



**INPUT CAPITAL**  
THE AGRICULTURE STREAMING COMPANY

**Unaudited Condensed Interim**

**Financial Statements**

**for the three months ended June 30, 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 June 30, 2016 and 2015.

## STATEMENTS OF FINANCIAL POSITION

(Unaudited)

	Note	As at June 30, 2016	As at March 31, 2016
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 15,094,655	\$ 24,772,200
Trade and other receivables	6	237,910	442,326
Income tax recoverable	11	670,741	-
Current portion of canola interests	5, 6	27,757,280	34,858,577
Other financial assets	5, 6	1,684,606	78,987
Assets held for sale	6	18,681,068	4,411,155
Prepaid expenses		212,274	210,607
		\$ 64,338,534	\$ 64,773,852
<b>Non-current</b>			
Canola interests	5, 6	\$ 55,075,026	\$ 56,151,693
Capital and intangible assets		69,581	74,488
		\$ 119,483,141	\$ 121,000,033
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables	5, 14	\$ 2,817,662	\$ 3,638,902
Income tax payable	11	-	1,073,156
		\$ 2,817,662	\$ 4,712,058
<b>Non-current</b>			
Deferred income tax liabilities	11	\$ 644,557	\$ 266,121
		\$ 644,557	\$ 266,121
<b>EQUITY</b>			
Share capital	7	\$ 108,384,935	\$ 108,294,755
Contributed surplus	7	2,168,981	2,016,829
Retained earnings		5,467,006	5,710,270
		\$ 116,020,922	\$ 116,021,854
		\$ 119,483,141	\$ 121,000,033

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 -

## **STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

*(Unaudited)*

	Note	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015 (Note 16)
<b>Revenue</b>	9	\$ 114,618	\$ 8,001,685
<b>Expenses and other income</b>			
Amortization of capital and intangible assets		4,907	1,230
Corporate administration	10, 14	1,582,590	1,036,198
Interest income		(48,713)	(98,831)
Other gain	6	(20,634)	(129,989)
Purchase of canola and other direct expenses	9	10,348	5,069,907
Realization of canola interests	9	963,684	1,480,912
<b>(Loss) profit before the undernoted</b>		\$ (2,377,564)	\$ 642,258
Market value adjustment	6	2,110,284	12,246,305
<b>Net income (loss) before income tax</b>		\$ (267,280)	\$ 12,888,563
Income tax (recovery) expense	11	(24,016)	3,506,404
<b>Net (loss) income and comprehensive (loss) income</b>		\$ (243,264)	\$ 9,382,159
<b>Basic (loss) earnings per share</b>	8	\$ (0.00)	\$ 0.12
<b>Fully diluted (loss) earnings per share</b>	8	(0.00)	0.11

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

## STATEMENTS OF CASH FLOWS

(Unaudited)

Cash flow from (applied to)	Note	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015
<b>Operating activities</b>			
<b>Net (loss) income for the period</b>		\$ (243,264)	\$ 9,382,159
Adjustments			
Amortization of capital and intangible assets		4,907	1,230
Deferred share unit expense (gain)	14	165,210	(19,625)
Deferred income tax expense	11	273,867	3,506,404
Interest income		(48,713)	(98,831)
Interest received		59,310	118,241
Realization of canola interests	6, 9	963,684	1,480,912
Share based payments	7	178,332	100,991
(Gain) loss from buy back of canola interests	6	(11,437)	173,242
(Gain) loss from sale of canola futures and options	6	11,783	(303,232)
Unrealized market value adjustment	6	(2,110,284)	(12,246,305)
Changes in non-cash working capital	12	(992,931)	(202,854)
<b>Cash generated from (applied to) operating activities</b>		\$ (1,749,536)	\$ 1,892,332
<b>Investing activities</b>			
Acquisition of canola interests	6	(8,687,609)	(15,919,890)
Proceeds from buy back of canola interests	6	72,442	2,070,091
Proceeds from terminated contracts	6	718,340	-
Net proceeds of canola futures and options	6	(95,182)	(426,078)
<b>Cash applied to investing activities</b>		\$ (7,992,009)	\$ (14,275,877)
<b>Financing activities</b>			
Proceeds from shares issued	7	64,000	-
<b>Cash generated from financing activities</b>		\$ 64,000	\$ -
Net decrease in cash		(9,677,545)	(12,383,545)
Cash – beginning of year		24,772,200	39,598,226
Cash - end of year		\$ 15,094,655	\$ 27,214,681

