INPUT CAPITAL

THE AGRICULTURE STREAMING COMPANY

Unaudited Condensed Interim

Financial Statements

for the three months ended December 31, 2016

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, Input Capital Corp. discloses that its auditors have not reviewed the unaudited condensed interim financial statements for the three month periods ended December 31, 2016 and 2015.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

	Note	As at December 31, 2016	As at September 30, 2016
ASSETS			
Current			
Cash		$ 28,164,253	$ 16,642,665
Trade and other receivables	6	2,086,108	4,257,605
Income tax recoverable		519,919	886,877
Current portion of canola interests	5, 6	24,501,974	28,878,396
Other financial assets	5, 6	1,525,316	3,852,643
Assets held for sale	6	18,800,168	18,681,068
Prepaid expenses		207,821	206,733
		$ 75,805,559	$ 73,405,987
Non-current			
Canola interests	5, 6	$ 46,704,919	$ 45,025,627
Capital and intangible assets		125,077	116,077
		$ 122,635,555	$ 118,547,691
LIABILITIES			
Current			
Trade and other payables	5, 6, 16	$ 6,369,328	$ 2,225,097
Revolving credit	7	459,581	-
		$ 6,828,909	$ 2,225,097
Non-current			
Deferred income tax liabilities	13	$ 552,910	$ 709,757
		$ 552,910	$ 709,757
EQUITY			
Share capital	8	$ 108,453,827	$ 108,384,935
Contributed surplus	8	2,585,104	2,378,506
Retained earnings	8	4,214,805	4,849,396
		$ 115,253,736	$ 115,612,837
		$ 122,635,555	$ 118,547,691

ON BEHALF OF THE BOARD

"Douglas Emsley", Director

"David H. Laidley", FCPA, FCA, Director

- The accompanying notes are an integral part of these unaudited condensed interim financial statements -

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Note	Three Months Ended December 31, 2016		Three Months Ended December 31, 2015	
Revenue	10	$	10,606,042	$	22,612,746
Expenses and other income					
Amortization of capital and intangible assets			8,429		4,987
Corporate administration	12, 16		1,568,214		1,104,925
Interest expense on revolving credit	7		1,858		-
Interest income			(43,848)		(100,046)
Net cash settlement of canola interests	11		(463,887)		-
Other gain	6		(178,448)		(76,433)
Purchase of canola and other direct expenses	10		1,796,521		7,191,611
Realization of canola interests	10		7,045,448		10,830,865
Profit before the undernoted		$	871,755	$	3,656,837
Market value adjustment	6		(541,865)		1,713,404
Net income before income tax		$	329,890	$	5,370,241
Income tax expense	13		147,252		1,497,861
Net income and comprehensive income		$	182,638	$	3,872,380
Basic earnings per share	9	$	0.00	$	0.05
Fully diluted earnings per share	9		0.00		0.04

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CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited)

Cash flow from (applied to)	Note	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015
Operating activities			
Net income for the period		$ 182,638	$ 3,872,380
Adjustments			
Amortization of capital and intangible assets		8,429	4,987
Deferred share unit gain	16	(51,275)	(105,651)
Deferred income tax expense	13	(401,234)	630,650
Interest income		(43,848)	(100,046)
Interest received		39,886	85,964
Realization of canola interests	6, 10, 11	9,284,856	10,197,958
Share based payments	8	215,490	180,264
Gain from buy back of canola interests	6	(116,472)	-
Gain from sale of canola futures and options	6	(42,893)	(76,433)
Unrealized market value adjustment	6	541,865	(1,080,497)
Changes in non-cash working capital	14	4,257,345	5,899,311
Cash generated from operating activities		$ 13,874,787	$ 19,508,887
Investing activities			
Acquisition of canola interests	6	(3,129,225)	(7,471,135)
Proceeds from buy back of canola interests	6	300,000	-
Proceeds from terminated contracts	6	831	-
Acquisition of assets held for sale		(119,100)	-
Net proceeds of canola futures and options	6	92,143	1,043,210
Purchase of capital and intangible assets		(17,429)	(2,391)
Cash applied to investing activities		$ (2,872,780)	$ (6,430,316)
Financing activities			
Net draws on revolving credit facility	7	459,581	-
Proceeds from shares issued	8	60,000	140,000
Cash generated from financing activities		$ 519,581	$ 140,000
Net increase in cash		11,521,588	13,218,571
Cash – beginning of the period		16,642,665	26,869,136
Cash - end of the period		$ 28,164,253	$ 40,087,707

