1. DESCRIPTION OF THE BUSINESS

Founded in 2009, exactEarth™ Ltd. (the "Company" or "exactEarth") is a provider of space-based maritime tracking data from its own satellites. exactEarth leverages advanced microsatellite technology to deliver monitoring solutions. The Company is incorporated under the Canada Business Corporations Act and its shares are listed on the Toronto Stock Exchange. The Company's head office is located at 60 Struck Court, Cambridge, Ontario, Canada.

On February 4, 2016, former parent company, COM DEV International Ltd. ("COM DEV") completed a spinout ("Spinout Transaction") of the Company's shares. Please refer to note 16 for further details.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These interim condensed consolidated financial statements present the Company's results of operations and financial position as at and for the three and nine months ended July 31, 2016, including comparative periods, under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The interim condensed consolidated financial statements were prepared on a going concern basis using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended October 31, 2015. These interim condensed consolidated financial statements have been prepared in compliance with IAS 34, *Interim Financial Reporting* as issued by the IASB. Accordingly, these interim condensed consolidated financial statements do not include all the information required for full annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual consolidated financial statements for the year ended October 31, 2015.

The Company's quarter-end for fiscal 2016 is the last day of the month in the fiscal quarter. This is a change from the prior year, when the quarter-end was the Friday closest to the last day of the month in the fiscal quarter while the year-end date was fixed at October 31.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on September 13, 2016.

b) Basis of presentation

These interim condensed consolidated financial statements include the accounts of the Company's subsidiary with intercompany transactions and balances eliminated. The Company has two divisions in Cambridge, Ontario, Canada and Harwell, UK.

These interim consolidated financial statements are presented in Canadian dollars and have been prepared on a historical cost basis.

c) Future accounting changes

International Financial Reporting Standard 16, Leases

On January 13, 2016, the IASB issued IFRS 16, Leases, which will replace International Accounting Standard ("IAS") 17, Leases. The new standard will be effective for fiscal years beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS

16. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. The Company is currently assessing the impact of adopting this new standard.

3. GOVERNMENT ASSISTANCE

Federal Development Agency Loan

On November 16, 2012, exactEarth™ signed an interest-free loan agreement with the Federal Development Agency for Southern Ontario ("FED DEV"). Under this agreement, exactEarth™ was eligible to receive interest-free repayable funding for certain expenditures incurred from May 6, 2011 to March 31, 2014, to a maximum of $2,491. The interest-free loan is repayable in 60 equal consecutive monthly instalments that began on April 1, 2015. During the three and nine months ended July 31, 2016, the Company made payments of $123 and $369 (July 31, 2015 – $123 and $205). The undiscounted amount payable related to the FED DEV loan at July 31, 2016 is $1,764 (note 8).

The FED DEV interest-free loan is measured at amortized cost, using the effective interest rate method at a rate of 8%. An interest rate of 8% was used based on the market interest rate for a comparable instrument with a similar term at the time cash was advanced. The difference between the fair value at inception and the loan proceeds received was recorded as a government grant, which was recognized as an operating grant and a capital grant based on the relative proportion of eligible expenditures incurred.

The amounts recognized in respect of the FED DEV arrangement are as follows:

Recognized in the interim consolidated statements of comprehensive loss for the three months ended:	July 31, 2016	July 31, 2015
Interest expense	$ 31	$ 39
Cost of revenue - amortization of capital grant	(8)	(8)
Net impact	$ 23	$ 31

Recognized in the interim consolidated statements of comprehensive loss for the nine months ended:	July 31, 2016	July 31, 2015
Interest expense	$ 101	$ 118
Cost of revenue - amortization of capital grant	(24)	(23)
Net impact	$ 77	$ 95

Technology Demonstration Program Funding

On May 5, 2016, Innovation, Science and Economic Development Canada announced a $54,000 Technology Demonstration Program contribution to MDA Systems Ltd. ("MDA") and its partners. The funding is designed to support large scale technology demonstration projects related to the Canadian aerospace, defence, space and security industries. On May 9, 2016, exactEarth entered into a Technology Demonstration Program Collaboration Agreement ("TDP Agreement") with MDA as a Partner Recipient under the Technology Demonstration Program related to Space Technology and Advanced Research ("STAR"). The TDP Agreement provides funding at 50% of eligible costs in respect of STAR projects to a maximum total funding value of $1,250. This funding is available to partially offset eligible STAR project costs during the period commencing August 12, 2014 and ending March 31, 2022. The funding recognized as an offset to cost of revenue in the three months ended July 31, 2016 was $552.

