MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

PLAINTREE SYSTEMS INC.

For the three and nine months ended December 31, 2017 and December 31, 2016

Date – February 14, 2018

The following discussion and analysis is the responsibility of management and has been reviewed by the Audit Committee of Plaintree Systems Inc ("Plaintree" or the "Company") and approved by the Board of Directors of Plaintree. The Board of Directors carries out its responsibilities for the financial statements and management's discussion and analysis principally through the Audit Committee, which is comprised exclusively of independent directors.

The following discussion of the financial condition, changes in financial condition and results of operations of Plaintree is for the three and nine months ended December 31, 2017. Historical results of operations, percentage relationships and any trends that may be inferred there from are not necessarily indicative of the operating results of any future periods. Unless otherwise stated all amounts are in Canadian dollars following the requirements of the International Financial Reporting Standards ("IFRS).The information contained herein is dated as of February 14, 2018 and is current to that date, unless otherwise stated. Management is responsible for ensuring that processes are in place to provide sufficient knowledge to support the representations made in the annual filings. Our Audit Committee and Board of Directors provide an oversight role with respect to all public financial disclosures by the Company, and have reviewed this MD&A and the accompanying financial statements.

W. David Watson II, President and Chief Executive Officer, and Lynn E. Saunders, Chief Financial Officer, in accordance with National Instrument 52-109 ("NI52-109"), have both certified that they have reviewed the annual financial statements and this MD&A ("the annual Filings") and that, based on their knowledge having exercised reasonable diligence, (a) the annual Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made with respect to the period covered by the annual filings; and (b) the annual financial statements together with the other financial information included in the annual Filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the dates and for the periods presented in the annual Filings.

Investors should be aware that the inherent limitations on the ability of certifying officers of a venture issuer to design and implement, on a cost effective basis, Disclosure Controls and Procedures and Internal Controls over Financial Reporting 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.

Caution Regarding Forward Looking Information

This MD&A of the Company contains certain statements that, to the extent not based on historical events, are forward-looking statements based on certain assumptions and reflect Plaintree's current expectations. Forward-looking statements include, without limitation, statements evaluating market and general economic conditions, and statements regarding growth strategy and future-oriented project revenue, costs and expenditures. Actual results could differ materially from those projected and should not be relied upon as a prediction of future events. A variety of inherent risks, uncertainties and factors, many of which are beyond Plaintree's control, affect the operations, performance and results of Plaintree and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. Some of these

risks, uncertainties and factors include the impact or unanticipated impact of: companies evaluating Plaintree's products delaying purchase decisions; current, pending and proposed legislative or regulatory developments in the jurisdictions where Plaintree operates; change in tax laws; political conditions and developments; intensifying competition from established competitors and new entrants in the industry; technological change; currency value fluctuation; general economic conditions worldwide, including in China; Plaintree's success in developing and introducing new products and services, expanding existing distribution channels, developing new distribution channels and realizing increased revenue from these channels. This list is not exhaustive of the factors that may affect any of Plaintree's forward-looking statements. Plaintree undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results otherwise. Readers are cautioned not to put undue reliance on forward-looking statements. Readers should also carefully review the risks concerning the business of the Company and the industries in which it operates generally described in the documents filed from time to time with Canadian securities regulatory authorities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Plaintree Systems Inc. ("Plaintree" or the "Company") was incorporated in Canada under the Canada Business Corporation Act and is publicly traded on the Canadian Securities Exchange ("CSE") under "NPT". The Company operates an Electronics division [the Hypernetics business, Summit Aerospace USA Inc. ("Summit Aerospace")] and a Specialty Structures division (the Triodetic business), Spotton Corp. and 9366920 Canada Inc. (operating as Madawaska Doors). Plaintree is a diversified company with proprietary technologies and manufacturing capabilities in structural design, aerospace and telecommunications. The Hypernetics business manufactures avionic components for various applications including aircraft antiskid braking, aircraft instrument indicators, solenoids, and permanent magnet alternators. The Triodetic business is a design/build manufacturer of steel, aluminum, and stainless steel specialty structures such as commercial domes, free form structures, barrel vaults, space frames, and industrial dome coverings. Summit Aerospace specializes in the high-end machining of super-alloys for the aircraft and helicopter markets. Spotton's business involves the design and manufacture of high-end custom hydraulic and pneumatic valves and cylinders for the industrial, oil and gas markets. Madawaska Doors Inc., through its wholly-owned subsidiary, 9366920 Canada Inc. involves the manufacturing and selling of high quality, 100% natural solid wood custom doors and related parts and materials. Until June 2017 the Speciality Structures division included Arnprior Fire Trucks Corp. ("AFTC"). On June 6, 2017, the Company announced that it had completed the sale of assets and business of AFTC.