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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

	Note	Share Capital		Contributed Surplus	Retained earnings	Total
		Number	Amount	Share Options		
At September 30, 2015		81,472,758	$ 108,134,007	$ 1,704,765	$ 4,535,729	$ 114,374,501
Options exercised	8	140,000	160,748	(20,748)	-	140,000
Share based payment – options	8	-	-	180,264	-	180,264
Total comprehensive income		-	-	-	3,872,380	3,872,380
At December 31, 2015		81,612,758	$ 108,294,755	$ 1,864,281	$ 8,408,109	$ 118,567,145
Options exercised	8	50,000	90,180	(26,180)	-	64,000
Share based payment – options	8	-	-	540,405	-	540,405
Total comprehensive loss		-	-	-	(3,558,713)	(3,558,713)
At September 30, 2016		81,662,758	$ 108,384,935	$ 2,378,506	$ 4,849,396	$ 115,612,837
Options exercised	8	60,000	68,892	(8,892)	-	60,000
Share based payment – options	8	-	-	215,490	-	215,490
Dividends	8	-	-	-	(817,229)	(817,229)
Total comprehensive income		-	-	-	182,638	182,638
At December 31, 2016		81,722,758	$ 108,453,827	$ 2,585,104	$ 4,214,805	$ 115,253,736

- The accompanying notes are an integral part of these unaudited condensed interim financial statements -

1. Nature of operations

Input Capital Corp. (the "Company" or "Input") is an agriculture streaming company that acquires canola purchase agreements ("Canola Streams") from farmers. In return for making an upfront payment to acquire a Canola Stream, the Company receives the right to receive, or purchase, a specified number of tonnes of canola in each year of the agreement.

The predecessor of Input was incorporated under The Business Corporations Act (Saskatchewan) (the "Act") on October 25, 2011. The existing Company was formed by an amalgamation under the Act on August 8, 2013. The Company's shares are publicly traded on the TSX Venture Exchange, under the symbol "INP".

The head office of the Company is located at 300 – 1914 Hamilton Street, Regina, Saskatchewan, S4P 3N6. The Company's registered and records office is located at 800 – 1801 Hamilton Street, Regina, Saskatchewan, S4P 4B4.

The agriculture industry is subject to a high degree of seasonality. The Company's revenue is received from canola deliveries and sales over several months after the harvest has been completed. The Company normally expects to recognize the majority of its annual revenues during its first and second fiscal quarters, while capital deployment will be spread throughout the year, with concentration in the October to June period.

These unaudited condensed financial statements were authorized for issue by the Board of Directors on February 6, 2017.

2. New standards and interpretations

The International Accounting Standards Board ("IASB") issued a number of new and revised accounting standards which are effective for future periods.

Standards required to be applied for annual periods beginning on or after January 1, 2018:

- *International Financial Reporting Standard ("IFRS") 15 – Revenue from Contracts with Customers* - specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

- *IFRS 9 – Financial Instruments* - a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement.

Standards required to be applied for annual periods beginning on or after January 1, 2019:

- *IFRS 16 – Leases* - specifies how an IFRS reporter will recognize, measure, present and disclose leases.

The Company is reviewing these standards to determine the potential impact, if any, on its financial statements.

3. Basis of presentation

A. STATEMENT OF COMPLIANCE

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Committee ("IFRIC"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the period ended September 30, 2016.

B. BASIS OF PREPARATION

These unaudited condensed financial statements have been prepared on a historical cost basis except for the following material items in the statement of financial position:

- Financial instruments that are accounted for according to the financial instrument categories defined in Note 5.
- Share purchase options and deferred share units that are accounted for according to the share-based payments criteria defined in Note 4H.

C. FUNCTIONAL AND PRESENTATIONAL CURRENCY

The unaudited condensed financial statements are presented in Canadian dollars, the functional currency of the Company, and all values are rounded to the nearest dollar with the exception of share and per share value.

D. USE OF ESTIMATES AND JUDGMENTS

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

4. Key sources of estimation uncertainty and critical accounting judgments

Information about significant areas of estimation uncertainty and judgments made by management in preparing the unaudited condensed interim financial statements are described below.

