



**Calyx Bio-Ventures Inc.**

Condensed Interim Consolidated Financial Statements

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

**For the nine months ended  
September 30, 2016 and 2015**

## **UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The attached condensed interim consolidated financial statements for the nine month period ended September 30, 2016 and 2015 have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements.

**CALYX BIO-VENTURES INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Unaudited – Expressed in Canadian Dollars)  
As at

	September 30, 2016	December 31, 2015
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 637	\$ 7,583
Receivables (Note 6)	15,443	15,758
Inventory (Note 7)	9,623	9,500
Prepaid expenses and deposits	3,983	3,667
	29,686	36,508
<b>Non-current assets</b>		
Equipment (Note 9)	3,833	6,525
Intangible assets (Note 8)	190,479	291,502
<b>Total Assets</b>	<b>\$ 223,998</b>	<b>\$ 334,535</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 117,594	\$ 37,598
Unearned revenue	-	2,500
	117,594	40,098
<b>Non-current liabilities</b>		
Unearned revenue	5,500	5,500
<b>Total Liabilities</b>	<b>123,094</b>	<b>45,598</b>
<b>Shareholders' Equity</b>		
Capital stock (Note 11)	6,832,163	6,832,163
Subscriptions received (Note 11)	8,500	-
Reserves (Note 11)	2,325,193	2,325,193
Deficit	(9,064,952)	(8,868,419)
	100,904	288,937
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 223,998</b>	<b>\$ 334,535</b>

Nature and Continuance of Operations (Note 1)  
Subsequent Events (Note 15)

Approved and authorized for issue by the Board of Directors

"Roger Forde" Director  
Roger Forde

"Gavin McMillan" Director  
Gavin McMillan

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

**CALYX BIO-VENTURES INC.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited – Expressed in Canadian Dollars)

	Three months Sept 30, 2016	Three months Sept 30, 2015	Nine months Sept 30, 2016	Nine months Sept 30, 2015
<b>REVENUE</b>	\$ 46,873	\$ 14,138	\$ 88,663	\$ 14,138
<b>COST OF SALES</b>	(14,591)	(7,190)	(14,591)	(7,190)
<b>GROSS PROFIT</b>	32,282	6,948	74,072	6,948
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>				
Depreciation (Note 9)	698	1,993	2,692	5,981
Depreciation of intangible assets (Note 8)	33,675	23,675	101,023	71,023
Personnel costs	67,700	13,350	124,737	43,050
Professional and regulatory	(683)	33,200	13,326	58,941
Marketing	-	-	-	2,426
Office and administrative	16,882	38,952	28,316	82,573
	(118,272)	(111,170)	(270,094)	(263,994)
<b>OTHER INCOME (EXPENSES)</b>				
Share-based compensation (Note 11)	-	-	-	(61,173)
Foreign exchange loss	(77)	-	(511)	(518)
Recovery on the sale of interest in associate (Note 10)	-	-	-	300,236
<b>Net and comprehensive loss for the period</b>	\$ (86,067)	\$ (104,222)	\$ (196,533)	\$ (18,501)
<b>Basic and diluted loss per common share</b>	\$ (0.002)	\$ (0.002)	\$ (0.004)	\$ (0.000)
<b>Weighted average number of common shares outstanding</b>	50,618,673	48,261,312	50,618,673	42,885,136

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

**CALYX BIO-VENTURES INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited – Expressed in Canadian Dollars)  
NINE MONTHS ENDED SEPTEMBER 30,

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income loss for the period	\$ (196,533)	\$ (18,501)
Items not affecting cash:		
Depreciation (Note 9)	2,692	5,981
Depreciation of intangible assets (Note 8)	101,023	71,023
Share-based compensation (Note 11)	-	61,173
Changes in working capital items relating to operations:		
Receivables	315	(8,344)
Prepaid expenses and deposits	(316)	(24,046)
Accounts payable and accrued liabilities	79,996	(65,982)
Inventory	(123)	-
Unearned revenue	(2,500)	5,500
Net cash flows provided from (used in) operating activities	(15,446)	26,804
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Subscriptions received (Note 11)	8,500	-
Net cash flows provided from financing activities	8,500	-
<b>Change in cash during the period</b>	<b>(6,946)</b>	<b>26,804</b>
<b>Cash, beginning of period</b>	<b>7,583</b>	<b>17,083</b>
<b>Cash, end of period</b>	<b>\$ 637</b>	<b>\$ 43,887</b>

