Interim Management's Discussion and Analysis

Three and six month periods ended June 30, 2015

The following discussion and analysis is effective as of August 11, 2015 and should be read together with the unaudited condensed consolidated interim financial statements of AgJunction Inc. ("AgJunction" or the "Company") for the three month and six months period ended June 30, 2015 and the accompanying notes. Additional information relating to the Company, including the Company's Annual Information Form, can be obtained from documents filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") on the internet at www.sedar.com and which is supplemental to the unaudited condensed consolidated interim financial statements and notes for the three and six months period ended June 30, 2015. All amounts stated in this Management Discussion and Analysis ("MD&A") are in US dollars unless otherwise stated.

Overview

References throughout this document to AgJunction or the "Company" all refer to AgJunction Inc. and its subsidiaries.

AgJunction is a public company listed on the Toronto Stock Exchange (AJX) and provides innovative hardware and software applications for precision agriculture worldwide. In prior periods, the Company organized its activities along two primary segments: agriculture products and precision products for non-agriculture markets, however, as further described in this MD&A, the Company restructured its operations to focus on its agriculture business. As a result, the non-agriculture activities of the Company are disclosed in the Company's consolidated financial statements, and this MD&A, as discontinued operations.

Economic and Market Trends

Financial and Agriculture Markets

On February 18, 2015, the US Department of Agriculture ("USDA") reported net farm income is forecast to be $73.6 billion in 2015, down nearly 32 percent from 2014's forecast of $108.0 billion. The 2015 forecast was the lowest since 2009 and represented a drop of nearly 43 percent from the record high of $129.0 billion in 2013. Lower crop and livestock receipts, down a combined 6.3 percent, are the main drivers of the 2015 decrease in net farm income. Net cash income is forecast at $89.4 billion, down 22.4 percent from the 2014 forecast. Net cash income is projected to decline less than net farm income primarily because it reflects the sale of carryover stocks from 2014. Crop receipts are expected to decrease by $15.6 billion (7.9 percent) in 2015, led by a projected $6.7 billion decline in corn receipts and a $3.4 billion decline in fruit/nut receipts. Livestock receipts are forecast to decrease by $10.1 billion (4.9 percent) in 2015 largely due to lower milk prices. The implementation of new programs under the Agricultural Act of 2014 results in a projected 15 percent increase ($1.6 billion) in United States government payments. Total production expenses are forecast to increase by $2.5 billion (about 1 percent) in 2015, extending the upward movement in expenses for a sixth straight year.

The rate of growth in farm assets is forecast to slow in 2015 compared to recent years. The slowdown in growth is a result of lower net income leading to less capital investment, and a slight decline in farmland values. Farm sector debt is expected to increase 3.1 percent, well above the expected increase in the value of farm assets (0.4 percent). Most of the anticipated increase in debt is for non-real estate loans, with lower income spurring demand for operating funds. Despite the anticipated higher debt, the historically low levels of debt relative to assets and equity reaffirm the sector's relatively strong financial position despite 2 years of declining net farm income.

Management continues to view the fundamentals of its global agriculture markets to be positive over the long term, driven by the following key factors: population growth, limited arable land, the need for increased output, and a relatively low global penetration of precision agriculture technologies such as Global Navigation Satellite System (GNSS) and auto-steering.

Currency Markets

The Company's financial results are impacted by foreign currency volatility – particularly the Canadian/United States ("US") dollar exchange rate.

The Company sells products in US dollars. A portion of the Company's expenses are incurred in Canadian and Australian dollars. As a result, from a purely financial reporting perspective, a stronger US dollar is positive for the Company's earnings and such expenses are lower when translated at a stronger US dollar foreign exchange rate. However, from a business perspective, the stronger US dollar relative to global currencies increases the net price of the Company's products to international customers as sales are made in US dollars – which could result in lower sales.

The average foreign exchange rate for the second quarter of 2015 was $1.2294 Cdn/US, up by 13% from the average 2014 rate of $1.0905.

Canadian and US dollar exchange rates prevailing during 2014 and 2015 were as follows:

	Quarter Ended							
	Sep 30 2013	Dec 31 2013	Mar 31 2014	Jun 30 2014	Sep 30 2014	Dec 31 2014	Mar 31 2015	Jun 30 2015
Quarterly average	$ 1.0386	$ 1.0494	$1.1033	$1.0905	$1.0890	$ 1.1356	$1.2405	$1,2294
Quarter end	$ 1.0285	$ 1.0636	$1.1053	$1.0670	$1.1208	$ 1.1601	$1.2683	$1.2474

These foreign exchange rates are sourced from the Bank of Canada. Quarterly averages are the average of the three months' average rate for the period. The quarter end rate is equal to the Bank of Canada Noon Day Rate on the last published day in the quarter.