A. CANOLA INTERESTS

Canola interests are agreements for which settlements are called for in tonnes of canola, the amount of which is determined based on terms in the canola purchase agreements which are capitalized on a contract by contract basis and are recorded at fair value. As the contracts contain an embedded derivative relating to the market value of canola, at each reporting date the fair value of each contract is calculated using internal discounted cash flow models that rely on forward canola and other correlated commodity pricing provided by independent sources. Subsequent changes in fair value of these derivative financial instruments are recognized in profit or loss in market value adjustments. Realized gains and losses that result from the sale of tonnes of canola are recognized in profit or loss in realization of canola interests.

Included in canola interests are contracts that have been terminated due to default and are in the process of security realization. Contracts that are terminated are fair valued at the time of termination and subsequently recorded at cost less any write downs for impairment. Legal and other expenses relating to enforcement of security are expensed as incurred. Costs directly attributable to additions to the security position are included as additions to canola interests. Contracts that are terminated are fair valued at each reporting date based on the expected amount of capital to be recovered net of legal and other costs to determine if impairment exists.

B. REALIZATION OF CANOLA INTERESTS

The initial upfront payment allocated to canola interests is capitalized. Upfront payments allocated to canola interests are recorded as realization of canola interests on a proportionate contractual unit basis as sales are recorded for each specific contract. Crop payments are recorded as realization of canola interests on a unit basis as sales are recorded for each specific contract. Realized gains and losses that result from the sale of tonnes of canola are recognized in profit or loss in realization of canola interests.

C. OTHER FINANCIAL ASSETS

Other financial assets include canola delivery and basis price contracts with grain companies, farmers and canola crushing facilities. These contracts are generally settled by delivery of canola tonnes or in cash. At each reporting date the fair value of each contract is calculated using current and future canola pricing provided by independent sources. Subsequent changes in fair value of these derivative financial instruments are recognized in profit or loss in market value adjustments.

Part of the Company's in-year canola marketing program involves the purchase of canola futures and options contracts to maintain an open pricing position. These contracts are settled in cash and at each reporting date the fair value of open contracts is calculated using current canola pricing provided by independent sources. Subsequent changes in fair value of these derivative financial instruments are recognized in profit or loss in market value adjustments. Realized gains and losses relating to these contracts is recorded in other (gain) loss in the statement of comprehensive income.

D. ASSETS HELD FOR SALE

Assets held for sale consist of land and other assets registered in Input's name resulting from Input enforcing security under contracts being terminated or as a result of contract buy backs. These assets are recorded at fair value based on quoted market prices for similar assets with an offsetting reduction in Canola interests. These assets are expected to be sold in the near term. Subsequent declines in the fair value, if any, are recorded in other (gain) loss in the statement of comprehensive income.

E. INCOME TAXES

Taxation on earnings comprises current and deferred income tax. Taxation is recognized in the statements of comprehensive income except to the extent that it relates to items recognized in equity, in which case the tax is recognized directly in equity.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

F. REVENUE RECOGNITION

Sales of canola from streaming contracts are recognized when persuasive evidence of an arrangement exists, title and risk passes to the buyer, the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the sale will flow to the Company and the costs incurred in respect of the transaction can be measured reliably.

Sales from canola trading are recognized when persuasive evidence of an arrangement exists, title and risk passes to the buyer from the seller, the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the sale will flow to the Company and the costs of purchasing the canola from the seller can be measured reliably.

G. NET CASH SETTLEMENT OF CANOLA INTERESTS

Canola streaming contracts may be settled with the farm operator in cash or through cash proceeds received from crop insurance. These transactions do not result in the title and risk of the canola passing to a purchaser from Input and are considered to be the settlement of a financial asset with the farm operator. As a result, these transactions are not recorded as canola streaming revenue. As such, these are recorded as a net cash settlement of canola interests on the statement of comprehensive income.

H. SHARE BASED PAYMENTS

The Company recognizes share based compensation expense for all share purchase options awarded to employees, officers and directors based on the fair values of the share purchase options at the date of grant. The fair values of share purchase options at the date of grant are expensed over the vesting periods of the options with a corresponding increase to equity in contributed surplus. The fair value of share purchase options is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant. At the end of each reporting period, the Company re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of any revisions to this estimate in the statement of comprehensive income.