4. INVESTMENT

On November 10, 2015, the Company entered into a shareholder's agreement, licence agreement and services agreement with Myriota Pty. Ltd. ("Myriota"). Myriota is located in Adelaide, Australia and has a fiscal year ending June 30. The Company invested AUD$2,000 (CAD$1,894) in exchange for 37% ownership, options for further equity investment, and a licence to an advanced signal processing technology. This technology was developed at the University of South Australia in order to develop advanced terminals, infrastructure and applications for the fast growing Satellite Internet of Things ("SIoT") focused on the location tracking and sensor data applications global market. The Company assessed the fair value of each component, and allocated the full value of the investment to the licence based on a relative fair value calculation. The fair value of the technology was assessed using a discounted cash flow. The Company will pay a 3.5% royalty on revenue derived from the technology under licence. Services will be provided to Myriota in exchange for additional equity.

The Company has significant influence over Myriota and, as a result, will account for the investment using the equity method. Myriota incurred losses during the three and nine months ended July 31, 2016. The Company's share of these losses are not reflected in the Company's interim consolidated statement of comprehensive loss because the investment has a carrying value of nil based on the relative fair value calculation. The Company does not have an obligation to fund losses, and will recognize its share of Myriota's profits only after its share of the profits equals its share of losses not recognized.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Cost	Leasehold improvements	Satellites	Electrical equipment	Computer hardware	Furniture and fixtures	Total
October 31, 2015	46	54,899	3,427	2,710	111	61,193
Additions	-	2,054	404	342	37	2,837
Translation adjustment	-	-	(88)	-	-	(88)
July 31, 2016	46	56,953	3,743	3,052	148	63,942

Accumulated depreciation	Leasehold improvements	Satellites	Electrical equipment	Computer hardware	Furniture and fixtures	Total
October 31, 2015	45	9,377	935	2,193	105	12,655
Depreciation expense	1	2,188	240	180	10	2,619
Impairment (notes 7 and 18)	-	15,979	1,480	256	13	17,728
Translation adjustment	-	-	(28)	-	-	(28)
July 31, 2016	46	27,544	2,627	2,629	128	32,974

Net book value	Leasehold improvements	Satellites	Electrical equipment	Computer hardware	Furniture and fixtures	Total
October 31, 2015	1	45,522	2,492	517	6	48,538
July 31, 2016	-	29,409	1,116	423	20	30,968

Included in property, plant and equipment as at July 31, 2016 is $15,503 (October 31, 2015 – $22,364) of satellites and computer hardware that has not yet commenced being depreciated as the assets are under construction and not yet ready for use.

Additions to satellites for the three and nine months ended July 31, 2016 are shown net of nil and $120 (July 31, 2015 – $36 and $371) of cost reimbursements received by the Company for assisting in the development of a satellite under construction.

Borrowing costs capitalized for inclusion in the cost of certain assets during the three and nine months ended July 31, 2016 were nil and $393 using an average capitalization rate of 8% (July 31, 2015 – $325 and $862, 8%).

6. INTANGIBLE ASSETS

Intangible assets consist of the following:

Cost	Computer software	Internally developed technology	Technology licence	Data rights	Total
October 31, 2015	3,446	8,695	110	17,036	29,287
Additions	16	130	2,605	2,670	5,421
July 31, 2016	3,462	8,825	2,715	19,706	34,708

Accumulated amortization	Computer software	Internally developed technology	Technology licence	Data rights	Total
October 31, 2015	2,391	2,250	-	-	4,641
Amortization expense	346	510	-	248	1,104
Impairment (note 7)	296	2,287	1,003	6,673	10,259
July 31, 2016	3,033	5,047	1,003	6,921	16,004

Net book value	Computer software	Internally developed technology	Technology licence	Data rights	Total
October 31, 2015	1,055	6,445	110	17,036	24,646
July 31, 2016	429	3,778	1,712	12,785	18,704

Included in data rights is $8,215 as at July 31, 2016 (October 31, 2015 – $17,036) that has not yet commenced being amortized as the underlying assets that will provide data rights are still under development and not yet ready for use. Other intangible assets that have not yet commenced amortization are technology licences of $1,712 (October 31, 2015 – nil). Included in current accounts payable and accrued liabilities is nil (October 31, 2015 – $3,923) related to the Harris data licence.