Summary of Quarterly Results

(000)	30-Sep 2013	31-Dec 2013	31-Mar 2014	30-Jun 2014	30-Sep 2014	31-Dec 2014	31-Mar 2015	30- Jun 2015
Sales	$11,438	$13,867	$14,929	$10,298	$9,618	$9,964	$12,096	$7,741
Gross margin	5,205	5,541	6,850	5,492	3,928	4,037	5,524	3,245
	46%	40%	46%	53%	41%	41%	46%	42%
Expenses								
Research and development	1,676	2,382	1,963	1,643	1,860	1,636	1,512	896
Sales and marketing	1,945	2,004	1,700	1,545	1,529	1,419	1,531	1,235
General and administrative	1,531	929	1,869	2,773	1,456	1,631	1,854	1,689
Restructuring costs	18	5	-	-	-	-	-	-
	5,170	5,319	5,532	5,961	4,845	4,686	4,897	3,820
Operating income (loss)	35	222	1,318	(469)	(917)	(649)	627	(575)
Goodwill impairment	-	-	-	-	-	15,856	-	-
Foreign exchange (gain) loss	(30)	21	29	85	46	12	104	2
Interest and other (income) loss	(11)	(10)	(5)	-	(37)	(1)	(1)	(1)
(Gain) loss on sale of property, plant and equipment	-	147	10	(9)	(10)	-	-	39
(Gain) on sale of other assets, net of liabilities	-	-	-	-	-	-	-	(1,623)
	(41)	158	34	76	(1)	15,867	103	(1,583)
Income (loss) before income taxes	76	64	1,284	(545)	(916)	(16,516)	524	1,008
Income taxes	44	56	21	42	(100)	-	-	-
Net income (loss) from continuing operations	32	8	1,263	(587)	(816)	(16,516)	524	1,008
Comprehensive income (loss)	-	-	-	-	-	-	-	-
Comprehensive income (loss) before discontinued operations	32	8	1,263	(587)	(816)	(16,516)	524	1,008
Comprehensive gain (loss) from discontinued operations	(29)	(1)	-	-	-	-	-	-
Comprehensive income (loss)	3	7	1,263	(587)	(816)	(16,516)	524	1,008
Earnings (loss) per common share:								
Basic and diluted	$0.00	$0.00	$0.02	($0.01)	($0.01)	($0.23)	$0.01	$0.01
Basic and diluted - Continuing operations	$0.00	$0.00	$0.02	($0.01)	($0.01)	($0.23)	$0.01	$0.01
Basic and diluted - Discontinued operations	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Weighted Average Diluted shares	68,937	70,471	71,696	72,161	72,251	72,243	72,322	72,331

Sales by geographic region on a quarterly basis are as follows:

For the Quarter Ended

(000's)	30-Sep 2013	31-Dec 2013	31-Mar 2014	30-Jun 2014	30-Sep 2014	31-Dec 2014	31-Mar 2015	30-Jun 2015
United States	$4,295	$5,559	$6,489	$5,408	$4,347	$2,325	$3,864	$2,034
Canada	1,969	996	971	1,892	1,431	1,857	910	1,571
Europe	3,191	4,295	6,203	2,168	1,956	4,717	5,180	3,374
Australia	248	221	335	242	104	236	153	229
Other	1,735	2,796	931	588	1,780	829	1,989	533
	$11,438	$13,867	$14,929	$10,298	$9,618	$9,964	$12,096	$7,741

Quarter Ended June 30, 2015 versus Quarter Ended June 30, 2014

Revenues

For the three months ended June 30, 2015 revenues were $7.7 million representing a decrease of 25% from $10.3 million for the same period of 2014.

(000's)	**Q2 2015**	**Q2 2014**	**Change**
Revenue	$ 7,741	$ 10,298	(24.8%)

Per the sales by geographic region table above, United States and Canadian combined revenues were down by 51% from the second quarter of 2014 as a result of ongoing softness in the aftermarket agricultural retail space. European revenues increased 56% due to increased demand from OEM customers. Sales to Australia and other markets, including South America and Asia, declined 5% and 9%, respectively.

Sales by business unit for the second quarter of 2015 and 2014 are as follows:

(000's)	**Q2 2015**	**Q2 2014**	**Change**
Outback	$2,611	$3,640	(28.3%)
OEM	4,120	4,036	2.1%
Air	1,010	2,064	(51.1%)
Agronomy Services	-	558	(100.0%)
Total	$7,741	$10,298	(24.8%)

Sales for the quarter were down over $1.0 million for the Outback business unit compared to the same quarter in 2014, as lower commodity prices are significantly impacting buying decisions. Sales for the Air business unit were down nearly $1.1 million, with commodity prices at too low of a level to motivate farmers to invest in aerial crop spraying. This downturn is expected to be temporary and to return to higher volumes as the agriculture industry recovers. Sales for Q2 2015 were also lower than Q2 of 2014 by nearly $0.6 million due to the sale of the Agronomy Services business which was effective April 1, 2015. OEM sales were up slightly, by $0.1 million in Q2 2015 vs Q2 2014.