The Black-Scholes model requires management to estimate the expected volatility and term of the equity instrument, the risk-free rate of return over the term, expected dividends, and the number of equity instruments expected to ultimately vest. Volatility is estimated using the historical stock price of the Company, the expected term is estimated using historical exercise data, and the expected number of equity instruments expected to vest is estimated using historical forfeiture data. If and when share-based awards are ultimately exercised, the applicable amounts in Contributed Surplus are transferred to Share Capital.

The Company has a Deferred Share Unit Plan (the "DSU Plan") whereby the Company grants deferred share units ("DSUs") to eligible directors. The DSUs are cash-settled payment transactions and are valued at the fair value of the rights based on the closing share price at the end of the reporting period.

5. *Financial instruments*

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value hierarchy establishes three levels to classify the inputs of valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

- Level 1 – Fair values are determined using inputs that are quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The fair values for cash and cash equivalents and marketable securities were based on carrying value as an approximation of market value due to the short time frame to maturity.
- Level 2 – Fair values are determined using inputs, other than quoted prices in level 1, that are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liabilities.
- Level 3 – Fair values are determined based on inputs for the asset or liability that are not based on observable market data. Canola interest values are calculated using internal discounted cash flow models that rely on forward canola and other correlated commodity pricing provided by independent sources and long term basis assumptions.

FAIR VALUE - The following sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Classification	Level	December 31, 2016	September 30, 2016
Other financial assets	Fair value through profit or loss	2	$ 1,525,316	$ 3,852,643
Canola interests	Fair value through profit or loss	3	71,206,893	73,904,023

The fair value of short-term financial instruments approximates their carrying amounts due to the relatively short period to maturity. These include cash and cash equivalents, trade and other receivables, and trade and other payables.

Canola interests from terminated contracts are fair valued at the time of termination and subsequently, if necessary, written down for any impairment.

Canola purchase agreements contain obligations in that the Company agrees to purchase canola at a specified price at a future date. A summary of the payments due by period is summarized below:

	Payment due by period				
	< 1 year	1 - 3 years	4 - 5 years	> 5 years	Total
Purchase obligations	$ 3,895,815	$ 7,928,650	$ 6,293,165	$ 1,868,982	$ 19,986,612

Financial liabilities and other contractual obligations at December 31, 2016, and their maturities are summarized below:

	Payment due by period				
	< 1 year	1 - 3 years	4 - 5 years	> 5 years	Total
Trade and other payables	$ 6,369,328	$ -	$ -	$ -	$ 6,369,328

LOANS AND BORROWINGS - The Company has a $25 million revolving credit facility with HSBC Canada. As of December 31, 2016, there was $459,581 (September 30, 2016 - $nil) drawn on the facility. The covenants of the facility include a maximum total liabilities to tangible net worth ratio of 0.05 to 1 and a minimum current ratio of 2 to 1. At December 31, 2016, the Company met all of its covenants as required by the facility.

The liability and obligations of the Company are secured by all property of the Company including an assignment of the rights of the Company under the canola streaming contracts and any collateral security granted in favour of the Company in connection with each contract.

6. *Canola interests, other financial assets and assets held for sale*

	December 31, 2016	September 30, 2016
Canola interests:		
Opening balance	$ 73,904,023	$ 91,010,270
Acquisition of canola interests - upfront payments	4,112,484	7,908,433
Acquisition of canola interests - crop payments	923,388	2,001,555
Realization of canola interests - upfront payments	(7,221,040)	(4,752,564)
Realization of canola interests - crop payments	(1,518,424)	(863,595)
Realization of canola interests - realized market value adjustment	(545,392)	(923,159)
Recoveries on terminated contracts	(831)	(9,889,415)
Acquisition of security	-	921,450
Buy back of canola contracts	(183,528)	(9,949,420)
Market value adjustment	1,736,213	(1,559,532)
	$ 71,206,893	$ 73,904,023
Canola interests (including amounts relating to terminated contracts):		
Current portion of canola interests	$ 24,501,974	$ 28,878,396
Non-current canola interests	46,704,919	45,025,627
	$ 71,206,893	$ 73,904,023

Included in Trade and other receivables at December 31, 2016 is $1,180,057 relating to canola deliveries made for which the payment has not yet been received as at December 31, 2016 (September 30, 2016 - $3,748,837). Also included in trade and other receivables at December 31, 2016 is short-term advances to farmers of $850,642 (September 30, 2016 - $365,472). These advances are non-interest bearing and approximate fair value given their short-term nature.

