognizes revenues from the sale of parts upon shipment and subject to assurance of collection, which is when the Company can measure the amount of revenue reliably, it is probably that the economic benefits associated with the transaction will flow to the Company, the risks and rewards of ownership of the goods have been transferred to the buyer and the Company no longer retains control over the parts sold.

Payments received from customers in advance of meeting all of the recognition criteria are recorded as deferred revenue and subsequently recognized as these criteria are met.

Income taxes

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in associates, where deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Loss per common share

Basic loss per common share is computed by dividing the net loss for the year by the weighted average number of common shares outstanding during the year excluding contingently issuable shares, if any. Since the Company’s stock options are anti- dilutive, diluted loss per common share is equivalent to basic loss per common share.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based compensation and other share-based payments

The Company records all share-based compensation awards to the Company's officers, directors and employees at fair value of the awards at the date they are granted. The Company records all share-based compensation awards to the Company's non- employees at fair value of the awards at measurement date. Graded vesting awards are accounted for as though each installment is a separate award. The fair value of stock options is determined using the Black-Sholes option pricing model. The estimate of fair value requires the determination of the most appropriate inputs to the model including the expected life of the award and volatility and making assumptions about them. The fair value of stock options that vest in the year is recorded as an expense.

Common share purchase warrants

As part of financing, the Company may issue common share purchase warrants as part of units offered for sale and as compensation to brokers for placement of securities. The fair value of warrants is determined using the Black-Sholes option pricing model. The estimate of fair value requires the determination of the most appropriate inputs to the model including the expected life of the warrants and volatility and making assumptions about them.

Comparative information

Certain comparative figures have been reclassified to conform to the current year's presentation.

3. SIGNIFICANT STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 15 "Revenue from Contracts with Customers"

This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgement thresholds have been introduced, which may affect the amount and /or timing of revenue recognized. IFRS15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not yet determined the impact of the new standard on its financial statements.

Other new standards or amendments are either not applicable or not expected to have a significant impact on the Company's financial statements.

4. FINANCIAL INSTRUMENTS

Recognition and measurement

The Company has made the following classifications for its financial instruments:

a) Cash and receivables are classified as loans and receivables; and
b) Accounts payable are classified as other financial liabilities.
c) Promissory note is classified as other financial liabilities

Management of financial risk

The Company, through its financial assets and liabilities, is exposed to various risks. The following is an analysis of risks as at December 31, 2016:

Financial Risk Management

The Board of Directors is responsible for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, receivables and accounts payable.

4. FINANCIAL INSTRUMENTS (Continued)

Management of financial risk (continued)

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and accounts and other amounts receivable. The cash consists of operating funds with two commercial banks. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short term business requirements. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Exchange Risk
Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company is exposed to foreign exchange risk on its cash and its obligations under accounts payable.

The Company has expenditures denominated in US dollars. Fluctuations in the value of the US dollar relative to the Canadian dollar are not expected to have significant impact the Company's results from operations.

5. RECEIVABLES

	December 31, 2016	December 31, 2015
Trade receivables	$ 2,135	$ 6,196
GST receivable	17,253	9,562
	$ 19,388	$ 15,758

6. INTANGIBLE ASSETS

As of December 31, 2016, the Company's intangible assets consist entirely of software. The Company's intangible assets are as follows:

	Software
Balance December 31, 2014	$ 276,200
Addition	120,000
Depreciation	(104,698)
Balance December 31, 2015	291,502
Addition	452,433
Depreciation	(134,696)
Balance December 31, 2016	$ 609,239

(Expressed in Canadian Dollars)

6. INTANGIBLE ASSETS (continued)

On November 10, 2016, the Company acquired the rights to software In consideration for the acquisition, the Company issued 2,500,000 common shares valued at $0.105 per share, paid $50,000 cash, and issued a promissory note payable ("the Note") having a principal balance of $150,000 payable on November 10, 2017. The Note does not bear any stated terms of interest and accordingly, the Company recorded its fair value to $139,933. The resulting debt discount of $10,067 is being accreted by way of a charge to the Company's statement of loss and comprehensive loss over the term of the Note using an effective interest rate of 7%. During the year ended, the Company recorded accretion expense of $1,369.