Borrowing costs capitalized for inclusion in the cost of certain assets in the three and nine months ended July 31, 2016 were nil and $252 using an average capitalization rate of 8% (July 31, 2015 – $112 and $335, 8%).

Significant individual assets included in the amounts above as at July 31, 2016 are as follows:

Description	Category		Carrying amount	Remaining amortization period (months)
Decollision software	Internally developed technology	$	2,370	138
Elora ground control software	Internally developed technology		1,114	56
Class B detection technology	Internally developed technology		183	57
Myriota licence	Technology licence		419	120
Laurus licence	Technology licence		1,293	120
EV9 data licence	Data rights		4,569	113
Harris data licence	Data rights		8,215	120

7. IMPAIRMENT OF LONG-LIVED ASSETS

At the end of each reporting period, the Company assesses whether there are events or circumstances indicating that an asset may be impaired. Such events or circumstances notably include material adverse changes which, in the long-term, impact the economic environment or the Company's assumptions or objectives. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment because the Company as a whole has been assessed as a single cash generating unit ("CGU"). Recoverable amount is the greater of value in use and fair value less costs of disposal.

During the second quarter of fiscal 2016, our market capitalization was lower than our carrying amount. As a result of this indicator, as of April 30, 2016, we performed an interim impairment test. Where the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized.

Similar to the Company's annual October 31, 2015 impairment test, the recoverable amount of the net assets has been determined using a value in use test, based on five years of cash flow assumptions provided by senior management. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of net assets given that these estimates involve making key assumptions about the future. In making such assumptions, management has used its best estimate of future economic and market conditions in line with its target operating model. Certain significant assumptions used for the April 30, 2016 impairment test were adjusted compared with those used for the Company's annual October 31, 2016 impairment test. The terminal growth rate was reduced from 3.25% to 2.5% to reflect current inflation rates, and the discount rate was increased from 14.7% to 21.0% to reflect current market risks as indicated by a lower market capitalization value. The recoverable amount of the CGU based on the value in use calculation using the above assumptions was $45,853.

As a result of the impairment test performed as at April 30, 2016, impairment losses recognized were $17,728 related to property, plant and equipment and $10,259 related to intangible assets, allocated on a pro-rata basis.

The Company's market capitalization remains lower than the carrying amount as at July 31, 2016. However, there have been no significant developments in the quarter that would require changes to the model used for the April 30, 2016 impairment test or significant changes to the carrying value; accordingly, the Company did not test for impairment at July 31, 2016 and no further impairment was recorded.

8. LOANS PAYABLE, FINANCIAL INSTRUMENTS AND FOREIGN EXCHANGE

a) LOANS PAYABLE

Loans payable are comprised as follows:

	July 31, 2016	October 31, 2015
COM DEV loan (i)	$ -	$ 14,076
Hisdesat loan (ii)	-	5,150
FED DEV (note 3)	1,529	1,797
Laurus Technologies debt (note 8 b)	544	-
	$ 2,073	$ 21,023
Less: current portion of loans	702	361
Long-term loans payable	$ 1,371	$ 20,662

(i) On February 4, 2016, the COM DEV loan was converted to equity as part of the Spinout Transaction. For further details, refer to note 16 (Spinout Transaction). The interest charged on the COM DEV credit facility during the three and nine months ended July 31, 2016 was nil and $338 (July 31, 2015 – $240 and $657).

