SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Loop Industries, Inc.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **August 31, 2016**

OR

❑ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________ to _________

Commission File No. **000-54768**

LOOP INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Nevada	**27-2094706**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1999 Avenue of the Stars, Suite 2520
Los Angeles, California 90067
(Address of principal executive offices, zip code)

(781) 821-6600
(Registrant's telephone number, including area code)

____
(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ❑

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer	❑	Non-accelerated filer	❑
Accelerated filer	❑	Smaller reporting company	☑
(Do not check if a smaller reporting company)			

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2 of the Exchange Act): Yes o No ☑

APPLICABLE ONLY TO CORPORATE ISSUERS

As of October 14, 2016 there were approximately 31,390,807 shares of common stock, $0.0001 par value per share, outstanding.

LOOP INDUSTRIES, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD ENDED AUGUST 31, 2016

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q of Loop Industries, Inc., a Nevada corporation (the "Company"), contains "forward-looking statements," as defined in the United States Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "could", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of such terms and other comparable terminology. These forward-looking statements include, without limitation, statements about our market opportunity, our strategies, competition, expected activities and expenditures as we pursue our business plan, and the adequacy of our available cash resources. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Actual results may differ materially from the predictions discussed in these forward-looking statements. The economic environment within which we operate could materially affect our actual results. Additional factors that could materially affect these forward-looking statements and/or predictions include, among other things: (i) commercialization of our technology and products, (ii) development and protection of our intellectual property, (iii) the Company's need for and ability to obtain additional financing, (iv) industry competition, (v) whether or not prospective customers purchase our products (v) the exercise of the voting control over us by Daniel Solomita, the Company's President and Chief Executive Officer, and Chairman of the Board of Directors, and majority shareholder, (vi) other factors over which we have little or no control; and (vii) other factors discussed in the Company's filings with the Securities and Exchange Commission ("SEC").

Our management has included projections and estimates in this Form 10-Q, which are based primarily on management's experience in the industry, assessments of our results of operations, discussions and negotiations with third parties and a review of information filed by our competitors with the SEC or otherwise publicly available. We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Loop Industries, Inc.
Six and Three months ended August 31, 2016 and 2015
Index to the Condensed Consolidated Financial Statements

Loop Industries, Inc.

Condensed Consolidated Balance Sheets

	As at	
	August 31, 2016	**February 29, 2016**
	(Unaudited)	
Assets		
Current Assets		
Cash	$ 2,196,160	$ 422,586
Valued added tax and other receivables	358,857	253,041
Prepayments and other current assets	-	36,129
Total current assets	2,555,017	711,756
Property and Equipment, net of accumulated depreciation of $295,163 and $149,609, respectively	1,542,343	1,399,354
Intellectual Property, net of accumulated amortization of $105,260 and $73,471, respectively	339,790	371,579
Total assets	$ 4,437,150	$ 2,482,689
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 228,659	$ 363,083
Accrued Officers Compensation	300,000	210,000
Advances from majority stockholder	405,365	492,128
Total current liabilities	934,024	1,065,211
Commitments and Contingencies		
Stockholders' Equity		
Series A Preferred stock par value $0.001; 25,000,000 shares authorized; one share issued and outstanding	-	-
Common stock par value $0.0001: 250,000,000 shares authorized; 31,390,807 and 29,910,800 shares issued and outstanding, respectively	3,140	2,992
Additional paid-in capital	8,431,932	3,918,356
Common stock issuable, 204,667 shares at February 29, 2016	-	614,001
Accumulated deficit	(4,913,519)	(3,123,802)
Accumulated other comprehensive (loss) gain	(18,427)	5,931
Total stockholders' equity	3,503,126	1,417,478
Total liabilities and stockholders' equity	$ 4,437,150	$ 2,482,689

See accompanying notes to the condensed consolidated financial statements.

Loop Industries, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)

	Three months ended August 31,		Six months ended August 31,	
	2016	2015	2016	2015
Revenue	$ -	$ -	$ -	$ -
Operating Expenses -				
General and administrative	316,310	398,282	756,056	718,286
Research and development	433,629	248,250	849,198	259,838
Depreciation and amortization	75,128	16,414	188,152	26,209
Cost of reverse merger	-	60,571	-	60,571
Foreign exchange loss (gain)	99	4,292	(3,689)	1,013
Total operating expenses	825,166	727,809	1,789,717	1,065,917
Net Loss	(825,166)	(727,809)	(1,789,717)	(1,065,917)
Other comprehensive (loss) income -				
Foreign currency translation adjustment	(3,865)	27,957	(24,358)	53,061
Comprehensive Loss	$ (829,031)	$ (699,852)	$ (1,814,075)	$ (1,012,856)
Loss per share				
- Basic and Diluted	$ (0.03)	$ (0.03)	$ (0.06)	$ (0.04)
Weighted average common shares outstanding				
- Basic and Diluted	31,176,269	27,826,915	30,809,266	24,911,967

See accompanying notes to the condensed consolidated financial statements.

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Loop Industries, Inc.
Condensed Consolidated Statement of Changes in Stockholders' Equity
Six months ended August 31, 2016
(Unaudited)

	Common stock par value $0.0001		Preferred stock par value $0.001						
	Number of Shares	Amount	Number of shares	Amount	Additional Paid-in Capital	Common Stock Issuable	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance, February 29, 2016	29,910,800	$ 2,992	1	$ -	$ 3,918,356	$ 614,001	$ (3,123,802)	$ 5,931	$ 1,417,478
Reclass. of common shares issuable to shares outstanding	204,667	20			613,981	(614,001)			-
Issuance of common shares for cash	1,275,340	128			3,825,888				3,826,016
Fair value of Warrants issued for services					73,707				73,707
Foreign currency translation								(24,358)	(24,358)

Net loss							(1,789,717)		(1,789,717)
Balance, August 31, 2016	31,390,807	$ 3,140	1	$ -	$ 8,431,932	$ -	$ (4,913,519)	$ (18,427)	$ 3,503,126

See accompanying notes to the condensed consolidated financial statements.