The total value of the software acquired was $452,433.

7. EQUIPMENT

The Company's equipment is as follows:

		Computer Equipment
Balance December 31, 2014	$	14,500
Addition		9,500
Depreciation for the period		(7,975)
Balance December 31, 2015		16,025
Depreciation for the period		(3,589)
Balance December 31, 2016	$	12,436

8. INTEREST IN ASSOCIATE

As of December 31, 2014, the Company had an interest in Agrisoma Biosciences Inc. ("Agrisoma"), a company focused on carinata, a non food oilseed crop that is a source of oil for biofuel production. During the year ended December 31, 2014, Agrisoma completed a third party financing without Calyx's participation. The resulting financing decreased Calyx's interest in Agrisoma to approximately 2.8% which, due to uncertainty of recovery, had a $Nil carrying value

During the year ended December 31, 2015, Agrisoma and the Company entered into a termination and settlement agreement. Agrisoma purchased the Company's interest in Agrisoma for $300,236 and was recorded as recovery from the sale of interest in associate.

9. SHAREHOLDERS' EQUITY

Capital Stock

Authorized:

Common shares: unlimited number, without par value;
Preferred shares: unlimited number, issuable in series.

Issued and outstanding shares:

In October 2016, the Company completed an issuance of 5,715,856 units. Included in this issuance was a private placement of 4,701,571 units for proceeds of $329,110 and 1,014,285 units issued for services in the amount of $71,000. Each unit consists of one common share of the Company and one-half-of-one common share purchase warrant. Each full warrant is exercisable to acquire one additional common share at $0.15 per share for a period of 2 years. There were no proceeds allocated to the warrants in the private placement and, in connection with the private placement, the Company incurred share issue costs of $5,178.

(Expressed in Canadian Dollars)

9. SHAREHOLDERS' EQUITY (Continued)

Share Capital (continued)

On November 10, 2016, the Company issued 2,500,000 common shares to acquire the rights to software ith a fair value of $262,500 (Note 6).

During the year ended December 31, 2016, the Company issued 2,550,000 common shares at $0.05 from the exercise of options for gross proceeds of $127,500.

During the year ended December 31, 2015, the Company cancelled 733,219 common shares and issued 3,000,000 common shares in connection with the acquisition of an asset.

Common share purchase warrants

Share purchase warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2014	9,000,000	$ 0.35
Expired	(9,000,000)	0.35
Balance, December 31, 2015	-	-
Issued	2,857,928	0.15
Balance, December 31, 2016	2,857,928	$ 0.15

The warrants have an exercise price of $0.15 and expire on October 28, 2018.

Stock options

The Company has a "rolling" stock option plan (the "Plan") that allows the Company to issue a number of stock options of up to 10% of the Company's issued and outstanding common shares at any given time. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or not more than 2% of the issued shares on a yearly basis if granted to any one consultant or to any one employee engaged in investor relations activities. The term, subject to a maximum of ten years, and vesting period of the options is determined by the Board of Directors. The exercise price of the options are required to have an exercise price no less than the Discounted Market Price (as such term is defined in the policies of the TSX Venture Exchange, or "TSX-V"), or such other price as may be required by the TSX-V; there are no cash settlement alternatives for the option holders.