(ii) On February 4, 2016, the Hisdesat loan was converted to equity as part of the Spinout Transaction. For further details, refer to note 16 (Spinout Transaction). The interest charged on the Hisdesat credit facility during the three and nine months ended July 31, 2016 was nil and $117 (July 31, 2015 – $86 and $237).

b) FINANCIAL INSTRUMENTS

Fair values

For the Company's cash, accounts receivables and accounts payable and accrued liabilities, the fair values approximate their respective carrying amounts due to their short-term maturities. The FED DEV loan, included in government loan, has a carrying value as at July 31, 2016 of $1,529 (October 31, 2015 – $1,797) which approximates the fair value as the loan was recorded at fair value when the cash was received and the Company's borrowing rate has not changed. The fair value of the FED DEV loan was calculated using discounted cash flows with a discount rate of 8% indicative of the Company's borrowing rate. The carrying value of the COM DEV and Hisdesat loans approximate fair value as they are renewed annually and the Company's borrowing rate has not changed since the funds were received.

We entered into an agreement to licence the Total::Insight™ IP from Laurus Technologies Corporation ("Larus") for $700, payable in 24 equal monthly payments commencing April 15, 2016. The fair value of the Larus Technologies interest free payable was calculated using discounted cash flows with a discount rate of 8% indicative of the Company's borrowing rate. Imputed interest will be recognized over the remaining term as interest expense.

The Larus agreement also includes an option to purchase all of the shares of Larus during the twenty-four month term of the agreement, and for the following six months. The option to purchase is currently valued at nil.

As at July 31, 2016, approximately 15% of cash, 35% of trade accounts receivables, and 25% of accounts payable and accrued liabilities are denominated in foreign currencies

(October 31, 2015 – 80%, 14%, and 28%, respectively). These foreign currencies include the US dollar, British pound, Euro and Australian dollar.

The Company is exposed to foreign exchange risk on the following cash, accounts receivable, and liabilities denominated in foreign currencies:

Currency		Cash		Accounts receivable		Accounts payable and accrued liabilities
USD	$	469	$	207	$	240
GBP	£	200	£	98	£	122
EUR	€	875	€	82	€	418
AUD	$	-	$	-	$	2

9. SHARE CAPITAL

Issued capital

The Company has authorized an unlimited number of preferred shares of which there are none outstanding. The Company has authorized an unlimited number of common shares with no par value. As at July 31, 2016 and July 31, 2015, the issued and outstanding shares were 21,605,506 and 11,111,111, respectively.

Stock-based compensation

The Company recognizes compensation cost for all stock options granted to employees under the exactEarth stock option plan. exactEarth employs a fair value based method of accounting for all options issued to employees or directors. The option exercise price is the Spinout Transaction share price of the Company's common shares at the date of the grant. During the three and nine months ended July 31, 2016, exactEarth granted nil and 1,410,623 stock options to the Company's employees.

All options vest on a graded basis depending on the type of option. Type one options vest on a 40%, 30%, 30% basis over three years and have a contractual life of six years. Type two options vest on a 25%, 75% basis over two years and have a contractual life of six years. Type three options vest on a 40%, 30%, 30% basis in years three through five and have a contractual life of eight years. All stock options are accounted for as equity-settled awards.

The fair value of options was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Type one	Type two	Type three
Average risk free interest rate	0.65%	0.63%	0.94%
Dividend yield	-	-	-
Average volatility	77.1%	77.4%	74.4%
Average expected life of options (years)	4	3.75	6
Remaining contractual life	5.6	5.6	7.6
Weighted average fair value of options granted	$ 1.08	$ 1.06	$ 1.32
Weighted average exercise price of option granted	$ 6.50	$ 6.50	$ 6.50

Volatility was calculated using the historical volatility of comparable companies for the period commencing when those entities were publicly traded and corresponding to the expected life of each option type. The estimated fair value of the options is amortized to expense over the vesting periods of the options. For the three and nine months ended July 31, 2016 the compensation expense recognized was $181 and $300 (July 31, 2015 – nil and nil). This amount was added to contributed surplus. Vested options can be exercised prior to their expiry date. No options have vested as at July 31, 2016.

Employee Share Purchase Plan

The Company implemented an Employee Share Purchase Plan ("ESPP") during the quarter ended July 31, 2016. The ESPP offers employees the option of contributing between 1% and 10% of their gross salary towards the purchase of common shares of the Company. The Company will issue one share for every four shares that employees purchase during the ESPP year, which runs from March 1 to February 28. The Company's matching contribution will be issued to the employee contingent upon the employee remaining employed by the Company on the last day of the ESPP year. The fair values on the date that the employees commit to purchase shares are used to determine the applicable compensation expense to the Company. The compensation expense is recognized over the period from the date the employee acquires the shares to the date the Company matching shares are issued to the employee. The accumulated amount of ESPP expense charged to income but not yet issued is included in contributed surplus. The expense amount for the period ended July 31, 2016 was $nil.