Gross Margins

Gross margins of $3.2 million for the quarter were $2.2 million lower than the same quarter of 2014 due to a decrease in sales volume. Gross margins, as a percentage of revenue, were 42% during the quarter compared to 53% in 2014 due to a change in sales mix along with a 2014 decrease in the estimated warranty reserve for our Outback and Air product lines.

Expenses

Total operating expenses for the quarter were $3.8 million compared to $6.0 million in 2014, a reduction of 36%. Research and development expenditures of $0.9 million, declined by $0.7 million, or 45%, compared to $1.6 million during the second quarter of 2014. This is mainly due to lower engineering labor costs, partially due to the sale of agronomy services, which decreased to $0.8 million in 2015 from $1.4 million in 2014. In addition, a greater portion of research and development expenditures are being spent on non-recurring engineering ("NRE") projects, which are capitalized. Research and development capitalization was $0.9 million for the second quarter of 2015, up $0.1 million from the same quarter in 2014. Sales and marketing expenses of $1.2 million, declined by $0.3 million, or 20%, compared to $1.5 million during the second quarter of 2014, due to several cost saving initiatives and efficiencies realized through the restructuring. General and administrative expenses were $1.7 million for the quarter, decreasing from $2.8 million, or 39%, in 2014. The Company incurred litigation costs of $1.4 million in the second quarter of 2014 relating to a lawsuit brought against a competitor believed to be infringing on the Company's propriety software and intellectual property rights. The infringement did not involve our steering patent portfolio. Novariant transaction related costs of $0.2 million were incurred in the second quarter of 2015.

Other

During the quarter, the Company realized a foreign exchange loss of $2 thousand compared to a loss of $85 thousand during the same quarter in 2014.

On April 1, 2015, the Company sold the business assets associated with its Agronomy Services operations to EFC Systems for cash of $2.4 million. The Company's Agronomy Services operations provided a cloud-based data management software platform and wireless hardware to the Company's Outback customers, or precision agriculture retailers and growers. The sale of these operations resulted in a $1.6 million gain for the quarter.

Income Taxes

The Company recognized income tax expense of $42 thousand for the second quarter of 2014 versus $0 in 2015.

Income (Loss)

In the second quarter of 2015, the Company realized a net income from continuing operations of $1.0 million or $0.01 per share (basic and diluted), compared to net loss from continuing operations of $0.6 million or ($0.01) per share (basic and diluted) in the second quarter of 2014.

Total Comprehensive Income (Loss)

The Company realized a total comprehensive income of $1.0 million in the second quarter of 2015 compared to total comprehensive loss of $0.6 million in the comparable quarter of 2014.

Quarter Ended June 30, 2015 versus Quarter Ended March 31, 2015

Revenue for the second quarter of 2015 of $7.7 million was down 36% from revenue of $12.1 million in the first quarter of 2015.

(000's)	Q2 2015	Q1 2015	Change
Revenue	$7,741	$ 12,096	(36.0%)

Per the sales by geographic region on page 5, United States and Canada, revenues for the quarter decreased $1.2 million (25%) from the first quarter of 2015. The decrease is the result of expected softness in the North American market. The decrease in European revenues of $1.8 million (35%) from the previous quarter is due to a decrease in demand from OEM customers. Revenues from Australia slightly increased from the first quarter of 2015 by $76 thousand (50%). Other markets decreased $1.5 million (73%) from the prior quarter due to weak sales in South America and China during the second quarter of 2015.

Sales by business unit for the second quarter of 2015 and first quarter 2015 are as follows:

(000's)	Q2 2015	Q1 2015	Change
Outback	$2,611	$2,507	4.1%
OEM	4,120	7,881	(47.7%)
Air	1,010	973	3.8%
Agronomy Services	-	735	(100.0%)
Total	$7,741	$12,096	(36.0%)

Revenues for the Outback and Air product lines were up slightly at 4% in each business unit in comparison to the previous quarter. Declining results from OEM products lowered sales by 48% over the previous quarter. The decrease in revenue for OEM is related to weakening demand which coincides with expected softening of the overall market. The decline in the Agronomy Services business unit sales of $0.7 million relates to the sale of the division which was effective April 1, 2015.

Gross Margins

Gross margins in the second quarter of 2015 were $3.2 million (42%), compared to $5.5 million and (46%) in the first quarter of 2015. The majority of the gross margin decrease is due to lower sales volumes between the two quarters.