The address of the Company's registered office and principal place of business is 10 Didak Drive, Arnprior, Ontario.

Recent Developments

During May 2017, the Company obtained a loan in the amount of $554,447 from Tidal Quality Management Corporation ("Tidal"), a related party controlled by the Company's Chief Executive Officer. The loan has a one (1) year term and bears interest at a rate of 14% pa. Interest is payable monthly, and the principal is due on maturity.

In a related transaction, the Company also guaranteed a $900,000 loan obtained by Tidal. The loan has a one (1) year term and bears interest at a rate of 14% pa. Interest is payable monthly, and the principal is due on maturity. This loan was used to fund the loan from Tidal to Plaintree described in the paragraph above. The Company granted a security interest over its assets as security for the guarantee.

Pursuant to an asset purchase agreement dated May 25, 2017, the Company sold its fire and emergency vehicle business, formerly carried on by its wholly-owned subsidiary AFTC, to 9584358 Canada Ltd. o/a Eastway Fire and Rescue Vehicles ("Eastway"). The purchase price paid by Eastway consisted of nominal cash consideration paid on closing and the obligation for Eastway to complete the outstanding existing fire truck contracts. Eastway has also agreed to a lease the Company's premises to carry on the business for a one year period. The Company has ceased operations of AFTC.

The Company's common shares are quoted on the CSE under symbol "NPT" in Canada.

Control Activities

There was no change in the Company's internal control over financial reporting that occurred during the period that has materially affected, or is reasonably likely to material affect its internal control over financial reporting.

Selected Annual Financial Information

The Company's consolidated financial statements are stated in Canadian dollars and are prepared in accordance with IFRS. The following table sets forth selected financial information from the Company's interim financial statements:

($000s, except per share amounts)

	December 31, 2017	March 31, 2017
	$	$
Total assets	12,196	10,342
Total liabilities	13,564	13,457
Long-term liabilities	6,636	7,025
Cash dividends declared per share	nil	nil

($000s, except per share amounts)

	For the three months ended		For the nine months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	$	$	$	$
Revenue	4,462	3,057	12,488	10,033
Net income (loss) and total comprehensive income (loss)	817	(564)	1,746	(1,040)
Net loss attributed to common shareholders	451	(930)	647	(2,139)
Basic and diluted (loss) earnings per Share	0.03	(0.07)	0.05	(0.17)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

	Plaintree Systems Inc. *($000s, except per share and % amounts)* for the three months ended		Change from
	December 31, 2017 **$**	**(1) December 31, 2016** **$**	**2016 to 2017** $
Revenue	**4,462**	**3,057**	1,405
Cost of sales	**3,029**	**2,564**	465
Gross margin	**1,433**	**493**	940
	32%	**16%**	
Operating expenses:			
Research and development	**331**	**276**	55
Finance and administration	**388**	**248**	140
Sales and marketing	**119**	**130**	(11)
Interest expense	**106**	**70**	36
Loss on foreign exchange	**(37)**	**31**	(68)
Net income (loss) before other income (income)	**907**	**755**	152
	526	**(263)**	788
Other income (loss) from discontinued operations	**291**	**(301)**	592
Net earnings (loss) and comprehensive earnings (loss)	**817**	**(564)**	1,381