Loop Industries, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six months ended August 31,	
	2016	**2015**
Cash Flows from Operating Activities		

Net loss	$ (1,789,717)	$ (1,065,917)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	156,363	11,085
Amortization expense	31,789	14,838
Amortization of the fair value of common shares issued for services	-	356,000
Cost of reverse merger	-	60,571
Fair value of warrants issued for services	73,707	-
Changes in operating assets and liabilities:		
Valued added tax and other receivables	(105,816)	(68,906)
Prepayments and other current assets	36,129	(2,023)
Accounts payable and accrued liabilities	(134,424)	42,812
Accrued officer compensation	90,000	90,000
Intellectual property obligation	-	(212,880)
Advances from majority stockholder	(86,764)	(5,911)
Net Cash Used in Operating Activities	(1,728,733)	(780,331)
Cash Flows from Investing Activities		
Purchases of property and equipment	(247,861)	(95,481)
Net Cash Used in Investing Activities	(247,861)	(95,481)
Cash Flows from Financing Activities		
Proceeds from sales of common shares	3,826,016	2,237,000
Net Cash Provided by Financing Activities	3,826,016	2,237,000
Effect of exchange rate changes	(75,848)	(35,256)
Net Change in Cash	1,773,574	1,325,932
Cash - beginning of period	422,586	209,796
Cash - end of period	$ 2,196,160	$ 1,535,728
Supplemental disclosure of cash flow information:		
Income tax paid	$ -	$ -
Non-cash investing and financing activities:		
Fair value of common stock issued for services	$ -	$ 356,000
Net Liabilities assumed upon reverse merger	$ -	$ 59,919

See accompanying notes to the condensed consolidated financial statements.

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Loop Industries, Inc.
Six and Three months ended August 31, 2016 and 2015
Notes to the Condensed Consolidated Financial Statements (Unaudited)

Note 1 – The Company and Basis of Presentation

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Loop Industries, Inc. and Subsidiaries (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all normal recurring adjustments considered necessary for a fair presentation have been included. Operating results for the three and six months ended August 31, 2016 are not necessarily indicative of the results that may be expected for the year ending February 28, 2017.

The Company

Loop Industries, Inc. was incorporated on March 11, 2010 under the laws of the State of Nevada, under the name "Radikal Phones Inc." We changed our name to "First American Group Inc." on October 7, 2010, and then we changed our name to our current name, "Loop Industries, Inc.", effective July 21, 2015.

On June 29, 2015, Loop Industries, Inc. entered into a Share Exchange Agreement (the "Share Exchange Agreement"), by and among the Company, and the holders of common stock of Loop Holdings, Inc. Under the terms and conditions of the Share Exchange Agreement, the Company offered, sold and issued 23,257,500 shares of common stock in consideration for all the issued and outstanding shares in Loop Holdings. The effect of the issuance was that Loop Holdings shareholders held approximately 78.1% of the issued and outstanding shares of common stock of the Company upon consummation of the Share Exchange Agreement.

Pursuant to a Stock Redemption Agreement dated June 29, 2015 entered into commensurate with the share exchange, the Company redeemed 25,000,000 shares of First American Group common stock from two stockholders' for an aggregate redemption price of $16,000.

As the former owners and management of Loop Industries have voting and operating control of the Company after the share exchange, the transaction has been accounted for as a recapitalization with Loop Holdings deemed the acquiring company for accounting purposes, and the Company deemed the legal acquirer. No step-up in basis or intangible assets or goodwill was recorded and the aggregate cost of $60,571 representing the net liabilities assumed of $35,243, $16,000 cost of the redeemed shares and closing costs of $9,328 was reflected as a cost of the transaction in June 2015. The consolidated financial statements reflect the historical results of Loop Holdings prior to the Share Exchange, and that of the combined company following the Share Exchange.

The Company engages in the designing, prototyping and building a closed loop plastics recycling business that leverages a proprietary de-polymerization technology.

All references to shares of common stock in this Report on Form 10-Q give retroactive effect to a one-for-four (1:4) reverse split of the Company's issued and outstanding shares of common stock, which reverse split took effect on the OTCQB on September 21, 2015.

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Basis of Consolidation

These consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America ("US GAAP") and comprise the consolidated financial position and results of operations of Loop Industries Inc. and an operating division of 8198381 Canada Inc., (Loop Canada) a Canadian Company that is owned 100% by the majority shareholder of Loop Industries Inc.

The Company determined due to the close association between the Company and Loop Canada, the ongoing management of Loop Canada by the Company's majority stockholder, that the activities of Loop Canada are principally related to Loop Industries, Inc., and the Company's right to receive the outputs from the activities of Loop Canada which could potentially be significant to the Company, Loop Canada is a variable interest entity (VIE) requiring consolidation with the Company. The Company determined that it is both the Primary beneficiary and provider of financial support to these Loop Canada operations.

On May 24, 2016, 9449507 Canada Inc. was incorporated in order to absorb all of the assets and liabilities pertaining to the pilot plant commissioned by Loop Industries Inc. to 8198381 Canada Inc. The transfer of the assets and liabilities will be executed following a letter of intent signed to that effect on June 13, 2016. It is intended that, concurrently to such transaction, the shares of 9449507 Canada Inc., which are wholly owned by Mr. Solomita, will be transferred to Loop Industries Inc.

Intercompany balances and transactions have been eliminated in consolidation.

Going Concern

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying consolidated financial statements, the Company has no recurring source of revenue and during the six months ended August 31, 2016, the Company incurred a net loss of $1.8 Million and used cash in operations of $1.7 Million. These factors raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon the Company's ability to raise additional funds and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management estimates that the current funds on hand will not be sufficient to continue operations through the next twelve months and to finalize the transition from pilot scale to a full scale commercial manufacturing facility. Management is currently seeking additional funds, primarily through the issuance of debt and equity securities for cash and estimates that a significant amount of capital will be necessary to advance the development of our projects to the point at which they will become commercially viable.