Included in Trade and other payables at December 31, 2016 is $1,981,649 relating to the acquisition of canola interests - upfront payment commitments for which the disbursement has not yet been made as at December 31, 2016 (September 30, 2016 - $nil).

A producer or the Company may negotiate a buy back of a streaming contract. Funds received or assets held for sale received are used to bring the contract current and then purchase back future obligations under the contract. During the three months ended December 31, 2016, the Company received $300,000 in proceeds (three months ended December 31, 2015 - $nil) relating to the settlement of future obligations under streaming contracts. The buy back of canola interests resulted in a gain of $116,470 being recognized in Other income and Realization of canola interest - realized market value adjustment loss of $116,470 being recognized in the statement of comprehensive income under net cash settlement of canola interests.

As at December 31, 2016 there are three streaming contracts (September 30, 2016 - three) that have been terminated due to default and are in the process of security realization. The value of the contracts in default included in canola interests at December 31, 2016 is $6,642,877 (September 30, 2016 - $6,643,710) of which $312,058 is recorded as a current asset and the balance of $6,330,819 is recorded as a non-current asset. Input believes it will fully recover the outstanding value of these contracts through the enforcement of security. Contracts that are terminated are fair valued at the time of termination and subsequently, if necessary, written down for any impairment. Included in Professional fees – legal, accounting, tax and collection expenses under corporate administration expense for the three months ended December 31, 2016 is $96,936 (three months ended December 31, 2015 - $nil) relating to the collection of terminated accounts.

Assets held for sale result from Input enforcing security under contracts being terminated or as a result of contract buy backs. These assets are expected to be sold in the near term. Included in assets held for sale is:

	December 31, 2016	September 30, 2016
Land	$ 17,929,218	$ 17,929,218
Buildings, storage bins and other assets	870,950	751,850
	$ 18,800,168	$ 18,681,068

Changes in the fair value of other financial assets are recognized in profit or loss in market value adjustment and as follows:

	Three months ended December 31, 2016	Three months ended December 31, 2015
Market value adjustment	$ (2,278,078)	$ (2,053,989)

Part of the Company's in-year canola marketing program involves the purchase of canola futures and options contracts to maintain an open pricing position. Included in Other (gain) loss is a gain of $42,893 for the three months ended December 31, 2016 (three months ended December 31, 2015 - gain of $76,433) relating to realized gains on these contracts.

7. Revolving credit

The Company has a $25 million revolving credit facility with HSBC Canada. Advances on the revolving credit facility are available to fund 25% of the upfront payments made. The principal amount of each advance is due to be repaid within one year from the date the advance was made. Interest, which is equal to prime plus 1% is payable monthly on the first of each month. A continuity schedule of the Company's revolving debt is presented below:

At September 30, 2016	$	-
Advances		523,800
Repayments		(64,219)
At December 31, 2016	$	459,581

8. Share capital, contributed surplus and retained earnings

A. SHARES AUTHORIZED

The Company's authorized share capital consists of an unlimited number of Class "A" common voting shares ("common shares") without par value.

B. SHARES ISSUED

	December 31, 2016		September 30, 2016	
	Number	$	Number	$
Common shares	81,722,758	$ 108,453,827	81,662,758	$ 108,384,935

C. SHARE PURCHASE OPTIONS

The Company has an incentive share purchase option plan (the "Option Plan") whereby the Company may grant share options to eligible employees, officers, directors and consultants at an exercise price, expiry date, and vesting conditions to be determined by the Board of Directors. Each share option converts into one common share of the Company on exercise.

The following option plans were in existence during the current and prior years:

Option series	Number	Expiry date	Exercise price	Fair value at date of grant
(1) granted on November 30, 2012	3,129,602	November 30, 2017	$ 1.00	$ 1.00
(2) granted on July 18, 2013	350,000	November 30, 2017	$ 1.28	$ 1.60
(3) granted on December 1, 2013	2,386,622	December 1, 2018	$ 1.73	$ 1.73
(4) granted on May 27, 2014	36,600	May 27, 2019	$ 2.20	$ 2.20
(5) granted on November 28, 2014	37,218	November 28, 2019	$ 2.01	$ 2.01
(6) granted on February 6, 2015	10,000	February 6, 2020	$ 2.80	$ 2.80
(7) granted on June 10, 2015	732,100	June 10, 2020	$ 3.05	$ 3.05
(8) granted on November 16, 2015	30,900	November 16, 2020	$ 1.88	$ 1.88
(9) granted on June 8, 2016	912,700	June 8, 2021	$ 2.18	$ 2.18
(10) granted on December 15, 2016	642,900	December 15, 2021	$ 2.00	$ 2.00