Long term incentive plan

Upon completion of the Spinout Transaction, the Company established a long-term incentive plan ("LTIP") for executives and certain employees. Under the terms of this plan, participants are eligible to receive incentive remuneration in the form of Restricted Share Units ("RSUs") and Preferred Share Units ("PSUs").

RSUs are time based and will vest on a cliff or graded basis, depending on the type of RSU. Type one RSUs cliff vest three years after the grant date. Type two RSUs vest on a graded basis at 25% one year after the grant date and 75% two years after the grant date. Type three RSUs vest on a graded basis of 50% at two and three years after the grant date. Type four RSUs vest on a graded basis of 33.3% at three, four and five years after the grant date. Each RSU, once vested, entitles the holder to receive the cash value of one common share of the Company.

PSUs cliff vest three years after the grant date, multiplied by the performance multiplier. The performance multiplier is based on adjusted earnings before interest, taxes, depreciation and amortization ("AEBITDA") growth. An AEBITDA compound annual growth rate ("CAGR") of 10% or less corresponds with the minimum multiplier of 0, a CAGR of 20% corresponds with a multiplier of 1 and a CAGR of 30% or more corresponds with the maximum multiplier of 2. CAGRs between 10% and 30% during the vesting period will result in multipliers along the scale between 0 and 2. Each PSU, once vested, entitles the holder to receive the cash value of one common share of the Company.

The company intends to cash settle the RSUs and PSUs to satisfy obligations under the LTIP plan, generating a liability of $154 as at July 31, 2016 (July 31, 2015 – nil). The estimated value of the RSUs and PSUs is amortized to compensation expense over the vesting period based on the market value of the Company's shares at the end of each period and the time elapsed during the vesting period.

The following details the RSUs and PSUs as at July 31, 2016:

	RSU	PSU
Share unit balance, beginning of period	475,337	-
Share units granted	-	50,358
Share units forfeited	(885)	-
Share unit balance as at July 31, 2016	474,452	50,358

Aggregate fair value of units granted as at the end of the period	$	641	$	68
Fair value of share units outstanding as at the end of the period	$	1.35	$	1.35

In the three and nine months ended July 31, 2016, compensation expense of $7 and $154 (July 31, 2015 – nil and nil) was recognized for the Company's LTIP.

Earnings per share

The following table sets forth the computation of basic and diluted earnings per share for the three months ended:

		July 31, 2016		July 31, 2015
Numerator for basic and diluted loss per share available to common shareholders:				
Net loss attributable to common shareholders	$	(1,315)	$	309
Denominator for basic loss per share:				
Weighted average number of shares outstanding		21,605,506		11,111,111
Effect of dilutive securities		-		-
Basic and diluted loss per share	$	(0.06)	$	0.03

The following table sets forth the computation of basic and diluted earnings per share for the nine months ended:

		July 31, 2016		July 31, 2015
Numerator for basic and diluted loss per share available to common shareholders:				
Net loss attributable to common shareholders	$	(31,828)	$	(1,496)
Denominator for basic loss per share:				
Weighted average number of shares outstanding		17,966,938		11,111,111
Effect of dilutive securities		-		-
Basic and diluted loss per share	$	(1.77)	$	(0.13)

10. COMMITMENTS AND CONTINGENCIES

Lease commitments

The Company has incurred $49 and $127 in lease expenses during the three and nine months ended July 31, 2016. The Company has commitments under lease agreements as follows:

	Less than 1 year	1 to 5 years	After 5 years
Facilities	84	-	-
Dell computer lease	32	31	-
Total	116	31	-

Capital commitments

As at July 31, 2016, capital commitments in respect of the purchase of property, plant and equipment were $2,412. There were no other material capital commitments outstanding as at July 31, 2016.