No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing or cause substantial dilution for our stock holders, in case of equity financing.

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Note 2 – Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Those estimates and assumptions include estimates for depreciable lives of property and equipment, analysis of impairments of recorded intangibles, accruals for potential liabilities and assumptions made in calculating the fair value of certain stock instruments.

Fair value of financial instruments

The Company applies FASB ASC 820, Fair Value Measurement, which defines fair value and establishes a framework for measuring fair value and making disclosures about fair value measurements. FASB ASC 820 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is impacted by a number of factors, including the type of financial instruments and the characteristics specific to them. Financial instruments with readily available quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

There are three levels within the hierarchy that may be used to measure fair value:

Level 1 — A quoted price in an active market for identical assets or liabilities.

Level 2 — Significant pricing inputs are observable inputs, which are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources.

Level 3 — Significant pricing inputs are unobservable inputs, which are inputs that reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value measurements level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable value or reflective of future fair values.

The carrying amounts of the Company's financial assets and liabilities, such as cash, prepayments, accounts payable and accrued liabilities approximate their fair values because of the short maturity of these instruments.

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Foreign Currency Translations and Transactions

The accompanying consolidated financial statements are presented in United States dollars, the functional currency of the Company. Capital accounts of foreign subsidiaries are translated into US Dollars from foreign currency at their historical exchange rates when the capital transactions occurred. Assets and liabilities are translated at the exchange rate as of the balance sheet date. Income and expenditures are translated at the average exchange rate of the period. As a result, currency exchange fluctuations may impact our revenue and the costs of our operations. We currently do not engage in any currency hedging activities.

The following table summarizes the exchange rates used:

	Six Months Ended August 31,	
	2016	2015
Period end Canadian $: US Dollar exchange rate	$ 0.76	$ 0.76
Average period Canadian $: US Dollar exchange rate	$ 0.77	$ 0.79

Expenditures are translated at the average exchange rate for the period presented.

Value added tax and other receivables

The Company is registered for the Canadian Federal and Provincial Goods and Services Taxes. As a registrant, the Company is obligated to collect, and is entitled to claim sale taxes paid on its expenses and capital expenditures incurred in Canada. As at the Balance Sheet date of August 31, and February 29, 2016, the computed net recoverable sale taxes amount to $358,857 and $253,041, respectively for which the Company expects full reimbursement. On September 16, 2016, the company received a reimbursement of CAD$295,623 or USD $225,383. The Company is the process of filing the required returns to claim the remaining recoverable balance.

Intangible Assets

Management performs impairment tests of indefinite-lived intangible assets at least annually, or whenever an event occurs or circumstances change that indicate impairment has more likely than not occurred.

The Company reviews intangible assets subject to amortization at least annually to determine if any adverse conditions exist or a change in circumstances has occurred that would indicate impairment or a change in the remaining useful life. If the carrying value of an asset exceeds its undiscounted cash flows, the Company writes down the carrying value of the intangible asset to its fair value in the period identified. If the carrying value of assets is determined not to be recoverable, the Company records an impairment loss equal to the excess of the carrying value over the fair value of the assets. The Company's estimate of fair value is based on the best information available, in the absence of quoted market prices. The Company generally calculates fair value as the present value of estimated future cash flows that the Company expects to generate from the asset using a discounted cash flow income approach as described above. If the estimate of an intangible asset's remaining useful life is changed, the Company amortizes the remaining carrying value of the intangible asset prospectively over the revised remaining useful life.

As of August 31, and February 29, 2016 the Company determined that there were no indicators of impairment of its recorded intangible assets.

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Stock Based Compensation

The Company periodically issues stock options and warrants to employees and non-employees in non-capital raising transactions for services and for financing costs. The Company accounts for stock option and warrant grants issued and vesting to employees based on the authoritative guidance provided by the Financial Accounting Standards Board (FASB) whereas the value of the award is measured on the date of grant and recognized as compensation expense on the straight-line basis over the vesting period. The Company accounts for stock option and warrant grants issued and vesting to non-employees in accordance with the authoritative guidance of the FASB whereas the value of the stock compensation is based upon the measurement date as determined at either a) the date at which a performance commitment is reached, or b) at the date at which the necessary performance to earn the equity instruments is complete. Options granted to non-employees are revalued each reporting period to determine the amount to be recorded as an expense in the respective period. As the options vest, they are valued on each vesting date and an adjustment is recorded for the difference between the value already recorded and the then current value on the date of vesting. In certain circumstances where there are no future performance requirements by the non-employee, option grants are immediately vested and the total stock-based compensation charge is recorded in the period of the measurement date.

The fair value of the Company's stock option and warrant grants are estimated using the Black-Scholes-Merton Option Pricing model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the stock options or warrants, and future dividends. Compensation expense is recorded based upon the value derived from the Black-Scholes-Merton Option Pricing model, and based on actual experience. The assumptions used in the Black-Scholes-Merton Option Pricing model could materially affect compensation expense recorded in future periods.

Income Taxes

The Company calculates its income tax charge on the basis of the tax laws enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income, in accordance with FASB ASC 740, Income Taxes. The Company uses an asset and liability approach for financial accounting and reporting for income taxes that allows recognition and measurement of deferred tax assets based upon the likelihood of realization of tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefits, or that future deductibility is uncertain. The Company's policy is to recognize interest and/or penalties related to income tax matters in income tax expense.

Net Loss per Share

The Company computes net loss per share in accordance with FASB ASC 260 Earnings per share. Basic earnings (loss) per share is computed by dividing the net income (loss) applicable to Common Stockholders by the weighted average number of shares of Common Stock outstanding during the year. Diluted earnings (loss) per share is computed by dividing the net income (loss) applicable to Common Stockholders by the weighted average number of common shares outstanding plus the number of additional common shares that would have been outstanding if all dilutive potential common shares had been issued, using the treasury stock method. Potential common shares are excluded from the computation if their effect is antidilutive.