Expenses

Operating expenses were $3.8 million in the second quarter, down $1.1 million or 22%, from $4.9 million in the first quarter of 2015. Research and development expenses decreased by $0.6 million, or 41%, compared to the first quarter of 2015. This is due to lower labor costs, partially due to the sale of agronomy services. In addition, a greater portion of research and development expenditures are being spent on NRE projects which are capitalized. Sales and marketing expenses decreased by $0.3 million, or 19%, from the first quarter of 2015. General and administrative expenses decreased by $0.2 million, or 9%, from the first quarter of 2015. Included in this were Novariant transaction related costs of $0.2 million, down from $0.3 million in the first quarter of 2015.

Other

During the quarter, the Company realized a foreign exchange loss of $2 thousand compared to a loss of $104 thousand during the first quarter of 2015.

On April 1, 2015, the Company sold the business assets associated with its Agronomy Services operations to EFC Systems for cash of $2.4 million. The Company's Agronomy Services operations provided a cloud-based data management software platform and wireless hardware to the Company's Outback customers, or precision agriculture retailers and growers. The sale of these operations resulted in a $1.6 million gain for the quarter.

Income Taxes

The Company has not recognized any income tax expense or benefit in all of 2015.

Income (Loss)

In the second quarter of 2015, the Company realized a net income from continuing operations of $1.0 million or $0.01 per share (basic and diluted), compared to net income from continuing operations of $0.5 million or $0.01 per share (basic and diluted) in the first quarter of 2015.

Six Months Ended June 30, 2015 versus Six Months Ended June 30, 2014

Revenue

For the six months ended June 30, 2015 revenues were $19.8 million representing a decrease of 21% from $25.2 million for the same period of 2014.

(000's)	YTD 2015	YTD 2014	Change
Revenue	$19,837	$ 25,227	(21.4%)

Per the sales by geographic region on page 5, first half revenues in the United States and Canada, were down by 43%. The decrease is the result of expected softness in the North American market. European revenues are slightly up by 2% due to relatively steady demand from OEM customers. Australia revenues were down 34% while sales in other markets, including South American and China were up 66%. The increase in other markets relates to strong first quarter of 2015 sales into South America and China while the decrease in Australian revenues relates to ongoing softness in the aftermarket agricultural retail space.

The weak agriculture market and lower commodity prices, have impacted the buying prioritization of farmers, which has significantly reduced AgJunction sales in 2015. Revenues for the Outback and OEM product lines were down by 18% and 5%, respectively. Weak demand from current customers in the first half of 2015 dragged Air results 62% lower than the same period in 2014. The sale of the Agronomy Services business unit on April 1, 2015 resulted in a revenue decline of 35% from the comparable period.

(000's)	YTD 2015	YTD 2014	Change
Outback	$ 5,118	$ 6,225	(17.8%)
OEM	12,001	12,652	(5.1%)
Air	1,983	5,222	(62.0%)
Agronomy Services	735	1,128	(34.8%)
Total	$ 19,837	$ 25,227	(21.4%)

Gross Margin

Gross margins for the six months ended June 30, 2015 were $8.8 million (44%), compared to $12.3 million (49%) in the same period in 2014. The majority of the gross margin decline is due to the decrease in overall revenue. The higher gross margin percentage in the first half of 2014 is partly due to a change in the estimated warranty reserve for our Outback and Air product lines.

Expenses

Operating expenses of $8.7 million for the six months ended June 30, 2015 have decreased by $2.8 million, or 24% from the first half of 2014. Research and development expenditures of $2.4 million, declined by $1.2 million, or 33%, compared to $3.6 million during 2014. This is largely due decreased engineering labor costs as a result of the sale of agronomy operations, $2.3 million in 2015 compared to $3.2 million in 2014. In addition, a greater portion of research and development expenditures are being spent on NRE projects which are capitalized. Capitalized research and development of $1.8 million in 2015 increased from $1.5 million in 2014. Sales and marketing expenses of $2.8 million, declined by $0.5 million, or 15%, compared to $3.2 million during 2014, due to lower compensation costs partly associated with the corporate restructuring, as well as lower advertising and marketing costs. General and administrative expenses of $3.5 million decreased by $1.1 million, or 24%, compared to $4.6 million during 2014. This difference is largely due to the Company incurring litigation cost of $1.5 million in 2014 related to a lawsuit brought against a competitor believed to be infringing on the Company's propriety software and intellectual property rights. Offsetting the difference are Novariant transaction expenses of $0.5 million for the six months ended June 30, 2015.

Other

In the first six months of both 2015 and 2014, the Company realized a foreign exchange loss of $0.1 million.

On April 1, 2015, the Company sold the business assets associated with its Agronomy Services operations to EFC Systems for cash of $2.4 million. The sale of these operations resulted in a $1.6 million gain for the six months ended June 30, 2015.

Income (Loss)

In the first half of 2015, the Company realized a net income from continuing operations of $1.5 million or $0.02 per share (basic and diluted), compared to a net income from continuing operations of $0.7 million or $0.01 per share the first half of 2014.