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

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

	<b>Capital Stock</b>							<b>Total</b>
	<b>Number</b>	<b>Amount</b>	<b>Subscriptions Received</b>	<b>Contributed Surplus</b>	<b>Warrant Reserve</b>	<b>Deficit</b>		
<b>Balance as at December 31, 2014</b>	48,351,892	\$ 6,712,163	\$ -	\$ 1,726,159	\$ 533,014	\$ (8,716,572)	\$ 254,764	
Shares issued for acquisition	3,000,000	120,000	-	-	-	-	120,000	
Shares returned to treasury	(733,219)	-	-	-	-	-	-	
Warrants expired	-	-	-	533,014	(533,014)	-	-	
Share-based compensation	-	-	-	61,173	-	-	61,173	
Loss for the period	-	-	-	-	-	(18,501)	(18,501)	
<b>Balance as at September 30, 2015</b>	50,618,673	6,832,163	-	2,320,346	-	(8,630,852)	417,436	
<b>Balance as at December 31, 2015</b>	50,618,673	6,832,163	-	2,325,193	-	(8,868,419)	288,937	
Subscriptions received (Note 11)	-	-	8,500	-	-	-	8,500	
Loss for the period	-	-	-	-	-	(196,533)	(196,533)	
<b>Balance as at September 30, 2016</b>	50,618,673	\$ 6,832,163	\$ 8,500	\$ 2,325,193	\$ -	\$ (9,064,952)	\$ 100,904	

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

## **CALYX BIO-VENTURES INC.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian Dollars)

For the nine months ended September 30, 2016

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#### **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 condensed interim 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 \$9,064,952. 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 condensed interim 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, while substantial, 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 September 30, 2016, the Company had a working capital deficiency of \$87,908 (December 31, 2015 deficiency - \$3,590). 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. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies followed in these condensed interim consolidated financial statements are the same as those applied in the Company’s most recent annual financial statements for the year ended December 31, 2015.

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 28, 2016, the date the Board of Directors approved the statements. Certain of the comparative year figures have been reclassified to conform to the current year’s presentation. The condensed interim consolidated financial statements should be read in conjunction with the Company’s annual financial statements of the year ended December 31, 2015.

#### **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.

## **CALYX BIO-VENTURES INC.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian Dollars)

For the nine months ended September 30, 2016

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#### **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.

##### **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 September 30, 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.

###### *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 a significant impact the Company's results from operations.

#### **5. ACQUISITION OF CANNIGISTICS AGRI-SOLUTIONS CORP.**

On December 9, 2014, the Company completed the acquisition of all of the issued and outstanding shares of Cannigistics. Cannigistics is a development stage company focused on bringing sophisticated, versatile and flexible technology solutions to advanced indoor agriculture.

The acquisition of Cannigistics was accounted for as an asset acquisition effective on December 9, 2014.

During the year ended December 31, 2014, the Company issued 10,000,000 common shares of the Company with a fair value of \$250,000 as consideration for all of the issued and outstanding shares of Cannigistics.

During the year ended December 31, 2015, an additional 3,000,000 common shares with a fair value of \$120,000 were issued on the achievement of certain milestones. This was added to the costs of the intangible assets (Note 8). The Company has previously assessed the probability of achieving the milestone as low and, as a result, the estimated value of the additional shares was not incorporated into the original allocation below.



**CALYX BIO-VENTURES INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian Dollars)

For the nine months ended September 30, 2016

**5. ACQUISITION OF CANNIGISTICS AGRI-SOLUTIONS CORP. (continued)**

Allocation of consideration – Assets and Liabilities of Cannigistics:

<b>Assets acquired:</b>	
Current receivables	\$ 16,961
Computer equipment	20,000
Intangible assets – software	284,091
	<u>321,052</u>
<b>Liabilities assumed:</b>	
Accounts payable and accruals	31,484
<b>Net assets acquired</b>	<b>\$ 289,568</b>
<b>Cost consisted of:</b>	
Issuance of common shares	\$ 250,000
Transaction costs	39,568
<b>Total cost of acquisition</b>	<b>\$ 289,568</b>

The intangible assets acquired by the Company with the acquisition of Cannigistics were software related. In connection with the acquisition of Cannigistics, the Company incurred legal and professional fees of \$39,568. These transaction costs were added to the total purchase price and allocated among the net assets acquired.

**6. RECEIVABLES**

	<b>September 30, 2016</b>	<b>December 31, 2015</b>
Trade receivables	\$ 4,200	\$ 6,196
GST receivable	11,243	9,562
	<u>\$ 15,443</u>	<u>\$ 15,758</u>

**7. INVENTORY**

	<b>September 30, 2016</b>	<b>December 31, 2015</b>
Parts	\$ 9,623	\$ 9,500

**CALYX BIO-VENTURES INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian Dollars)

For the nine months ended September 30, 2016

**8. INTANGIBLE ASSETS**

As of September 30, 2016, the Company's intangible assets consist entirely of software. The Company's intangible assets are as follows:

	<b>Software</b>
<b>Balance December 31, 2014</b>	\$ 276,200
Addition (Note 5)	120,000
Depreciation	(104,698)
<b>Balance December 31, 2015</b>	291,502
Depreciation	(101,023)
<b>Balance September 30, 2016</b>	\$ 190,479

All software related intangibles are being depreciated on a straight-line basis over three years.

**9. EQUIPMENT**

The Company's equipment was as follows:

	<b>Computer Equipment</b>
<b>Balance December 31, 2014</b>	\$ 14,500
Depreciation for the period	(7,975)
<b>Balance December 31, 2015</b>	6,525
Depreciation for the period	(2,692)
<b>Balance September 30, 2016</b>	\$ 3,833

**10. 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 22.8% which, due to the 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.