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

## STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

	Note	Share Capital		Contributed Surplus	Retained earnings	Total
		Number	Amount	Share Options	(deficit)	
At March 31, 2015		81,472,758	\$ 108,134,007	\$ 1,411,059	\$ (4,466,143)	\$ 105,078,923
Share based payment – options	7	-	-	100,991	-	100,991
Total comprehensive income		-	-	-	9,382,159	9,382,159
At June 30, 2015		81,472,758	\$ 108,134,007	\$ 1,512,050	\$ 4,916,016	\$ 114,562,073
Options exercised	7	140,000	160,748	(20,748)	-	140,000
Share based payment – options	7	-	-	525,527	-	525,527
Total comprehensive income		-	-	-	794,254	794,254
At March 31, 2016		81,612,758	\$ 108,294,755	\$ 2,016,829	\$ 5,710,270	\$ 116,021,854
Options exercised	7	50,000	90,180	(26,180)	-	64,000
Share based payment – options	7	-	-	178,332	-	178,332
Total comprehensive loss		-	-	-	(243,264)	(243,264)
At June 30, 2016		81,662,758	\$ 108,384,935	\$ 2,168,981	\$ 5,467,006	\$ 116,020,922

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

# ***NOTES TO THE FINANCIAL STATEMENTS***

June 30, 2016 - unaudited

## ***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 at a fixed price per tonne, 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 the September to March time period, while capital deployment will be spread throughout the year, with concentration in the October to March period.

These unaudited condensed interim financial statements were authorized for issue by the Board of Directors on August 15, 2016.

## ***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* – 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 year ended March 31, 2016.

# ***NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2016 - unaudited*

## **B. BASIS OF PREPARATION**

These unaudited condensed interim 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 4G.

## **C. FUNCTIONAL AND PRESENTATIONAL CURRENCY**

The unaudited condensed interim 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

The significant judgements made by Management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended March 31, 2016. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financials statements, are disclosed in Note 4.

## ***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 written down for any 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.



# ***NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2016 - unaudited*

## **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 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 strategic 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 (Loss).

## **D. ASSETS HELD FOR SALE**

Assets held for sale are assets registered in Input's name resulting from Input enforcing security under contracts being terminated or as a result of Input accepting assets as part of a buy back of canola interests . 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 changes in fair value of these assets are recognized as an adjustment to canola interest or as a loss in canola interests once contract is fully resolved and terminated.

## **E. INCOME TAXES**

Taxation on earnings comprises current and deferred income tax. Taxation is recognized in the Statements of Comprehensive Income (Loss) 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.

# NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 - unaudited

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. 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 (loss).

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 daily volatility of the historical stock price of the Company since inception, 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	June 30, 2016	March 31, 2016
Other financial assets	Fair value through profit or loss	2	\$ 1,684,606	\$ 78,987
Canola interests	Fair value through profit or loss	3	82,832,306	91,010,270

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 - unaudited

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 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				Total
	< 1 year	1 - 3 years	4 - 5 years	> 5 years	
Purchase obligations	\$ 3,651,239	\$ 10,227,421	\$ 4,511,588	\$ 180,000	\$ 18,570,248

Financial liabilities and other contractual obligations at June 30, 2016, and their maturities are summarized below:

	Payment due by period				Total
	< 1 year	1 - 3 years	4 - 5 years	> 5 years	
Trade and other payables	\$ 2,817,662	\$ -	\$ -	\$ -	\$ 2,817,662

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

	June 30, 2016	March 31, 2016
Canola interests:		
Opening balance	\$ 91,010,270	\$ 70,129,659
Acquisition of canola interests - upfront payments	6,124,431	35,430,713
Acquisition of canola interests - crop payments	1,119,143	3,338,342
Realization of canola interests - upfront payments	(73,557)	(16,250,410)
Realization of canola interests - crop payments	(3,339)	(3,468,346)
Realization of canola interests - realized market value adjustment	(883,449)	(268,189)
Recoveries on terminated contracts	(6,892,378)	(4,409,191)
Acquisition of security	898,313	1,077,797
Buy back of canola contracts	(9,055,193)	(2,510,000)
Market value adjustment	588,065	7,939,895
	\$ 82,832,306	\$ 91,010,270
Canola interests (including amounts relating to terminated contracts):		
Current portion of canola interests	\$ 27,757,280	\$ 34,858,577
Non-current canola interests	55,075,026	56,151,693
	\$ 82,832,306	\$ 91,010,270

Included in Trade and other receivables at March 31, 2016 is \$nil relating to canola deliveries made for which the payment has not yet been received as at June 30, 2016 (March 31, 2016 - \$171,801).

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 - unaudited

Included in Trade and other payables at June 30, 2016 is \$140,040 relating to the acquisition of canola interests - upfront payment commitments for which the disbursement has not yet been made as at June 30, 2016 (March 31, 2016 - \$1,580,736).