For the three and six months ended August 31, 2016 and 2015, the calculations of basic and diluted loss per share are the same because potential dilutive securities would have an anti-dilutive effect. The potentially dilutive securities consisted of 2,035,004 outstanding warrants as of August 31, 2016. There were no warrants outstanding as of August 31, 2015.

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Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09 (ASU 2014-09), Revenue from Contracts with Customers. ASU 2014-09 will eliminate transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. On August 12, 2015, FASB delayed the required implementation to fiscal years ending after December 15, 2017 but now permitted organizations such the Company to adopt earlier. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. Management has determined to adopt ASU 2014-09 in The Company is in the process of evaluating the impact of ASU 2014-09 on the Company's financial statements and disclosures.

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. ASU 2016-02 requires a lessee to record a right of use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. ASU 2016-02 is effective for all interim and annual reporting periods beginning after December 15, 2018. Early adoption is permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is in the process of evaluating the impact of ASU 2016-02 on the Company's financial statements and disclosures.

In August 2014, the FASB issued Accounting Standards Update No. 2014-15 (ASU 2014-15), Presentation of Financial Statements - Going Concern (Subtopic 205-10). ASU 2014-15 provides guidance as to management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. In connection with preparing financial statements for each annual and interim reporting period, an entity's management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable). Management's evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued (or at the date that the financial statements are available to be issued when applicable). Substantial doubt about an entity's ability to continue as a going concern exists when relevant conditions and events, considered in the aggregate, indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued (or available to be issued). ASU 2014-15 is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The Company will adopt ASU 2014-15 on the Company's financial statement presentation and disclosures beginning in 2016.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

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Note 3 – Property and Equipment, net

	Estimated Useful Life (years)	August 31, 2016	February 29, 2016
Machinery and Equipment	5 - 7	$ 1,376,550	$ 1,126,147
Office equipment and furniture	5 - 8	119,231	108,030
Leasehold improvements	3	341,725	314,786
		1,837,506	1,548,963
Less: accumulated depreciation		(295,163)	(149,609)
Property and equipment, net		$ 1,542,343	$ 1,399,354

Depreciation expense is recorded as an operating expense in the consolidated statements of operations and comprehensive loss and amounted to $65,596 and $8,995 for the three months ended August 31, 2016 and 2015, respectively, and to $156,363 and $11,371 for the six months ended August 31, 2016 and 2015, respectively.

Note 4 – Intellectual Property, net

	Estimated Useful Life (years)	August 31, 2016	February 29, 2016
In-process research & development	7	$ 445,050	$ 445,050
Less: accumulated amortization		(105,260)	(73,471)
Intellectual Property, net		$ 339,790	$ 371,579

On October 27, 2014, the Company entered into an intellectual property agreement with Mr. Hatem Essaddam wherein the Company purchased a certain technique and method (In-process research and development) for $445,050 allowing for the depolymerization of polyethylene terephthalate at ambient temperature and atmospheric pressure. The Company will use such technique in its processing plant. The technology is being amortized using the straight-line method over the estimated used life of the patents.

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In addition to the $445,050 paid by the Company under the Intellectual Property Assignment Agreement, the Company is required to make additional payments totaling CDN$800,000 Mr. Essaddam within sixty (60) days of each of the following milestones (the "Milestones") having been met, as follows:

(i) CDN$200,000 when an average of twenty (20) metric tons per day of terephthalic acid meeting the is produced by the Company for twenty (20) operating days;

(ii) CDN$200,000 when an average of thirty (30) metric tons per day of terephthalic acid is produced by the Company for thirty (30) operating days;

(iii) CDN$200,000 when an average of sixty (60) metric tons per day of terephthalic acid is produced by the Company for sixty (60) operating days; and

(iv) CDN$200,000 when an average of one hundred (100) metric tons per day of terephthalic acid is produced by the Company for sixty (60) operating days.

As of August 31, 2016 the Company is still in its test pilot program, none of the Milestones have been met, and accordingly no additional CDN$200,000 payment has been made.

Additionally, the Company is obligated to make royalty payments of up to CDN$27,000,000, payable as follows:

(a) 10% of gross profits on the sale of all products derived by the Company from the technology assigned to the Company under the agreement;

(b) 10% of any license fee paid to the Company in respect of any licensing or other right to use the technology assigned to the Company and granted to a third party by the Assignee;

(c) 5% of any royalty or other similar payment made to the Company by a third party to whom a license or other right to use the technology assigned to the Company has been granted by the Company; and

(d) 5% of any royalty or other similar payment made to the Company by a third party in respect of a sub-license or other right to use the technology assigned to the Company granted by the third party.

As of August 31, 2016, the Company did not make any royalty payments under the Intellectual Property Assignment Agreement.

Amortization expense is recorded as an operating expense in the consolidated statements of operations and comprehensive loss and amounted to $9,532 and $7,419 for the three months ended August 31, 2016 and 2015, respectively, and to $31,789 and $14,838 for the six months ended August 31, 2016 and 2015, respectively.

Note 5 – Related Party Transactions

Advances from Major Shareholder

Mr. Daniel Solomita, the Company's major stockholder and CEO, or companies controlled by him, has made advances to the Company to finance its operations. The amounts due to these entities as of August 31, 2016 and February 29, 2016 were $405,365 and $492,128, respectively. The advances are unsecured, non-interest bearing with no formal terms of repayment.

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Employment Agreement and Accrued Compensation due Major Shareholder

The Company entered into employment agreement with Daniel Solomita, the Company's President and Chief Executive Officer for an indefinite term. During the term, officer shall receive monthly salary of $15,000. Compensation expense under this agreement amounted to $45,000 during the three months ended August 31, 2016 and 2015, and to $90,000 during the six months ended August 31, 2016 and 2015. As of August 31, 2016 and February 29, 2016, accrued compensation of $300,000 and $210,000, respectively, was due to Mr. Solomita.