	Plaintree Systems Inc. *($000s, except per share and % amounts)* for the nine months ended		Change from
	December 31, 2017 **$**	**(1) December 31, 2016** **$**	**2016 to 2017** $
Revenue	**12,488**	**10,033**	2,455
Cost of sales	**8,673**	**8,353**	320
Gross margin	**3,815**	**1,681**	2,135
	31%	**17%**	
Operating expenses:			
Research and development	**947**	**904**	43
Finance and administration	**997**	**718**	279
Sales and marketing	**424**	**481**	(57)
Loss on disposal of assets	**-**	**15**	(15)
Interest expense	**256**	**190**	66
Loss on foreign exchange	**(12)**	**53**	(65)
	2,612	**2,361**	251
Net income (loss) before other income (income)	**1,203**	**(681)**	1,884
Other income (loss) from discontinued operations	**543**	**(359)**	902
Net earnings (loss) and comprehensive earnings (loss)	**1,746**	**(1,040)**	2,786

(1) December 31, 2016 adjusted for discontinued operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

BUSINESS SEGMENT INFORMATION

The Company's chief decision maker, the CEO, tracks the Company's operations as two business segments - the design, development, manufacture, marketing and support of electronic products, and the specialty structural products. The Company determines the geographic location of revenues based on the location of its customers. Where applicable the revenues and losses for the discontinued business of Arnprior Fire Trucks Corp. have been removed from the 2017 comparisons.

Revenues by division

	For the three months ended		For the nine months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	$	$	$	$
Electronics	**1,343,421**	**1,606,831**	**4,499,671**	**4,628,647**
Specialty structures	**3,118,341**	**1,450,457**	**7,988,745**	**5,404,717**
	4,461,762	**3,057,288**	**12,488,416**	**10,033,364**

Net income (loss) before taxes by division

	For the three months ended		For the nine months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	$	$	$	$
Electronics	**175,016**	86,070	**536,665**	228,156
Specialty structures	**642,259**	(649,793)	**1,209,689**	(1,268,027)
	817,275	(563,723)	**1,746,354**	(1,039,871)

Revenues by geographical location

	For the three months ended		For the nine months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	$	$	$	$
Canada	**1,766,453**	1,038,018	**5,726,485**	4,275,786
United states	**1,364,365**	2,018,326	**5,180,679**	5,693,675
Argentina	**768,884**	-	**921,140**	-
Other	**562,060**	944	**660,112**	63,903
	4,461,762	3,057,288	**12,488,416**	10,033,364

Product revenue concentration (customers with revenues in excess of 10% of sales)

	For the three months ended		For the nine months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Number of customers	**2**	1	**-**	1
% of total revenue	**16%, 17%**	15%	**-**	12%

Revenues

Revenue

Total product revenue for three and nine months ended December 31, 2017 was $4,461,762 and $12,488,416 compared to $3,057,288 and $10,033,364 (discontinued Arnprior Fire Truck Corp business removed) for the respective periods ending December 31, 2016.

Plaintree has two diversified business divisions: Specialty Structures and Electronics.

Plaintree's Electronics Division revenues of $1,343,421 and $4,499,671 in the three and nine months ended December 31, 2017 down from revenues of $1,606,831 and $4,628,647 for the three and nine months ended December 31, 2016.

Plaintree's Specialty Structures Division revenue increased to $3,118,341 and $7,988,745 in the three and nine months ended December 31, 2017 from $1,450,457 and $5,404,717 in the three and nine months ended December 31, 2017 and December 31, 2016 respectively.

Gross Margin

Total gross margin increased in the first three and nine months of fiscal 2018 to 32% and 31% from 16% and 17% for the same period in fiscal 2017.

Operating Expenses

Research and development expenses

Research and development expenses were $331,420 and $947,357 for the three and nine months ending December 31, 2017 compared to $276,160 and $904,509 for the three and nine months ending December 31, 2016. Research and development expenditures consist primarily of development engineering and personnel expenses.