Comprehensive Income (Loss)

The Company realized a total comprehensive income of $1.5 million in the first half of 2015 compared to total comprehensive income of $0.7 million in the comparable quarter of 2014.

Liquidity and Capital Resources

Working Capital

The Company held cash of $12.6 million at June 30, 2015 compared to $11.2 million at December 31, 2014. Working capital was $24.5 million, up from $22.4 million at December 31, 2014. The primary items impacting working capital during the year were:

- Accounts receivable at June 30, 2015 was $3.3 million versus $5.7 million at December 31, 2014.
- Inventories consist of components, work in process and finished goods related to the products sold by the Company. Inventory was up at $11.4 million at June 30, 2015 versus $9.7 million at December 31, 2014.
- Cash generated from continuing operations was $0.7 million compared to $3.6 million in the six months ended June 30, 2014.

- Acquisition consideration paid for the 2012 acquisition of the AgJunction business was $0.4 million in 2014; no such payment was made in 2015.
- Total tangible capital spending in the six months ended June 30, 2015 was $0.1 million (2014 - $0.2 million).
- During the six months ended June 30, 2015, the Company capitalized internally developed intangible net costs of $1.8 million (2014 - $1.5 million). These costs are incurred pursuant to a contract with a customer under which the customer is also making NRE payments to the Company covering a portion of the costs.

The Company obtained an operating line of credit with its bank for $3 million in February 2014. At June 30, 2015, the full line of credit was available.

Critical Accounting Policies and Estimates

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The preparation of these financial statements requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates are based on Management’s historical experience and various other assumptions that are believed by Management to be reasonable under the circumstances. Such assumptions are evaluated on an ongoing basis and form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

The following new standards, interpretations, amendments and improvements to existing standards issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee ("IFRIC") were adopted as of January 1, 2014 without any material impact to the Company’s Financial Statements: IAS 36, *Recoverable Amount Disclosure for Non-Financial Assets* and IFRIC Interpretation 21*, Levies*. The following standard issued by the IASB on May 28, 2014 is currently being assessed by the Company: IFRS 15, *Revenue from Contracts with Customers.*

The following critical accounting policies affect our more significant estimates and assumptions used in preparing our consolidated financial statements:

1. The Company maintains an allowance for doubtful accounts for estimated losses that may occur if customers are unable to pay balances owing to the Company. This allowance is determined based on a review of specific customers, historical experience and economic circumstances.
2. Inventories are carried at the lower of cost and net realizable value. Provisions for excess or obsolete inventory are recorded based on Management’s assessment of the estimated net realizable value of component, work in process, and finished goods inventory.
3. Goodwill and intangible assets with indefinite useful lives are not subject to amortization and are tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company has one cash generating unit, the agricultural business unit which represents the lowest level within the Company at which goodwill is monitored for internal management purposes based on the Company’s primary reporting format determined in accordance with IFRS 8, *Operating Segments*.
4. The Company evaluates its deferred tax assets for all deductible temporary differences, carry-forward of unused tax losses and other tax assets. To the extent that it is probable that such assets will be utilized to offset future taxable profit, those assets are recognized and reported in the Consolidated Statement of Financial Position. At June 30, 2015, there are no such balances reported in the Consolidated Statement of Financial Position.
5. The Company accrues reserves for product warranty expenses for the repair or replacement of defective products sold. The warranty reserve is based on an assessment of the historical experience of the Company and a weighting of all possible outcomes against their associated probabilities. If the Company suffers a decrease in the quality in its products, an increase in warranty reserve may be required.

Internal Controls over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing disclosure controls and internal controls over financial reporting as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("52-109"), or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company is currently under the Inter Control – Integrated Framework: 1992 released by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, Management has conducted an evaluation of the effectiveness of our internal controls over financial reporting as of December 31, 2014. Based on its evaluation, the certifying officers concluded that our internal controls over financial reporting were effective as of that date.

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Forward-Looking Information

The information in the Management's Discussion and Analysis ("MD&A") contains certain forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. We believe the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A and except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements.

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

- financial results;
- new and emerging markets;
- impact of market conditions;
- forecast net farm income;
- changes in foreign currency rates;
- losses available to reduce future taxable income;
- customer adoption of technology and products;
- processes implemented to mitigate weaknesses in internal controls;
- implementation of International Financial Reporting Standards;
- technological developments;
- expectations regarding the ability to raise capital; and
- research and capital expenditures programs.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

- competition;
- departure of key personnel or consultants;
- inability to introduce new technology and new products in a timely manner;
- changes in the GPS network and other systems outside of our control;
- misappropriation of proprietary information;
- legal claims for the infringement of intellectual property and other claims;
- incorrect assessments of the value of acquisitions;
- fluctuation in foreign exchange or interest rates;
- uncertainties in the global economy;
- negative conditions in general economic and financial markets;

- reliance on key suppliers;
- availability of key supplies and components;
- dependence on major customers;
- losses from credit exposures;
- product liability;
- damage or loss of use of physical facilities;
- stock market volatility and market valuations;
- conflicts of interest;
- changes in income tax laws and other government regulations; and
- the other factors discussed under "Business and Market Risks".