In addition, the Company agreed to issue the officer 4 million shares of the Company's common stock, in tranches of one million shares each, if certain milestones were met. The bonus of 4,000,000 shares of common stock is payable to Mr. Solomita as follows:

(i) 1,000,000 shares of common stock shall be issued to Mr. Solomita when the Company's securities are listed on an exchange or the OTCQX tier of the OTC Markets;

(ii) 1,000,000 shares of common stock shall be issued to Mr. Solomita when the Company executes a contract for a minimum quantity of 25,000 M/T of PTA/EG or a PET;

(iii) 1,000,000 shares of common stock shall be issued to Mr. Solomita when the Company's first fill-scale production facility is in commercial operation; and

(iv) 1,000,000 shares of common stock shall be issued to Mr. Solomita when the Company's second full-scale production facility is in commercial operation.

The milestones had not been met as of August 31, 2016.

On February 15, 2016, the Company and Mr. Solomita entered into an Amendment No. 1 to Employment Agreement (the "Amendment No. 1"), which amends the Employment Agreement. Amendment No. 1 provides that the Company shall issue Mr. Solomita one share of the Company's Series A Preferred Stock for consideration of Mr. Solomita agreeing not to terminate his employment with the Company for a period of five years from the date of Amendment No. 1.

Note 6 – Stockholders' Equity

Common Stock

During the six months ended August 31, 2016, the Company sold 1,275,340 shares of its common stock, and 637,670 warrants to acquire shares of common stock at $3.00 per share resulting in proceeds to the Company of $3,826,016. In addition, 204,667 shares of common stock sold in the previous year were issued and reclassified to shares outstanding.

Warrants

The Company has not adopted a formal stock option plan, however, it has made periodic non-plan grants of warrants for services and financing.

During the year ended February 29, 2016, the Company issued warrants to purchase 2,220,000 shares of the Company's common stock at an exercise price of $.80 per share for services. During the six months ended August 31, 2016, the Company issued warrants to purchase 75,000 shares of the Company's common stock at an exercise price of $3.00 per share for services. The total fair value of the warrants granted was determined to be $1,398,288.

During the three and six months ended August 31, 2016, the Company amortized $32,348, and $73,707, respectively, of these costs which are included in operating expenses. As of August 31, 2016 the unamortized balance of these costs was $456,488 which will be amortized over the next three years. The aggregate intrinsic value of the warrants outstanding as of August 31, 2016 was $3,784,750 calculated as the difference between the closing market price of $3.85 and the exercise price of the Company's warrants as of August 31, 2016.

During the six months ended August 31, 2016, the Company issued 637,670 warrants to purchase 1,275,340 shares of the Company's common stock at an exercise price of $6.00 per share to certain investors upon the sale of its equity securities.

The table below summarizes the Company's warrants activities:

	Number of Warrant Shares	Exercise Price Range Per Share	Weighted Average Exercise Price
Balance, February 29, 2016	2,322,334	$ 0.80 to $6.00	$ 1.03
Granted	712,670	$ 3.00 to $6.00	5.68
Forfeited	(1,000,000)	$ 0.80	0.80
Exercised	-	-	-
Expired	-	-	-
Balance, August 31, 2016	2,035,004	$ 0.80 to $6.00	$ 2.77
Earned and exercisable, August 31, 2016	1,390,004	$ 0.80 to $6.00	$ 3.57
Unvested, August 31, 2016	645,000	$ 0.80 to $3.00	$ 1.06

The following table summarizes information concerning outstanding and exercisable warrants as of August 31, 2016:

	Warrants Outstanding			Warrants Exercisable		
Range of Exercise Prices	Number Outstanding	Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
$ 0.80	1,220,000	1.27	$ 0.80	650,000	1.27	$ 0.80
$ 6.00	740,004	1.44	$ 6.00	740,004	1.44	$ 6.00
$ 3.00	75,000	1.78	$ 3.00	-	-	$ -

Note 7 – Geographic Information

As of August 31, 2016 and 2015, the Company had two reportable diverse geographical concentrations, the United States and Canada. Information related to these operating segments, net of eliminations, consists of the following for the periods below:

	Six months ended August 31, 2016		
	United States	Canada	Total
Revenue	$ -	$ -	$ -
Cost of revenue	-	-	-
General and administrative	403,614	352,442	756,056
Research and development	303,682	545,516	849,198
Depreciation and amortization	48,652	139,500	188,152
Foreign exchange loss (gain)	-	(3,689)	(3,689)
Loss from operations	$ 755,948	$ 1,033,769	$ 1,789,717

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	As at August 31, 2016		
	United States	Canada	Total
Current assets	$ 2,032,464	$ 522,553	$ 2,555,017
Property and equipment, net	141,550	1,400,793	1,542,343
Intangible assets, net	339,790	-	339,790
Total assets	$ 2,513,804	$ 1,923,346	$ 4,437,150
Current liabilities	$ 328,482	$ 605,542	$ 934,024
Equity	5,715,342	(2,212,216)	3,503,126
Total liabilities and equity	$ 6,043,824	$ (1,606,674)	$ 4,437,150

	Six months ended August 31, 2015		
	United States	Canada	Total
Revenue	$ -	$ -	$ -
Cost of revenue	-	-	-
General and administrative	538,912	179,374	718,286
Research and development	117,043	142,795	259,838
Depreciation and amortization	15,164	11,045	26,209
Cost of reverse merger	60,571	-	60,571
Foreign exchange loss (gain)	2,120	(1,107)	1,013
Loss from operations	$ 733,810	$ 332,107	$ 1,065,917

	As at August 31, 2015		
	United States	Canada	Total
Current assets	$ 1,614,858	$ 208,863	$ 1,823,721
Property and equipment, net	9,475	79,876	89,351
Intangible assets, net	420,320	-	420,320
Total assets	$ 2,044,653	$ 288,739	$ 2,333,392
Current liabilities	$ 197,220	$ 94,218	$ 291,438
Equity	2,497,433	(455,479)	2,041,954
Total liabilities and equity	$ 2,694,653	$ (361,261)	$ 2,333,392

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following information should be read in conjunction with (i) the condensed consolidated financial statements of Loop Industries, Inc., a Nevada corporation, and the notes thereto appearing elsewhere in this Form 10-Q together with (ii) the more detailed business information and the February 29, 2016 audited financial statements and related notes included in the Company's Annual Report on Form 10-K (File No. 000-54768), as filed with the SEC on June 15, 2016. Statements in this section and elsewhere in this Form 10-Q that are not statements of historical or current fact constitute "forward-looking" statements

OVERVIEW

Loop Industries, Inc., (formerly First American Group) a Nevada corporation (the "Company"), was incorporated in the State of Nevada on March 11, 2010, and has a fiscal year end of the last day of the month of February.