In-kind contribution commitment

The Company has entered into an arrangement effective March 17, 2015, and has committed to provide in-kind datasets at a value of $3,666 in exchange for title to the EV9 satellite, subject to certain restrictions on the use, sale or transfer of the satellite within the six-year period ending March 31, 2021. Once the contributions are made and the six-year period has expired, the Company will have free title to the EV9 satellite. Datasets valued at $2,368 have been transferred as at July 31, 2016. The estimated value of the datasets is based on commercial value of the data, which is comparable to other past data sales.

Royalty commitment

The Company has entered into an agreement with Larus, which includes a commitment that takes effect after the conclusion of the twenty-four month term of the agreement, to pay a 30% royalty on the gross sales of products that are derived from the Larus Total::Insight™ technology.

Claims or legal actions

The Company does not have any outstanding claims or legal actions.

11. INCOME TAXES

For the three and nine months ended July 31, 2016, the Company's effective income tax rate of nil and nil (July 31, 2015 – nil and nil) differs from the combined federal and provincial income tax rate of 26.5% (July 31, 2015 – 26.5%) primarily as a result of the Company incurring losses during the period on which no tax recovery was recorded because the deferred tax asset was not considered to be probable of being realized.

12. EMPLOYEE BENEFITS

Defined contribution pension plan

The Company has a defined contribution pension plan for its employees. During the three and nine months ended July 31, 2016, the Company's contributions, which are based on the contributions by employees, were $65 and $204 (July 31, 2015 – $48 and $135) and are included in "Cost of Revenue" and "Selling, General and Administrative" expenses in the interim consolidated statements of comprehensive loss.

Long-term profit sharing plan

The Company has a long-term profit sharing plan for certain of its employees. During the three and nine months ended July 31, 2016, the amount recognized as expensed based on the forecasted net income was $nil and $(82) (July 31, 2015 – $203 and $609 expense). The long-term profit sharing plan expense previously recognized was reversed upon completion of the Spinout Transaction.

Salaries and benefits

Total salaries and employee benefit expense for the three and nine months ended July 31, 2016 were $2,192 and $6,593 (July 31, 2015 – $2,018 and $6,049).

13. RELATED PARTIES

The following table details the transactions and balances between the Company and its former parent, COM DEV (and its subsidiaries).

For the three months ended:	July 31, 2016	July 31, 2015
Purchase of services	$ -	$ 195
Purchase of property, plant and equipment	27	35
Rent	41	18
Interest charged by COM DEV	-	606
Revenue from COM DEV	-	-

For the nine months ended:	July 31, 2016	July 31, 2015
Purchase of services	$ 102	$ 567
Purchase of property, plant and equipment	57	126
Rent	100	54
Interest charged by COM DEV	703	1,755
Revenue from COM DEV	-	33

As at:	July 31, 2016	October 31, 2015
Accounts payable	$ -	$ 21,040
Outstanding term loan (note 8)	-	14,076

The accounts payable to COM DEV includes $nil (October 31, 2015 – $524) classified as current and nil (October 31, 2015 – $19,503) classified as long-term.

On November 1, 2014, COM DEV began charging interest on the value of certain accounts payable owing by the Company. For the three and nine months ended July 31, 2016, total interest charged with respect to this balance was nil and $365 (July 31, 2015 – $365 and $1,096) of which $nil and $260 (July 31, 2015 – $270 and $791) were capitalized through assets under construction.

The following table details transactions and balances between the Company and Hisdesat, a minority shareholder.

For the three months ended:	July 31, 2016	July 31, 2015
Interest charged by Hisdesat	$ -	$ 144
Directors' expenses	21	-
Purchase of property, plant and equipment	-	4,528
Revenue from Hisdesat	19	8

For the nine months ended:	July 31, 2016	July 31, 2015
Interest charged by Hisdesat	$ 221	$ 295
Directors' expenses	21	-
Purchase of property, plant and equipment	-	4,528
Revenue from Hisdesat	272	78

As at:	July 31, 2016	October 31, 2015
Accounts payable	$ 21	$ 4,830
Outstanding term loan (note 8)	-	5,150

On June 1, 2015, exactEarth recorded a payable to Hisdesat for the purchase of property, plant and equipment related to the Company's payload on the PAZ satellite. The accounts payable to Hisdesat was converted to share capital as of February 4, 2016. The accounts payable bore interest at 8%. For the three and nine months ended July 31, 2016, total interest charged with respect to this balance was $nil and $104 (July 31, 2015 – $nil and $nil), which was capitalized through assets under construction. The agreement related to the PAZ satellite includes a commitment to pay a monthly operating fee of $20 to Hisdesat once the satellite is commissioned.