Due to exceptional circumstances, a producer or the Company may negotiate a buy back of a streaming contract. Funds 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 June 30, 2016, the Company received \$72,442 in proceeds (year ended March 31, 2016 - \$2,355,090) and \$8,994,188 in assets held for sale (year ended March 31, 2016 - \$nil) relating to the settlement of future obligations under streaming contracts. The buy back of canola interests resulted in a gain of \$11,437 being recognized in Other income and Realization of canola interest - realized market value adjustment expense of \$860,360 being recognized in the statement of comprehensive loss.

As at June 30, 2016 there are three streaming contracts (March 31, 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 June 30, 2016 is \$9,617,581 (March 31, 2016 - \$16,080,892) of which \$3,286,762 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. Once recovered, the funds will be available for redeployment in order to replace the cancelled tonnes. Contracts that are terminated are fair valued at the time of termination and subsequently written down for any impairment.

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 June 30, 2016	Three months ended June 30, 2015
Market value adjustment	\$ 1,522,219	\$ (111,603)

Part of the Company's strategic 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 loss of \$11,783 (June 30, 2015 gain of \$303,232) relating to realized gains on these contracts.

### 7. Share capital and contributed surplus

#### 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

	June 30, 2016		March 31, 2016	
	Number	\$	Number	\$
Common shares	81,662,758	\$ 108,384,935	81,612,758	\$ 108,294,755

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 - unaudited

A continuity schedule of the Company's shares issued from March 31, 2015 to June 30, 2016, is presented below:

	Number of Common Shares	Net share capital
At March 31, 2015	81,472,758	\$ 108,134,007
At June 30, 2015	81,472,758	\$ 108,134,007
Options exercised or cancelled (see Note 7C)	140,000	160,748
At March 31, 2016	81,612,758	\$ 108,294,755
Options exercised or cancelled (see Note 7C)	50,000	90,180
At June 30, 2016	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

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 April 1, 2015 and are based on management's best estimates at the time of issuance.

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 - unaudited

Inputs into the model	Option Series		
	Series 7	Series 8	Series 9
Grant date share price	\$ 3.05	\$ 1.88	\$ 2.18
Exercise price	\$ 3.05	\$ 1.88	\$ 2.18
Volatility	38.29%	49.07%	48.38%
Expected life	5.00 years	5.00 years	5.00 years
Dividend yield	0.00%	0.00%	0.00%
Risk free interest rate	1.06%	0.94%	0.63%

A continuity schedule of the Company's share options from March 31, 2015 to June 30, 2016, which is included in contributed surplus, is presented below:

	Contributed surplus - share options
At March 31, 2015	\$ 1,411,059
Amortization of fair value of share options (series 3 to 7)	100,991
At June 30, 2015	\$ 1,512,050
Amortization of fair value of share options (series 3 to 8)	525,527
Options exercised during the period	(20,748)
At March 31, 2016	\$ 2,016,829
Amortization of fair value of share options (series 3 to 9)	178,332
Options exercised during the period	(26,180)
At June 30, 2016	\$ 2,168,981

At June 30, 2016, the following options to purchase common shares were outstanding:

Option series	Average remaining life (in years)	Options outstanding				Total
		Vested	Unvested	Exercised	Expired or cancelled	
Series 1	1.42	3,129,602	-	190,000	-	2,939,602
Series 2	1.42	350,000	-	50,000	-	300,000
Series 3	2.42	2,094,165	292,457	-	-	2,386,622
Series 4	2.91	36,600	-	-	-	36,600
Series 5	3.41	29,519	7,699	-	-	37,218
Series 6	3.61	4,648	5,352	-	-	10,000
Series 7	3.95	261,536	470,564	-	1,000	731,100
Series 8	4.38	9,566	21,334	-	-	30,900
Series 9	4.94	18,474	894,226	-	-	912,700
Weighted average	2.43	5,934,110	1,691,632	240,000	1,000	7,384,742

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 - unaudited

A vesting schedule of unvested options is presented below:

Vesting date	Option series	Shares vesting				Total
		2016	2017	2018	2019	
February 6	6	-	3,333	3,333	-	6,666
June 8	9	-	306,500	306,500	299,700	912,700
June 10	7	-	247,950	236,200	-	484,150
November 16	8	15,450	15,450	-	-	30,900
November 28	5	18,609	-	-	-	18,609
December 1	3	693,160	-	-	-	693,160
		727,219	573,233	546,033	299,700	2,146,185

### 8. Basic and diluted weighted average number of common shares

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

	Three months ended June 30, 2016	Three months ended June 30, 2015
Basic weighted average number of shares	81,613,857	81,472,758
Dilutive securities:		
Share options	6,741,596	6,068,988

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.