With respect to forward-looking statements contained in this document, we have made assumptions regarding, among other things: future technological developments; availability of key supplies, components, services, networks and developments; future exchange rates; the cost of expanding AgJunction's product lines; the impact of increasing competition; the nature and outcome of legal proceedings; the continuity of existing business relationships; conditions in general economic and financial markets; and our ability to obtain financing on acceptable terms.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this MD&A in order to provide shareholders and readers with a more complete perspective on the Company's current and future operations and such information may not be appropriate for other purposes. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

Condensed Consolidated Interim Financial Statements of

AgJunction®

Three and six months ended June 30, 2015

(Unaudited - expressed in U.S. dollars)

AgJunction Inc.

Condensed Consolidated Statements of Financial Position
(Expressed in U.S. dollars)

	June 30, 2015 (Unaudited)	December 31, 2014*
Assets		
Current assets:		
Cash and cash equivalents	$ 12,608,149	$ 11,223,755
Accounts receivable, net of bad debt provisions of $240,803 and $645,059 as of June 30, 2015 and December 31, 2014, respectively	3,324,116	5,665,108
Inventories	11,395,996	9,692,923
Prepayments and deposits	602,549	947,931
	27,930,810	27,529,717
Property, plant and equipment	2,593,273	2,808,052
Intangible assets	7,487,715	7,772,064
Goodwill	5,374,519	5,374,519
	$ 43,386,317	$ 43,484,352
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,734,405	$ 2,795,216
Provisions (note 5)	282,909	302,987
Deferred revenue	450,603	2,016,183
Finance lease	8,119	13,918
	3,476,036	5,128,304
Deferred revenue	314,243	343,245
Finance Lease	–	1,160
Shareholders' equity:		
Share capital (note 3)	122,467,464	122,467,464
Equity reserve	5,202,650	5,150,466
Accumulated deficit	(88,074,076)	(89,606,287)
	39,596,038	38,011,643
	$ 43,386,317	$ 43,484,352

See accompanying notes to condensed consolidated interim financial statements.

* The December 31, 2014 balance sheet figures have been derived from the audited consolidated financial statements as of that date.

AgJunction Inc.

Condensed Consolidated Statements of Comprehensive Income and Loss

(Unaudited – expressed in U.S. dollars)

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Sales	$ 7,741,075	$ 10,298,426	$ 19,837,215	$ 25,227,019
Cost of sales	4,495,913	4,806,330	11,068,489	12,885,267
	3,245,162	5,492,096	8,768,726	12,341,752
Expenses:				
Research and development	895,948	1,643,371	2,408,045	3,605,941
Sales and marketing	1,234,737	1,545,051	2,765,578	3,244,588
General and administrative	1,689,166	2,773,004	3,543,094	4,641,842
	3,819,851	5,961,426	8,716,717	11,492,371
Operating income (loss)	(574,689)	(469,330)	52,009	849,381
Foreign exchange (gain) loss	2,112	85,334	106,034	114,239
Interest and other loss (income)	(924)	(332)	(1,893)	(5,400)
(Gain) loss on disposal of property, plant and equipment	38,876	(8,665)	38,876	1,608
(Gain) on sale of other assets, net of liabilities (note 7)	(1,623,219)	–	(1,623,219)	–
	(1,583,155)	76,337	(1,480,202)	110,447
Income (loss) before income taxes	1,008,466	(545,667)	1,532,211	738,934
Income tax expense	–	41,700	–	62,989
Net income (loss)	1,008,466	(587,367)	1,532,211	675,945
Other comprehensive income	–	–	–	–
Total comprehensive income (loss)	$ 1,008,466	$ (587,367)	$ 1,532,211	$ 675,945
Earnings per share:				
Basic and diluted income (loss) per share	$ 0.01	$ (0.01)	$ 0.02	$ 0.01
Basic and diluted income (loss) per share	$ 0.01	$ (0.01)	$ 0.02	$ 0.01

See accompanying notes to condensed consolidated interim financial statements.

AgJunction Inc.