Research and development expenses are expected to remain at comparable levels throughout fiscal 2018.

Finance and administration expenses

Finance expenses were $388,007 and $996,731 for the three and nine months ending December 31, 2017 compared to $247,497 and $718,413 for the three and nine months ending December 31, 2016. Finance and administration expenses consist primarily of costs associated with managing the Company's finances, which included financial staff, legal and audit activities. Amortization of intangibles related to the business of Summit Aerospace is the primary reason for the increase in finance and administration expenses.

Finance and administration expenses were higher in fiscal 2018 due to legal fees associated with the new financing and sale of the discontinued operations.

Sales and marketing expenses

Sales and marketing expenses were $119,145 and $424,213 for the three and nine months ending December 31, 2017 compared to $130,307 and $480,864 for the three and nine months ending December 31, 2016. These expenses consisted primarily of personnel and related costs associated

with Company's sales and marketing departments, which include sales commissions, advertising, travel, trade shows and other promotional activities.

Sales and marketing expenses are expected to remain at comparable levels throughout fiscal 2018.

Interest expense

Interest expense consists of interest incurred on bank and related party debt. Interest expenses were $105,697 and $255,672 for the three and nine months ending December 31, 2017 compared to $70,249 and $189,607 for the three and nine months ending December 31, 2016. The majority of the Company's debt accrues interest at variable rates based on the Company's bank prime lending rate of interest. The related parties with loans to the company have agreed to discontinue interest payments accruing on balances as of April 1, 2016 with the exception of the newly acquired financing from Tidal. The Company has accepted a loan $554,447 which has a one (1) year term and bears interest at a rate of 14% per annum. Interest is payable monthly and the principal is due on maturity.

Gain on foreign exchange

The Company reported (gains) on foreign exchange of $(36,970) and $(12,101) for the three and nine months ending December 31, 2017 compared to loss of $31,133 and $52,713 for the three and nine months ending December 31, 2016.The gain/loss on foreign exchange represents the gain/loss, realized or unrealized, of transactions and year end foreign balances that are completed in currencies other than the Company's reporting currency.

Net earnings (loss), Comprehensive earnings (loss) and Net earnings (loss) Attributable to Common Shareholders

Net income and comprehensive income for the three and nine months ended December 31, 2017 was $450,755 and $646,854 respectively compared to a net (loss) of $(902,835) and $(2,139,371) for the three and nine months ended December 31, 2016. Net income attributed to common shareholders is calculated by reducing net income by the $1,466,000 (QTD = $366,500, YTD = $1,099,500) cumulative dividends that accrue annually on the Class A preferred shares. The cumulative dividends accrue at 8% per annum on the face value of the $18,325,000 for the Class A preferred shares and as December 31, 2017 the accrued and unpaid dividends on the Class A preferred shares were $13,493,500 (March 31, 2017 - $12,394,000).

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Quarterly Results
The following table sets out selected unaudited consolidated financial information for the last eight quarters in fiscals 2018, 2017 and 2016:

Quarters ended
(unaudited, in $000s except per share data)

	Dec 31 2017 Q3-2018	Sept 30 2017 Q2-2018	June 30 2017 Q1-2018	Mar 31 2017 Q4-2017	Dec 31 2016 Q3-2017	Sept 30 2016 Q2-2017	June 30 2016 Q1-2017	Mar 31 2016 Q4-2016
	$	$	$	$	$	$	$	$
Revenue (1)	4,462	4,410	3,617	2,811	3,057	3,543	3,433	3,738
Net profit (loss) and total comprehensive income (loss)	817	576	352	(1,600)	(564)	(327)	(149)	(224)
Net profit (loss) attributed to common shareholders	451	210	(14)	(1,894)	(930)	(693)	(589)	(591)
Basic and diluted earnings (loss) per share	0.03	0.02	(0.00)	(0.15)	(0.07)	(0.05)	(0.05)	(0.05)

(1) Revenue of discontinued operations from Arnprior Fire Trucks has been removed in the four quarters of 2017.