Recent Developments

Reverse Acquisition of Loop Holdings

On June 29, 2015, we completed a reverse acquisition transaction through a share exchange with Loop Holdings whereby we acquired all of the issued and outstanding shares of Loop Holdings in exchange for 23,257,500 shares of our common stock.

Under the terms and conditions of the Share Exchange Agreement, First American Group issued 23,257,500 shares of its common stock for the acquisition of all of the issued and outstanding shares of Loop Holdings. The number of common shares issued represented approximately 78.1% of the issued and outstanding common stock immediately after the consummation of the Share Exchange Agreement and Stock Redemption Agreements. The board of directors and the members of the management of First American Group resigned and the board of directors and the member of the management of Loop Holdings became the board of directors and the member of the management of the combined entities upon consummation of the Share Exchange Agreement.

As a result of the controlling financial interest of the former stockholders of Loop Holdings, Inc., for financial statement reporting purposes, the merger between First American Group and Loop Holdings was treated as a reverse acquisition, with Loop Holdings deemed the accounting acquirer and First American Group deemed the accounting acquiree. The reverse acquisition is deemed a capital transaction in substance whereas the assets and liabilities of Loop Holdings, Inc. (the accounting acquirer) are carried forward to First American Group (the legal acquirer and the reporting entity) at their carrying value before the combination and the equity structure (the number and type of equity interests issued) of Loop Holdings, Inc. is being retroactively restated using the exchange ratio established in the Share Exchange Agreement and Stock Redemption Agreements to reflect the number of shares of First American Group issued to effect the acquisition. The number of common shares issued and outstanding and the amount recognized as issued equity interests in the consolidated financial statements is determined by adding the number of common shares deemed issued and the issued equity interests of Loop Holdings, Inc. immediately prior to the business combination to the unredeemed shares and the fair value of First American Group.

Loop Holdings was incorporated on October 23, 2014, in Nevada. We are a development company and have never generated any revenues. The commercialization of our depolymerization technology is in its incipient stages and must be scaled-up before we can commercialize the technology and generate any revenues. The depolymerization technology underlying the business of Loop Holdings was originally developed by Hatem Essaddam, who sold the depolymerization technology to Loop Holdings for a purchase price of up to $445,050 and contingent consideration of

CDN$800,000 pursuant to an Intellectual Property Assignment Agreement dated October 27, 2014, by and among Hatem Essadam, Loop Holdings, and Daniel Solomita, our President and Chief Executive Officer, Secretary, Treasurer and Chairman of the Board of Directors.

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Our depolymerization of polyethylene terephthalate (PET) process is completed through a series of chemical reactions at room temperature and under normal atmospheric pressure. The resulting monomers of the depolymerization is purified terephthalic acid and ethylene glycol.

Our depolymerization process is summarized as follows:

- PET bottles are shredded into 5 mm size pieces;
- Shredded PET is put into a large reactor, where certain chemicals are added;
- The PET molecular chain begins to be broken down in 20 minutes;
- Purified terephthalic acid (solid) and ethylene glycol (liquid) and mother liquor are separated using a combination of centrifugation and distillation;
- The mother liquor is returned to the reactor to be reused in the process; and
- Purified terephthalic acid and Ethylene Glycol are processed and packaged.

GOING CONCERN; NEED FOR ADDITIONAL CAPITAL

As reflected in the accompanying condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, the Company has no recurring source of revenue and during the six months ended August 31, 2016, the Company incurred a net loss of $1.8 Million and used $1.7 Million cash in operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon the Company's ability to raise additional funds and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. Our auditor's report regarding our February 29, 2016, financial statements, contained in the Company's Annual Report on Form 10-K (File No. 000-54768), as filed with the SEC on June 15, 2016 expresses an opinion that substantial doubt exists as to whether we can continue as an ongoing business

There is no sufficient historical financial information about the Company upon which to base an evaluation of our performance. We have not generated any revenues from our business. We cannot guarantee we will be successful in our business plans. Our business is subject to risks inherent in the establishment of a new business enterprise, including limited capital resources, possible delays in our research and/or development, and possible cost overruns due to price and cost increases in services.

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP"). The preparation of these condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We have identified the policies below as critical to our business operations and to the understanding of our financial results:

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company reports revenues and expenses using the accrual method of accounting in accordance with accounting principles generally accepted in the United States (“US GAAP”) for financial and tax reporting purposes.

Stock Based Compensation

The Company periodically issues stock options and warrants to employees and non-employees in non-capital raising transactions for services and for financing costs. The Company accounts for stock option and warrant grants issued and vesting to employees based on the authoritative guidance provided by the Financial Accounting Standards Board (FASB) whereas the value of the award is measured on the date of grant and recognized as compensation expense on the straight-line basis over the vesting period. The Company accounts for stock option and warrant grants issued and vesting to non-employees in accordance with the authoritative guidance of the FASB whereas the value of the stock compensation is based upon the measurement date as determined at either a) the date at which a performance commitment is reached, or b) at the date at which the necessary performance to earn the equity instruments is complete. Options granted to non-employees are revalued each reporting period to determine the amount to be recorded as an expense in the respective period. As the options vest, they are valued on each vesting date and an adjustment is recorded for the difference between the value already recorded and the then current value on the date of vesting. In certain circumstances where there are no future performance requirements by the non-employee, option grants are immediately vested and the total stock-based compensation charge is recorded in the period of the measurement date.