The fair value of the stock options is estimated at the grant date based on the Black-Scholes pricing model using the assumptions below. The assumptions below are for options issued since September 30, 2015 and are based on management's best estimates at the time of issuance.

	Option Series		
Inputs into the model	Series 8	Series 9	Series 10
Grant date share price	$ 1.88	$ 2.18	$ 2.00
Exercise price	$ 1.88	$ 2.18	$ 2.00
Average vesting period from grant date	2.00 years	2.99 years	3.00 years
Volatility	49.07%	48.38%	47.48%
Expected life	5.00 years	5.00 years	5.00 years
Dividend yield	0.00%	0.00%	2.00%
Risk free interest rate	0.94%	0.63%	1.16%

At December 31, 2016, the following options to purchase common shares were outstanding:

		Options outstanding				
Option series	Average remaining life (in years)	Vested	Unvested	Exercised	Expired or cancelled	Total
Series 1	0.91	3,129,602	-	250,000	-	2,879,602
Series 2	0.91	350,000	-	50,000	-	300,000
Series 3	1.92	2,386,622	-	-	-	2,386,622
Series 4	2.40	36,600	-	-	-	36,600
Series 5	2.91	37,218	-	-	-	37,218
Series 6	3.10	6,329	3,671	-	-	10,000
Series 7	3.44	386,530	345,570	-	1,800	730,300
Series 8	3.88	17,355	13,545	-	-	30,900
Series 9	4.44	172,984	739,716	-	7,900	904,800
Series 10	4.96	9,394	633,506	-		642,900
Weighted average	2.16	6,532,634	1,736,008	300,000	9,700	7,958,942

D. DIVIDENDS

On December 7, 2016 the Company declared a dividend of $0.01 per share payable on January 16, 2017 to shareholders of record on December 30, 2016.

9. Basic and diluted weighted average number of common shares

Diluted weighted average number of common shares is based on the following:

	Three months ended December 31, 2016	Three months ended December 31, 2015
Basic weighted average number of shares	81,669,932	81,541,236
Dilutive securities:		
Share options	7,480,677	6,594,466

When there is a net loss and comprehensive loss the share options are anti-dilutive and therefore the diluted loss per share is the same as the basic loss per share.

10. Revenue, purchase of canola and other direct expenses, and realization of canola interests

Revenue and realization of canola interests for canola streaming revenue is presented below:

	Three months ended December 31, 2016	Three months ended December 31, 2015
Revenue from canola streaming contracts	$ 9,020,994	$ 15,639,768
Realization of canola interests		
Upfront payments	5,096,615	8,416,848
Crop payments	1,394,858	1,781,110
Realized market value adjustment	553,975	632,907
Other direct expenses	288,264	246,148
Profit from canola streaming	$ 1,687,282	$ 4,562,755

Revenue and purchase of canola for canola trading is presented below:

	Three months ended December 31, 2016	Three months ended December 31, 2015
Revenue from canola trading	$ 1,585,048	$ 6,972,978
Purchase of canola and other direct expenses	1,508,257	6,945,463
Profit from canola trading	$ 76,791	$ 27,515

11. Net cash settlement of canola interests

The net cash settlement of canola interests is presented below:

	Three months ended December 31, 2016	Three months ended December 31, 2015
Total cash proceeds received	$ 2,703,295	$ -
Amounts applied to the realization of canola interests		
Upfront payments	2,124,425	-
Crop payments	123,566	-
Realized market value adjustment	(8,583)	-
Net cash settlement of canola interests	$ 463,887	$ -

12. Corporate administration

The corporate administration expenses of the Company are as follows:

	Three months ended December 31, 2016	Three months ended December 31, 2015
Advertising and client development	$ 153,869	$ 221,273
Board and executive (gain) expenses	11,216	(70,024)
Contractors, employee salaries and benefits	727,453	615,638
Investor relations	28,714	39,555
Licenses, dues and filing fees	55,023	20,983
Office expenses	122,353	54,422
Professional fees – legal, accounting, tax and collection	254,096	42,813
Share option based compensation (Note 8C)	215,490	180,265
Total corporate administration expense	$ 1,568,214	$ 1,104,925

13. Income taxes

The income tax expense differs from the amounts that would result from applying the federal and provincial income tax rate to the net income before income taxes. These differences result from the following items:

	Three months ended December 31, 2016	Three months ended December 31, 2015
Net income before income tax	$ 329,890	$ 5,370,241
Canadian federal and provincial tax rates	27%	27%
Income tax expense based on the above rates	89,070	1,449,965
Increase (decrease) due to the tax effect of:		
Non-deductible stock compensation	58,182	48,671
Other	-	(775)
Income tax expense	$ 147,252	$ 1,497,861

The income tax expense consists of the following:

	Three months ended December 31, 2016	Three months ended December 31, 2015
Current	$ (478,060)	$ 867,211
Deferred	625,312	630,650
	$ 147,252	$ 1,497,861

The components of deferred income taxes recognized on the statement of financial position are as follows:

	December 31, 2016	September 30, 2016
Deferred income tax liability		
Share issuance costs	$ 671,992	$ 776,711
DSU compensation	149,871	163,716
Market value adjustment	(1,374,773)	(1,650,184)
Total deferred income tax liability	$ (552,910)	$ (709,757)

14. Supplemental cash flow information

	Three months ended December 31, 2016	Three months ended December 31, 2015
Change in non-cash working capital items		
Trade and other receivables	$ 2,175,459	$ 3,729,254
Income tax recoverable	(415,201)	-
Prepaid expenses	(1,088)	29,529
Trade and other payables	1,471,629	1,273,317
Income tax payable	-	867,211
Net increase in cash	$ 3,230,799	$ 5,899,311

15. Key management personnel compensation

Members of the key management team include the President and Chief Executive Officer, the Executive Vice-President and Chief Financial Officer, and the Vice-President of Market Development.

	Three months ended December 31, 2016	Three months ended December 31, 2015
Contractors, employee salaries and benefits	$ 174,671	$ 174,765
Share based payments	177,774	153,266
Total key management compensation expense	$ 352,445	$ 328,031

16. Board compensation

The Company has a Deferred Share Unit Plan (the “DSU Plan”) whereby the Company grants deferred share units ("DSUs") to eligible directors. Each eligible director is given the opportunity to elect, in lieu of cash, to receive all, or a portion of, their annual board retainer or board meeting fees in the form of DSUs. The DSUs are cash-settled payment transactions and are valued at the fair value of the rights based on the closing stock price at the end of the reporting period. At December 31, 2016 there were 366,869 DSUs granted, vested and outstanding (September 30, 2016 - 329,540). Included in Trade and other payables at December 31, 2016 is $555,079 (September 30, 2016 - $606,354) relating to the valuation of the DSUs. Included in Board and executive (gain) expenses under corporate administration expense for the three months ended December 31, 2016 is a gain of $51,275 (three months ended December 31, 2015 - gain of $105,651) relating to the valuation of the DSUs.

17. Related party transactions

The Company is related to Emsley & Associates (2002) Inc. and Nomad Capital Corp. as a result of common management. The companies share some common personnel and Input leases furnished office space from Emsley & Associates Inc. (see Note 18). These expenses are managed through a Shared Services Agreement whereby expenses are shared between companies. These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party expenses are summarized in the following table:

	Three months ended December 31, 2016	Three months ended December 31, 2015
Corporate administration	$ 231,377	$ 206,572

Included in Corporate administration (Note 12) is $121,786 for the three months ended December 31, 2016 (three months ended December 31, 2015 - $123,250), relating to key management compensation and is included in contractors, employee salaries and benefits in Note 15.

Included in Trade and other payables is $15,290 (September 30, 2016 - $29,930) payable to related parties.

18. Commitments and Contingencies

In August 2016, the Company signed a five-year lease that commenced September 1, 2016, ending February 28, 2021 with Emsley & Associates (2002) Inc. The Company's annual commitments under the lease is as follows:

Commitments and contingencies	
2017	$ 278,256
2018	278,256
2019	289,846
2020	302,334
2021	51,128
	$ 1,199,820