Liquidity and Capital Resources

($000s)	**December 31, 2017**	March 31, 2017	Change
	$	$	$
Bank indebtedness	**(1,120)**	(325)	(795)
Working Capital	**10**	(1,872)	1,882

	For the nine months ended December 31, 2017	For the nine months ended December 31, 2016	Change
Net cash (used in) provided by:			
	$	$	$
Operating activities	**(249)**	151	(400)
Investing activities	**(246)**	(672)	426
Financing activities	**(300)**	(353)	53

Cash

As at December 31, 2017, the Company was had a bank indebtedness balance of $(1,119,642) an increase in indebtedness of $795,076 from March 31, 2017.

Working Capital

Working capital represents current assets less current liabilities. As at December 31, 2017, the Company had positive working capital of $10,290 compared to a negative working capital of $(1,871,810) at March 31, 2017 after the bank debt was reclassified as a current liability due to a breach of bank covenants. The Company is subject to various covenants on the long-term debt (including debt to tangible net worth, current assets to current liabilities and debt service ratios). The Company was in breach of the current ratio covenant as at December 31, 2017. At March 31, 2017 the Company was in breach of the debt servicing ratio and current ratio covenants to which the bank has provided forbearance until April 30, 2018. IFRS requires that a financial liability be classified as current even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue. The Company's working capital without this reclassification of current bank debt is $718,262 and $(808,741) as at December 31, 2017 and March 31, 2017 respectively.

Cash (used in) provided by Operating activities

Cash used in operating activities for the nine months ending December 31, 2017 was $249,344 representing an increase of $400,521 from cash provided of $151,177 for the respective period during fiscal 2017. Cash used in operating activities in the first nine months of fiscal 2018 was primarily the result of increased trade receivables, decreased trade payables offset by increased deferred revenue.

Cash (used in) Investing activities

Cash used in investing activities for the first nine months of fiscal 2018 was $(245,510) representing a decrease of $426,371 from cash used in investing activities of $(671,882) in the respective period during fiscal 2017. The increase in cash used during the nine months of fiscal 2017 was primarily due to the payments to acquire capital.

Cash (used) in financing activities

Cash (used) by financing activities for the first nine months of fiscal 2018 was $(300,222) representing a decrease of $52,489 from cash used of $(352,711) in the respective period during fiscal 2017. Cash from financing activities during the first nine months of fiscal 2018 relates primarily to debt repayment.

Outlook – Going Concern

These consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As at December 31, 2017, the Company had an accumulated deficit of $3,458,891 and, for the period then ended, the Company had comprehensive earnings of $1,746,353. As at December 31, 2017, the Company had working capital of $10,290 and $NIL cash on hand. These material uncertainties may cast doubt upon the Company's ability to continue as a going concern. However, due to the recent improvement in the financial performance of the Company, management is reviewing whether the going concern note remains appropriate and whether it should be removed from future statements.

In assessing whether the going concern assumption was appropriate, management took into account all relevant information available about the future, which was at least, but not limited to, the next twelve month period following December 31, 2017. The Company has in place a credit facility of up to $2,100,000 through its bank based on acceptable trade receivables and inventory. The availability of the credit facility to the Company as at December 31, 2017 was $2,100,000 of which $360,292 was in use and a letter of credit in the amount of US$287,200 (CAD$360,292) leaving $1,739,708 available. The Company's analysis of forecasted sales and expenses indicate improvement in both sales and cash flow as a result of contracts bid and/or signed, and their

expected margins on these projects. As a result, the Company believes that it has sufficient cash resources to meet its obligations, beyond the next 12 months. However, should (i) the Company's bank credit facility fail to be available or fail to have sufficient availability to meet the Company's cash requirements; (ii) forecasts fall short of expectations in one or more of the Company's divisions; and/or (iii) any unanticipated unprofitable event occurs, this will impact the Company's ability to generate sufficient cash to meet its requirements and this will impact its ability to continue as a going concern. The Company would then implement a strategic review of its portfolio of companies to maximize shareholders value.