The fair value of the Company’s stock option and warrant grants are estimated using the Black-Scholes-Merton Option Pricing model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the stock options or warrants, and future dividends. Compensation expense is recorded based upon the value derived from the Black-Scholes-Merton Option Pricing model, and based on actual experience. The assumptions used in the Black-Scholes-Merton Option Pricing model could materially affect compensation expense recorded in future periods.

Intangible Assets

Management performs impairment tests of indefinite-lived intangible assets at least annually, or whenever an event occurs or circumstances change that indicate impairment has more likely than not occurred.

The Company reviews intangible assets subject to amortization at least annually to determine if any adverse conditions exist or a change in circumstances has occurred that would indicate impairment or a change in the remaining useful life. If the carrying value of an asset exceeds its undiscounted cash flows, the Company writes down the carrying value of the intangible asset to its fair value in the period identified. If the carrying value of assets is determined not to be recoverable, the Company records an impairment loss equal to the excess of the carrying value over the fair value of the assets. The Company’s estimate of fair value is based on the best information available, in the absence of quoted market prices. The Company generally calculates fair value as the present value of estimated future cash flows that the Company expects to generate from the asset using a discounted cash flow income approach as described above. If the estimate of an intangible asset’s remaining useful life is changed, the Company amortizes the remaining carrying value of the intangible asset prospectively over the revised remaining useful life.

Recently Issued Accounting Pronouncements

Please refer to footnote 2 of the accompanying financial statements for Management's discussion of recently issued, but not yet effective accounting pronouncements.

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PLAN OF OPERATION

We have not yet generated or realized any revenues from our business. We are aiming to become an environmentally friendly manufacturer of purified terephthalic acid (PTA) and mono ethelyne glycol (MEG), these high purity specialty chemicals are mainly used in the production of

Polyethylene terephthalate (PET). During January 2016, we announced the successful completion of a pilot plant facility in Montreal, Canada, with a production capacity of 2.5 metric tons per day of high purity PTA and MEG. We are planning to expand the pilot plant capacity to 3,000 metric tones per year which will allow us to further prove the scalability of our technology and provide increasing volumes of our products to potential clients for special lunch events. We estimate that the expansion of our pilot plant facility will require approximately $3 Million and around 10 months to be completed. We are planning to finance the expansion through additional sales of our common stock.

Currently, we are conducting qualification testing of our resin and exploring the possibility of negotiating long term supply contracts with potential clients. In addition, we are optimizing our manufacturing process to ensure an smooth transition from pilot scale to full scale commercial manufacturing facility. We anticipate that our first full scale production facility will have the initial capacity to process approximately 60,000 tons of PTA and 20,000 tons of MEG per year. We estimate that construction costs for this facility should be around $50 Million.

Our plan of operation also includes the development of the Loop™ branded PET resin, by establishing co-marketing, co-branding agreements with potential clients. Loop™ branded PET resin will primarily focus on educating consumers on the importance of recycling.

RESULTS OF OPERATIONS

Three months ended August 31, 2016 and August 31, 2015

We recorded no revenues for the three months ended August 31, 2016 and August 31, 2015.

For the three months ended August 31, 2016 and August 31, 2015, general and administrative expenses were $316,310, and $398,282, respectively. The decrease of $81,972 was due primarily to the amortization of $178,000 stock compensation costs during the three months ended August 31, 2015. This decrease was partially offset by additional expenses related to the intensification of the Company's operations including the rent of a corporate office in Montreal, increased head count, payroll and recruitment fees, and additional costs related to public company compliance such as professional fees, filing fees, directors and officer's insurance and other expenses. The decrease was also partially offset by a charge of $14,622 corresponding to the fair value of warrants granted to employees.

For the three months ended August 31, 2016 and August 31, 2015, research and development expenses were $433,629, and $248,250, respectively. The increase of $185,379 was due primarily to the intensification of the Company's operations including the start-up of a pilot plant in Montreal, increased head count, rent of equipment, purchase of materials and hiring contractors. The increase is also the result of additional expenses in connection with patent applications, patent maintenance and legal fees, and a charge of $17,726 corresponding to the fair value of warrants granted to employees.

For the three months ended August 31, 2016 and August 31, 2015, depreciation of fixed assets and amortization of intangible assets were $75,128, and $16,414, respectively. The increase of $58,714 was due primarily to the intensification of the Company's operations including the start-up of a pilot plant in Montreal and the increase in fixed assets of approximately $1.7 Million.

Six months ended August 31, 2016 and August 31, 2015

We recorded no revenues for the six months ended August 31, 2016 and August 31, 2015.

For the six months ended August 31, 2016 and August 31, 2015, general and administrative expenses were $756,056, and $718,286, respectively. The increase of $37,770 was due primarily to additional expenses related to the intensification of the Company's operations including the rent of a corporate office in Montreal, increased head count, payroll and recruitment fees, and additional costs related to public company compliance such as professional fees, filing fees, directors and officer's insurance and other expenses. The increase is also the result of a charge of $44,164 corresponding to the fair value of warrants granted to employees. The increase was partially offset by the amortization of $356,000 stock compensation costs during the six months ended August 31, 2015.

For the six months ended August 31, 2016 and August 31, 2015, research and development expenses were $849,198, and $259,838, respectively. The increase of $589,360 was due primarily to the intensification of the Company's operations including the start-up of a pilot plant in Montreal, increased head count, rent of equipment, purchase of materials and hiring contractors. The increase is also the result of additional expenses in connection with patent applications, patent maintenance and legal fees, and a charge of $29,543 corresponding to the fair value of warrants granted to employees.

For the six months ended August 31, 2016 and August 31, 2015, depreciation of fixed assets and amortization of intangible assets were $188,152, and $26,209, respectively. The increase of $161,943 was due primarily to the intensification of the Company's operations including the start-up of a pilot plant in Montreal and the increase in fixed assets of approximately $1.7 Million.