14. PERCENTAGE OF COMPLETION CONTRACT REVENUE

The following details the construction contracts in progress at July 31:

	July 31, 2016	October 31, 2015
Percentage of completion revenue contracts		
Costs incurred	$ 1,109	$ 1,327
Estimated profits	1,395	2,870
Progress billings	(1,826)	(2,437)
Total contracts in progress	$ 678	$ 1,760
Disclosed as:		
Unbilled revenue	$ 678	$ 1,760
Deferred revenue	-	-
	$ 678	$ 1,760

The unbilled revenue and deferred revenue from percentage of completion contracts are included in unbilled revenue and deferred revenue in the interim consolidated statements of financial position. The amount of contract revenue recognized in the three and nine months ended July 31, 2016 was $171 and $1,076 (July 31, 2015 – $570 and $1,314).

15. SEGMENT AND GEOGRAPHIC INFORMATION

The Company has one reportable business segment, which is engaged in the sale of space-based maritime tracking data and related products and services from its own satellites.

Revenue by product type

Revenue is divided into three categories based on the types of products sold. Subscription Services are recognized over the life of the contract term, Data Products are sold on demand and recognized on delivery, and Other Products and Services include various other revenue streams and are recognized based on the contract terms.

For the three months ended:	July 31, 2016	July 31, 2015
Subscription services	$ 2,822	$ 5,136
Data products	1,016	1,891
Other products & services	170	754
	$ 4,008	$ 7,781

For the nine months ended:	July 31, 2016	July 31, 2015
Subscription services	$ 12,256	$ 15,295
Data products	2,279	2,231
Other products & services	1,075	1,612
	$ 15,610	$ 19,138

Geographic Information

Revenue by geography is based on where the customer is located.

For the three months ended:	July 31, 2016	July 31, 2015
Canada	$ 1,539	$ 3,253
United States	195	2,030
Europe	1,484	1,595
Other	790	903
	$ 4,008	$ 7,781

For the nine months ended:	July 31, 2016	July 31, 2015
Canada	$ 7,861	$ 9,863
United States	754	2,374
Europe	4,744	4,322
Other	2,251	2,579
	$ 15,610	$ 19,138

For the three and nine months ended July 31, 2016, two customers comprised 53% and three customers comprised 61% of revenue (July 31, 2015 – two customers comprised 61% and one customer comprised 50%).

Property, plant and equipment is attributed to the country in which it is located or, for space based assets, the country in which it is owned. Intangible assets are attributed to the country where ownership of the asset resides.

		July 31, 2016		October 31, 2015
Property, plant and equipment				
Canada	$	30,745	$	48,083
United Kingdom		223		455
	$	30,968	$	48,538
Intangible assets				
Canada	$	18,704	$	24,646
United Kingdom		-		-
	$	18,704	$	24,646

16. SPINOUT TRANSACTION

COM DEV completed a Spinout Transaction of the Company's shares on February 4, 2016. At the date of the Spinout Transaction, COM DEV and Hisdesat and Company executives subscribed for an additional 10,494,395 shares, in exchange for $20,440 in cash and the conversion of amounts due to COM DEV and Hisdesat to equity. COM DEV's investment in the Company was spun out to its existing shareholders. When the Spinout Transaction was completed, the Company became a reporting issuer in all of the Provinces of Canada and became subject to the continuous disclosure reporting requirements under the securities laws of the Provinces. Further details on the Spinout Transaction can be found in COM DEV's Management Information Circular as filed on SEDAR.

17. SUBSEQUENT EVENTS

On August 16, 2016, exactEarth was selected by the Fisheries Commission (West Africa Regional Fisheries Programme), an agency of the Ministry of Fisheries and Aquaculture Development (MOFAD) of the Government of Ghana, for the provision of Satellite AIS data services as well as a small vessel tracking solution. The contract value is in a range of $1,000 - $2,000 for a 12-month period.

18. COMPARATIVE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The comparative interim consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the current quarter.