Facilities

The Company leases a 135,500 sq. /ft. building at 10 Didak Drive in Arnprior, Ontario.

The Company along with its wholly-owned US subsidiary owns a 16,300 sq. ft. manufacturing facility in Pocono Summit, PA.

The Company, through a wholly-owned subsidiary owns a 33,000 sq. ft. manufacturing facility in Barry's Bay, ON for the manufacturing of its Madawaska Door business.

Due to Related Parties

	December 31, 2017	March 31, 2017
	$	$
Due to senior officers	**4,330,590**	4,450,665
Dividends payable	**60,000**	60,000
Due to Targa Group Inc., convertible debentures	**247,672**	247,672
Due to Tidal Quality Management Inc.	**747,073**	228,616
Due to Targa Group Inc., demand loan	**66,581**	66,581
Due to Targa Group Inc., line of credit	**532,763**	646,763
Due to Targa Group Inc., demand loan interest	**134,812**	134,812
	6,119,491	5,835,109
Less: current portion	**554,447**	-
	5,565,044	5,835,109

As at December 31, 2017, a balance of $4,330,590 ($3,094,956 principal and $1,235,634 interest) – (March 31, 2017 - $4,450,665) remained owing to senior officers of the Company. On April 1, 2016, senior officers agreed to cancel their current consulting agreements and discontinue interest payments accruing on balances as of April 1, 2016. During the nine months ended December 31, 2017 a total of $120,075 has been paid to the senior officers. Balances are classified as long-term as the parties have agreed not to demand repayment before March 2019.

On July 14, 2011, the board of directors of the Company declared a cash dividend of $10.91405 per Class A preferred share ($200,000 in the aggregate) payable on July 22, 2011 to the holders of record at the close of business on July 18, 2011. The Class A preferred shares are held by related parties and are entitled to annual cumulative dividends of 8% on the $1,000 redemption amount of the Class A preferred share. An amount of $60,000 (March 31, 2017 - $60,000) of the

dividend remains outstanding as of December 31, 2017. The balance is classified as long-term as the related party has agreed not to demand payment before March 2019.

As at December 31, 2017, a balance of $247,672 (March 31, 2017 - $247,672) of the due to related parties is convertible into common shares of the Company at a rate of $0.0115 at the option of Targa). The balance is classified as long-term as the related party has agreed not to demand payment before March 2019.

Until March 31, 2003, the Company leased facilities from a company controlled by Targa. Lease arrears owing to this related party amounted to $174,974 (March 31, 2017 - $174,974). The Company accepted partial financing in the form of a note payable in the amount of $373,473 during fiscal 2014 from Tidal for a new facility in Pocono Summit. As at December 31, 2017 a balance of $254,767 remains outstanding. Loans totaling $420,003 owed to Spotton by Tidal have been consolidated into the net balance as of April 1, 2014 with the acquisition of Spotton Corp by the Company. The party agreed to discontinue interest accruing on unpaid balances as at April 1, 2016. Until then the interest was at bank prime plus 2% and accrued on the principal balance for a balance of $182,889 as of December 31, 2017 (March 31, 2017 - $182,889). The party has agreed not to demand repayment of the total balance of $192,626 (March 31, 2016 - $228,616) before March 2019 and the amount is classified as long-term.

On May 31, 2017, Tidal refinanced it's approximately $345,000 mortgage on one of its properties, increasing the mortgage to $900,000. Plaintree has guaranteed the Tidal loan and granted a security interest over its assets as security for this guarantee. Tidal used a portion of the proceeds from the refinancing to loan $554,447 to the Company. The loan to the Company has a one (1) year term and bears interest at a rate of 14% per annum. Interest is payable monthly and the principal is due on maturity.