**11. EQUITY****Share Capital****Authorized:**

Common shares: unlimited number, without par value;

Preferred shares: unlimited number, issuable in series.

**Issued and outstanding shares:**

During the nine months ended September 30, 2016, \$8,500 in share subscription funds were received for the private placement completed subsequent to period end (note 15). No shares were issued during the nine months ended September 30, 2016.

During the year ended December 31, 2015, the Company completed the following transactions:

-The Company cancelled 733,219 common shares.

-The Company issued 3,000,000 common shares in connection with the acquisition transaction of Cannigistics (Note 5).

**CALYX BIO-VENTURES INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian Dollars)

For the nine months ended September 30, 2016

**11. EQUITY (continued)****Common share purchase warrants**

Common share purchase warrant transactions are summarized as follows:

	<b>Number of warrants</b>	<b>Amount</b>
<b>Balance, December 31, 2013</b>	16,351,334	\$ 1,318,613
Expired	(7,351,334)	(785,599)
<b>Balance, December 31, 2014</b>	9,000,000	\$ 533,014
Expired	(9,000,000)	(533,014)
<b>Balance, December 31, 2015 and September 30, 2016</b>	-	\$ -

No warrants were outstanding as of September 30, 2016.

During the nine months ended September 30, 2015, 9,000,000 common share purchase warrants expired and \$533,014 has been transferred from the warrant reserve to contributed surplus.

The warrant reserve records items recognized as fair value of common share purchase warrants until such time that the warrants were exercised, at which time the corresponding amount will be transferred to share capital. If the common share warrants expired, the amount recorded is transferred to contributed surplus.

**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:

	<b>Number stock options</b>	<b>Weighted average exercise price</b>
<b>Balance, December 31, 2013</b>	3,476,753	\$ 0.23
Forfeited	(791,753)	0.25
Granted	150,000	0.20
<b>Balance, December 31, 2014</b>	2,835,000	\$ 0.22
Forfeited	(2,835,000)	0.22
Granted	2,650,000	0.05
<b>Balance, December 31, 2015 and September 30, 2016</b>	2,650,000	\$ 0.05

**CALYX BIO-VENTURES INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian Dollars)

For the nine months ended September 30, 2016

**11. EQUITY (continued)****Stock options (continued)**

No stock options were granted during the nine months ended September 30, 2016.

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 \$61,173 and is included in share-based compensation expense and 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.

The options outstanding under the plan at September 30, 2016 are as follows:

<b>Options outstanding and exercisable</b>		
<b>Exercise price</b>	<b>Number of common shares issuable</b>	<b>Remaining contractual life (years)</b>
\$0.05	2,650,000	3.70

The weighted average fair value of options granted during the nine months ended September 30, 2015 is \$0.023.

**12. RELATED PARTY TRANSACTIONS**

## a) Transactions:

The Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	Nine months September 30, 2016	Nine months September 30, 2015
Consulting fees to key management personnel	\$ 108,581	\$ 65,000
Share-based payments to directors of the Company	-	42,352
	\$ 108,581	\$ 107,352

During the nine months ended September 30, 2016, the Company reimbursed a company controlled by an officer \$20,816 (2015 – \$34,957) for cloud hosting costs incurred on behalf of the Company.

During the nine months ended September 30, 2016, the Company granted no stock options (2015 – 1,700,000) to directors of the Company, with a fair value of \$nil (2015 – \$42,352).

## b) Due to related parties:

	Nine months September 30, 2016	Nine months September 30, 2015
Personnel costs	\$ 37,681	-
Professional fees	11,000	-
Office expense reimbursements	20,033	-
Loans	6,000	-
	\$ 74,714	\$ -

Loans payable to related parties as at September 30, 2016 consists of a \$6,000 (December 31, 2015 - \$nil) loan from an officer of the Company. The loan is non-interest bearing, unsecured and has no fixed terms of repayment.

Amounts due to related parties are unsecured, have no fixed repayments and are non-interest bearing.

**CALYX BIO-VENTURES INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian Dollars)

For the nine months ended September 30, 2016

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**13. ECONOMIC DEPENDENCE**

For the nine months ended September 30, 2016, the Company has 2 (2015 – nil) significant customers which account for more than 10% of its revenue. These 2 customers account for 53% (2015 – nil%) and 46% (2015 – nil%) respectively.

**14. 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 period.

**15. SUBSEQUENT EVENTS**

In August 2016, the board of directors approved a consolidation of the Company's outstanding common shares on the basis of one post-consolidated common share for every ten common shares issued and outstanding. In October 2016, the board of directors decided not to proceed with the share consolidation.

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 sixty months.

In October 2016, the Company completed a non-brokered private placement of 5,715,856 units at \$0.07 per unit for gross proceeds of \$400,110. 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 twenty-four months.

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.

In November 2016, the Company acquired the rights to an existing software framework. In consideration for the acquisition, the Company issued 2,500,000 common shares, paid \$50,000 cash, and entered into a 0% interest promissory note for \$150,000 payable on November 10, 2017.

Subsequent to period end, the Company issued 2,550,000 common shares at \$0.05 from the exercise of options for gross proceeds of \$127,500.