Condensed Consolidated Statements of Changes in Equity

(Expressed in U.S. dollars)

	Share capital	Equity reserve	Accumulated Deficit	Total equity	Number of shares
Balance at December 31, 2013	121,096,751	6,091,297	(72,949,639)	54,238,409	69,805,628
Comprehensive income	–	–	675,945	675,945	–
Issue of common shares for business acquisition, net of share issue cost (note 3(b))	1,007,000	(1,007,000)	–	–	2,178,964
Share-based payment transactions (note 3(c))	–	99,247	–	99,247	–
Stock options exercised	240,664	–	–	240,664	306,846
Transfer from equity reserve on exercise of stock options	111,475	(111,475)	–	–	–
Balance at June 30, 2014 (unaudited)	$ 122,455,890	$ 5,072,069	$ (72,273,694)	$ 55,254,265	72,291,438
Balance at December 31, 2014	122,467,464	5,150,466	(89,606,287)	38,011,643	72,322,063
Comprehensive income	–	–	1,532,211	1,532,211	–
Issue of common shares for business acquisition, net of share issue cost	–	–	–	–	–
Share-based payment transactions (note 3(c))	–	52,184	–	52,184	–
Stock options exercised	–	–	–	–	–
Transfer from equity reserve on exercise of stock options	–	–	–	–	–
Balance at June 30, 2015 (unaudited)	$ 122,467,464	$ 5,202,650	$ (88,074,076)	$ 39,596,038	72,322,063

See accompanying notes to condensed consolidated interim financial statements.

AgJunction Inc.

Condensed Consolidated Statements of Cash Flows

Six months ended June 30, 2015 and 2014
(Unaudited - expressed in U.S. dollars)

	2015	2014
Cash flows from (used in) operating activities:		
Net income	$ 1,532,211	$ 675,945
Items not involving cash:		
Depreciation	259,514	294,944
Amortization	283,691	515,931
Share-based payment transactions	52,184	99,247
Allowance on trade receivables	64,513	62,617
Net realizable value write down (gain) of inventories	228,001	(17,016)
Loss on disposal of property, plant and equipment	38,876	1,608
(Gain) on sale of other assets, net of liabilities (note 7)	(1,623,219)	–
	835,771	1,633,276
Change in non-cash operating working capital:		
Accounts receivable	2,276,479	7,362,660
Inventories	(1,976,399)	(2,896,447)
Prepaid expenses and deposits	345,382	(147,071)
Accounts payable and accrued liabilities	(33,591)	(1,386,766)
Provisions (note 6)	(20,078)	(460,767)
Deferred revenue	(688,594)	(567,956)
Income taxes paid	–	103,800
	(96,801)	2,007,453
Cash flows from (used in) operating activities	738,970	3,640,729
Cash flows from (used in) financing activities:		
Payment of finance lease liability	(6,959)	(9,727)
Interest received, net of bank charges	–	39,065
Issue of share capital, net	–	240,664
	(6,959)	270,002
Cash used in discontinued operations	–	(162,388)
Cash flow from (used in) financing activities	(6,959)	107,614
Cash flows from (used in) investing activities:		
Proceeds from redemption of short-term investments	–	8,061,686
Purchase of property, plant and equipment	(121,157)	(157,878)
Intangible asset addition	(1,764,870)	(1,468,743)
R&D expense reimbursement	115,494	444,168
Payment of acquisition consideration (note 6)	–	(400,000)
Proceeds from sale of division (note 7)	2,422,916	–
Cash flows from investing activities	652,383	6,479,233
Increase (decrease) in cash position	1,384,394	10,227,576
Cash and cash equivalents, beginning of year	11,223,755	2,044,278
Cash and cash equivalents, end of period	$ 12,608,149	$ 12,271,854

See accompanying notes to condensed consolidated interim financial statements.

1. Reporting entity:

AgJunction Inc. (the "Company") is a company domiciled in Canada. The primary office is located at 2207 Iowa Street, Hiawatha, Kansas. The Company is a publicly traded company listed on the Toronto Stock Exchange under the ticker symbol "AJX". The condensed consolidated interim financial statements of the Company as at and for the three and six month periods ended June 30, 2015 and 2014 comprise the accounts of the Company and its subsidiaries (together referred to as the "Company"). The Company is primarily involved in the design, marketing and sale of precision Global Positioning System ("GPS") products and technologies. The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 11, 2015.

2. Basis of preparation and presentation:

(a) These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting.*

These interim financial statements follow the same accounting policies and methods of application as set out in the consolidated financial statements for the year ended December 31, 2014. These statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2014.

(b) New standards not yet adopted:

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers.* The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted under IFRS. The Company is currently assessing the impact of the standard on financial results.

(c) Financial instruments

The Company classifies its financial instruments measured at fair value using a fair value hierarchy defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of June 30, 2015 and December 31, 2014, the carrying values of all financial assets and liabilities approximate fair value.

3. Share capital:

(Unaudited - expressed in U.S. dollars)

(a) Authorized:

Unlimited common shares

Unlimited first preferred shares, issuable in series

Unlimited second preferred shares, issuable in series

(b) Issued:

Issued share capital consists of 72,322,063 common shares at $122,467,464. In February 2014, the Company issued 2,178,964 common shares to settle the remaining consideration related to the 2012 acquisition of AgJunction. See note 6.