The Company has a demand loan of up to $1,800,000 with Targa. Under the loan agreement, all amounts advanced to the Company are payable on demand and bear interest at bank prime plus 2%. The party has agreed to discontinue interest payments accruing on balances as of April 1, 2016. The Targa Demand Loan is secured by a security interest granted over the assets of the Company. At December 31, 2017 $NIL, (March 31 2016 - $NIL) remained outstanding on the demand loan with accumulated interest of $66,581 (March 31, 2017 - $66,581) for a balance of $66,581 (March 31, 2017 - $66,581). The balance is classified as long-term as the related party has agreed not to demand payment before March 2019.

The Company has a revolving Line of Credit of up to $1,000,000 with Targa. Under the loan agreement, all amounts advanced to the Company are payable on demand and bear interest at bank prime plus 2%. The party has agreed to discontinue interest payments accruing on balances as of April 1, 2016. At December 31, 2017, $290,165 (March 31, 2017 - $408,165) remained outstanding on the Line of Credit with accumulated interest of $242,598 (March 31, 2017 - $242,598) for a balance of $532,763 (March 31, 2017 - $646,763). Targa has agreed that it will not demand repayment before March 2019 and, accordingly, the amounts are classified as long-term.

Accumulated interest in the amount of $134,812 (March 31, 2017 - $134,812), on a loan from Targa remains outstanding as of September 30, 2017. The party has agreed not to demand repayment before March 2019 and, accordingly, the amount is classified as long-term.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in preparing these condensed consolidated interim, financial statements are unchanged from those disclosed in the Company's 2017 annual consolidated financial statements and have been applied to the periods presented in these condensed consolidated interim financial statements.

New and revised IFRS in issue but not yet effective

The following is a list of standards and amendments that have been issued but are not yet effective and have not yet been adopted by the Company:

New Standards effective April 2018

IFRS 9: Financial instruments

Issued in July 2014, IFRS 9 replaces IAS 39 *Financial Instruments: recognition and measurement* ("IAS 39"). This standard simplifies the classification of a financial asset as either at amortized cost or at fair value as opposed to the multiple classifications which were permitted under IAS 39. This standard also requires the use of a single impairment method as opposed to the multiple methods in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The standard also adds guidance on the classification and measurement of financial liabilities and introduces a new hedge accounting model. This IFRS, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company is in the process of assessing the impact of this standard on its consolidated financial statements and based on its assessment to date Management is of the view that the implementation of this standard will have no significant impact.

IFRS 15: Revenue from contracts with customers

Issued in May 2014, IFRS 15 establishes principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The main principle of this standard is that an entity shall recognize revenue to depict the transfer of promised services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. Adoption of this IFRS is mandatory for annual reporting periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company is in the process of assessing the impact of this standard on its consolidated financial statements and Management's preliminary assessment indicates only modest increases in unbilled revenues and product revenue due to the standard resulting in no change after adoption of IFRS 15, to the Company's largest contributor's revenue and cash flows current reporting.

IFRS 16: Leases

Issued in January 2016, IFRS 16 Introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This IFRS, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company is in the process of assessing the impact of this standard on its consolidated financial statements and Management's preliminary assessment is that the implementation of the standard will have no significant impact.

Summary of Outstanding Share Data

As at February 14, 2018 the following equity instruments of the Company were issued and outstanding:

Common Shares: 12,925,253

Class A Preferred Shares: * 18,325

* The Class A Preferred shares provide an 8% cumulative dividend based on a value of $1,000 per share, are redeemable at the option of the Company at any time at $1,000 per share plus accrued dividends and they are non-voting.

Convertible Debentures:** $nil principal value

** The Company has issued various tranches of convertible debentures to related parties for total outstanding value at March 31, 2017 of $247,672 in accrued interest only. Interest is convertible in cash only.

Options:*** None

Additional information relating to the Company may be found on SEDAR at www.sedar.com or the Company's website at www.plaintree.com.