Stock option transactions are summarized as follows:

	Number of stock options	Weighted average exercise price
Balance, December 31, 2014	2,835,000	$ 0.22
Forfeited	(2,835,000)	0.22
Granted	2,650,000	0.05
Balance, December 31, 2015	2,650,000	$ 0.05
Exercised	(2,550,000)	0.05
Granted	2,500,000	0.115
Balance, December 31, 2016	2,600,000	$ 0.115

(Expressed in Canadian Dollars)

9. SHAREHOLDERS' EQUITY (continued)

Stock options (continued):

In October 2016, the Company granted 2,500,000 incentive stock options to directors, officers and consultants of the Company. The options are exercisable at $0.115 per share for a period of 5 years and vested on the date of their grant. The fair value of these options was $308,412. The value of the options was calculated using the Black-Scholes option pricing model with the following assumptions: dividend yield 0.0%, expected volatility 171.49%, risk-free interest rate 0.66%, and an expected life of five years.

On June 12, 2015, 2,650,000 options were granted to directors and consultants of the Company. These options vested on issue, have a five year term and are exercisable at $0.05 per share. The calculated value of these options was $66,020 and is included in share-based compensation expense with the corresponding credit in contributed surplus. The value of the options was calculated using the Black-Scholes option pricing model with the following assumptions: dividend yield 0.0%, expected volatility 118.68%, risk-free interest rate 0.94%, and an expected life of five years.

As at December 31, 2016, the following stock options were outstanding:

Expiry date	Weighted Average Exercise Price	Number of Options	Weighted Average Remaining Contractual Life in Years
June 12, 2020	$0.050	100,000	3.45
October 24, 2021	$0.115	2,500,000	4.82
	$0.113	2,600,000	4.76

10. RELATED PARTY TRANSACTIONS

a) Transactions:

Key management personnel includes directors and senior management members. The Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	Year ended December 31, 2016	Year ended December 31, 2015
Bonus	$ 25,000	$ -
Consulting and management fees	141,625	96,161
Share-based payments	154,206	42,352
	$ 295,831	$ 138,513

During the year ended December 31, 2016, the Company reimbursed a company controlled by an officer $29,000 (2015 – $12,563) for cloud hosting costs incurred on behalf of the Company.

During the year ended December 31, 2016, the Company granted 1,250,000 stock options (2015 – 1,700,000) to directors and officers of the Company, with a fair value of $154,206 (2015 – $42,352).

(Expressed in Canadian Dollars)

11. INCOME TAXES

	2016	2015
Net loss for the year	$ (696,340)	$ (151,847)
Statutory tax rate	26%	26%
Income tax recovery at combined statutory rate	(181,000)	(39,000)
Effect of true-up of prior year tax return	818,000	–
Permanent differences and others	81,000	(61,000)
Change in tax benefits not recognized	(720,000)	100,000
Deferred income tax expense (recovery)	$ –	$ –

Components of the Company's unrecognized deferred tax assets and liabilities as of December 31 are shown below:

	2016	2015
Non-capital loss carry forwards	$ 816,000	$ 787,000
Capital losses carried forward	–	763,000
Cumulative eligible capital	22,000	–
Promissory note	(2,000)	–
Share issuance costs	1,000	7,000
Total deferred income tax assets	837,000	1,557,000
Less: unrecognized deferred income tax assets	(837,000)	(1,557,000)
Deferred income tax expense (recovery)	$ –	$ –

As at November 30, 2016, the Company had approximately $3,191,000 of non-capital loss carry forwards available to reduce taxable income for future years that expire commencing 2028 through 2036.

12. ECONOMIC DEPENDENCE

The Company has 2 (2015 – 3) significant customers which account for more than 10% of its revenue. These 3 customers account for 53% (2015 – 47%), 46% (2015 – 43%) and 0% (2015 – 10%), respectively.

13. CAPITAL MANAGEMENT

The Company manages its cash and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue its strategic plan. The Company manages and performs regular review of financial information. The Company does not have any externally imposed capital requirement to which it is subject.

There was no change in the Company's approach to capital management during the year.

16. COMMITMENTS

On November 1, 2016, the Company entered into an office lease agreement commencing November 1, 2016 and continues to February 28, 2018 with monthly lease payments of $4,000.