(c) During the six months ended June 30, 2015, the Company recorded $52,184 (2014 – $99,247) as stock based compensation expense.

The change in the number of options outstanding, with their weighted average exercise prices are summarized below:

Three month period ended:

	June 30, 2015		June 30, 2014	
	Number options	Weighted average exercise price	Number options	Weighted average exercise price
Total options outstanding, beginning of period	1,894,435	$ 0.82	2,765,559	$ 0.95
Grant	–	–	–	–
Exercised	–	–	(78,469)	0.68
Expired	(22,000)	0.75	(425,322)	1.63
Stock options outstanding, end of period	1,872,435	$ 0.82	2,261,768	$ 0.83

3. Share capital (continued):

Six month period ended:

	June 30, 2015		June 30, 2014	
	Number options	Weighted average exercise price	Number options	Weighted average exercise price
Total options outstanding, beginning of period	1,944,903	$ 0.82	3,522,435	$ 1.03
Grant	–	–	–	–
Exercised	–	–	(324,846)	0.82
Expired	(72,468)	0.88	(935,821)	1.59
Stock options outstanding, end of period	1,872,435	$ 0.82	2,261,768	$ 0.83

4. Sales concentration (in thousands):

Sales by business unit:

	Three months ended		Six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Outback	$ 2,611	$ 3,640	$ 5,118	$ 6,225
OEM	4,120	4,036	12,001	12,652
Air	1,010	2,064	1,983	5,222
Agronomy Services	–	558	735	1,128
	$ 7,741	$ 10,298	$ 19,837	$ 25,227

Sales by geographic region:

	Three months ended		Six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
United States	$ 2,034	$ 5,408	$ 5,898	$ 11,897
Canada	1,571	1,892	2,481	2,863
Europe	3,374	2,168	8,554	8,371
Australia	229	242	382	577
Other	533	588	2,522	1,519
	$ 7,741	$ 10,298	$ 19,837	$ 25,227

(Unaudited - expressed in U.S. dollars)

5. Warranty provision:

		Total
Balance at December 31, 2014	$	302,987
Provisions made during the period		131,600
Provisions used or adjusted during the period		(151,678)
Balance at June 30, 2015	$	282,909

6. Business Combinations

In February 2014, the Company issued 2,178,964 common shares and paid $400,000 in cash to settle the remaining portion of the consideration related to the 2012 acquisition of AgJunction.

On March 16, 2015, the Company announced it had entered into a definitive agreement with Novariant Inc. (“Novariant”) to acquire all of its outstanding stock in exchange for shares in the Company.

Novariant provides advanced steering solutions for precision agriculture and is based in Silicon Valley, in Fremont, California.

The transaction is subject to a number of conditions, including receipt of a permit from the California Commissioner of Corporations following a hearing held to consider the terms of the transaction, approval of the shareholders of Novariant, approval of the shareholders of AgJunction, and receipt of customary regulatory approvals, including the approval of the Toronto Stock Exchange.

Under the terms of the definitive agreement, which has been unanimously approved by the boards of directors of both companies, upon closing of the transaction, Novariant shareholders will own 40% of the Company’s fully-diluted shares.

Total expenses related to this transaction were $0.5 million as of June 30, 2015.

7. Sale of agronomy services operations:

On April 1, 2015, the Company sold the net business assets associated with its Agronomy Services operations to EFC Systems for cash of $2.4 million. The Company’s Agronomy Services operations provided a cloud-based data management software platform and wireless hardware to the Company’s Outback customers, or precision agriculture retailers and growers.

(Unaudited - expressed in U.S. dollars)

7. Sale of agronomy services operations (continued):

Effect of sale on financial position:

		Total
Intangible assets	$	1,650,034
Property, plant and equipment		37,546
Inventories		45,325
Assets sold		1,732,905
Deferred revenue		(905,988)
Vacation payable		(27,220)
Liabilities transferred		(933,208)
Assets sold, net of liabilities transferred:	$	799,697
Proceeds	$	2,422,916
Gain on sale	$	1,623,219

8. Seasonality of operations:

The Company's revenues are derived from agricultural markets in the United States, Canada, Europe, Australia, South America and Asia. As a result, the Company's revenues are subject to seasonality associated with the heaviest buying season of such markets which takes place during the first and fourth quarters of the calendar year.

9. Related party transactions:

In February 2014, AgJunction engaged a company considered to be a related party to provide research and training to the Company's employees related to developing technology. The engaged company's CEO is a board member of AgJunction. The terms and conditions of this transaction were no more favorable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related to the companies on an arm's length basis. The transaction value related to these services approximates $30,000.