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LIQUIDITY AND CAPITAL RESOURCES

At August 31, 2016, we had a cash balance of $2.2 Million and a working capital balance of $1.6 Million. During the six months ended August 31, 2016, the Company used $1.7 cash in operations. Our cash at hand is not sufficient to fully finance our annual plan of operations. We will need to raise additional funds and we believe that additional funding will likely come from equity financing from the sale of our common stock. If we are successful in completing equity financing, existing shareholders will experience dilution of their interest in our Company. We do not have any financing arranged and we cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock to fund our annual plan of operations and ongoing operational expenses. In the absence of such financing, our business will likely fail. There are no assurances that we will be able to achieve further sales of our common stock or any other form of additional financing.

SUBSEQUENT EVENTS

None.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act), we are not required to provide the information called for by this Item 3.

ITEM 4. CONTROLS AND PROCEDURES.

DISCLOSURE CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, our principal executive officer and our principal financial officer are responsible for conducting an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of the end of the fiscal year covered by this report. Disclosure controls and procedures means that the material information required to be included in our Securities and Exchange Commission reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms relating to our company, including any consolidating subsidiaries, and was made known to us by others within those entities, particularly during the period when this report was being prepared. Based on this evaluation, our principal executive officer and our principal financial officer concluded as of the evaluation date that our disclosure controls and procedures were not effective as of August 31, 2016.

There were no changes in the Company’s internal controls over financial reporting during the most recently completed fiscal quarter that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The Company is not currently subject to any legal proceedings. From time to time, the Company may become subject to litigation or proceedings in connection with its business, as either a plaintiff or defendant. There are no such pending legal proceedings to which the Company is a party that, in the opinion of management, is likely to have a material adverse effect on the Company's business, financial condition or results of operations.

ITEM 1A. RISK FACTORS

As a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act), we are not required to provide the information called for by this Item 1A.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

ITEM 5. OTHER INFORMATION.

None.

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ITEM 6. EXHIBITS.

Exhibits required by Item 601 of Regulation SK.

Number	Description
2.1	Share Exchange Agreement, dated June 29, 2015, by and among the Company, Loop Holdings, Inc., a Nevada corporation, and the holders of common stock of Loop Holdings, Inc. (2)
3.1.1	Articles of Incorporation, dated March 11, 2010 (1)
3.1.2	Certificate of Amendment, dated October 10, 2010 (1)
3.1.3	Certificate of Amendment, dated February 4, 2014 (4)
3.1.4	Certificate of Change, dated February 4, 2014 (4)
3.1.5	Certificate of Amendment, dated July 21, 2015 (3)
3.1.6	Certificate of Change, dated July 21, 2015 (3)
3.1.7	Certificate of Designation for Series A Preferred Stock, dated February 19, 2016 (4)
3.2	Bylaws (1)
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

(1) Incorporated by reference to the Registrant’s Registration Statement on Form S-1 (File No. 333-171091), filed with the Securities and Exchange Commission on December 10, 2010.

(2) Incorporated by reference to the Registrant’s Current Report on Form 8-K (File No. 000-54768), filed with the Securities and Exchange Commission on June 30, 2015.

(3) Incorporated by reference to the Registrant’s Quarterly Report on Form 10-Q (File No. 000-54768), filed with the Securities and Exchange Commission on June 15, 2016.

(4) Incorporated by reference to the Registrant’s Annual Report on Form 10-K (File No. 000-54768), filed with the Securities and Exchange Commission on October 20, 2015

* XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LOOP INDUSTRIES, INC.

Date: October 14, 2016	By:	*/s/ Daniel Solomita*
	Name:	Daniel Solomita
	Title:	President and Chief Executive Officer (principal executive officer)
Date: October 14, 2016	By:	*/s/ Cesar Contla*
	Name:	Cesar Contla
	Title:	Chief Financial Officer (principal financial officer and principal accounting officer)

EXHIBIT 31.1

SECTION 302 CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER OF LOOP INDUSTRIES, INC.

I, Daniel Solomita, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Loop Industries, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 14, 2016

By: */s/ Daniel Solomita*
Daniel Solomita
President and Chief Executive Officer
(principal executive officer)

EXHIBIT 31.2

SECTION 302 CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER OF LOOP INDUSTRIES, INC.

I, Cesar Contla, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Loop Industries, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 14, 2016

By: */s/ Cesar Contla*
Cesar Contla
Chief Financial Officer (principal financial officer and principal accounting officer)

EXHIBIT 32.1

SECTION 906 CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER OF LOOP INDUSTRIES, INC.

In connection with the accompanying Quarterly Report on Form 10-Q of Loop Industries, Inc. for the quarter ended August 31, 2016, the undersigned, Daniel Solomita, President and Chief Executive Officer of Loop Industries, Inc., does hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) such Quarterly Report on Form 10-Q for the quarter ended August 31, 2016, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in such Quarterly Report on Form 10-Q for the quarter ended August 31, 2016, fairly presents, in all material respects, the financial condition and results of operations of Loop Industries, Inc.

Date: October 14, 2016

By: */s/ Daniel Solomita*
Daniel Solomita
President and Chief Executive Officer
(principal executive officer)

EXHIBIT 32.2

SECTION 906 CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER OF LOOP INDUSTRIES, INC.

In connection with the accompanying Quarterly Report on Form 10-Q of Loop Industries, Inc. for the quarter ended August 31, 2016, the undersigned, Cesar Contla, Chief Financial Officer of Loop Industries, Inc., does hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) such Quarterly Report on Form 10-Q for the quarter ended August 31, 2016, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in such Quarterly Report on Form 10-Q for the quarter ended August 31, 2016, fairly presents, in all material respects, the financial condition and results of operations of Loop Industries, Inc.

Date: October 14, 2016

By: */s/ Cesar Contla*
Cesar Contla
Chief Financial Officer (principal financial officer and principal accounting officer)