### 9. 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 June 30, 2016	Three months ended June 30, 2015
Revenue from canola streaming contracts	\$ 114,618	\$ 2,844,499
Realization of canola interests		
Upfront payments	73,556	1,365,419
Crop payments	6,679	361,301
Realized market value adjustment	883,449	(245,808)
Other direct expenses	7,836	9,266
(Loss) profit from canola streaming	\$ (856,902)	\$ 1,354,321

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 - unaudited

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

	Three months ended June 30, 2016	Three months ended June 30, 2015
Revenue from canola trading	\$ -	\$ 5,157,186
Purchase of canola and other direct expenses	2,512	5,060,641
(Loss) profit from canola trading	\$ (2,512)	\$ 96,545

### 10. Corporate administration

The corporate administration expenses of the Company are as follows:

	Three months ended June 30, 2016	Three months ended June 30, 2015
Advertising and client development	\$ 143,344	\$ 157,019
Board and executive (gain) expenses	180,538	(7,620)
Contractors, employee salaries and benefits	685,712	511,177
Investor relations	12,683	27,239
Licenses, dues and filing fees	166,730	65,124
Office expenses	83,869	42,238
Professional fees – legal, accounting and tax	131,382	140,030
Share option based compensation (Note 8C)	178,332	100,991
Total corporate administration expense	\$ 1,582,590	\$ 1,036,198

### 11. 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 June 30, 2016	Three months ended June 30, 2015
Net (loss) income before income tax	\$ (267,280)	\$ 12,888,563
Canadian federal and provincial tax rates	27%	27%
Income tax (recovery) expense based on the above rates	(72,166)	3,479,912
Increase (decrease) due to the tax effect of:		
Non-deductible stock compensation	48,150	27,268
Other	-	(776)
Income tax (recovery) expense	\$ (24,016)	\$ 3,506,404



## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 - unaudited

The income tax (recovery) expense consists of the following:

	Three months ended June 30, 2016	Three months ended June 30, 2015
Current	\$ (297,883)	\$ -
Deferred	273,867	3,506,404
	\$ (24,016)	\$ 3,506,404

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

	June 30, 2016	March 31, 2016
Deferred income tax (liability) asset		
Share issuance costs	\$ 881,131	\$ 985,700
DSU compensation	161,146	116,539
Market value adjustment	(1,686,834)	(1,333,070)
Other	-	(35,290)
Total deferred income tax (liability) asset	\$ (644,557)	\$ (266,121)

### 12. Supplemental cash flow information

	Three months ended June 30, 2016	Three months ended June 30, 2015
Change in non-cash working capital items		
Trade and other receivables	\$ 193,819	\$ 518,850
Income tax recoverable	(566,172)	-
Prepaid expenses	(1,667)	(82,349)
Trade and other payables	454,245	(639,355)
Income tax payable	(1,073,156)	-
Net increase in cash	\$ (992,931)	\$ (202,854)

### 13. 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 June 30, 2016	Three months ended June 30, 2015
Contractors, employee salaries and benefits	\$ 171,781	\$ 158,747
Share based payments	140,777	86,175
Total key management compensation expense	\$ 312,558	\$ 244,922

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 - unaudited

### 14. 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 June 30, 2016 there were 293,866 DSUs granted, vested and outstanding (March 31, 2016 - 268,090). Included in Trade and other payables at June 30, 2106 is \$596,836 (March 31, 2016 - \$431,625) relating to the valuation of the DSUs. Included in Board and executive (gain) expenses under corporate administration expense for the three months ended June 30, 2016 is an expense of \$165,210 (three months ended June 30, 2015 - gain of \$19,625) relating to the valuation of the DSUs.

### 15. Related party transactions

The Company is related to Assiniboia Capital Corp., Emsley & Associates (2002) Inc., and Nomad Capital Corp. as a result of common management. The companies share common office space, certain equipment and some personnel. These expenses are managed through a Shared Services Agreement whereby expenses are shared between companies. Related party expenses are summarized in the following table:

	Three months ended June 30, 2016	Three months ended June 30, 2015
Corporate administration	\$ 213,389	\$ 194,077

Included in Corporate administration (Note 10) is \$118,750 for the three months ended June 30, 2016 (three months ended June 30, 2015 - \$118,750), relating to key management compensation and is included in contractors, employee salaries and benefits in Note 13.

Included in Trade and other receivables is \$18,787 (March 31, 2016 - \$nil) receivable from related parties. Included in Trade and other payables is \$nil (March 31, 2016 - \$16,177) payable to related parties.

### 16. Comparative figures

Due to the continued growth of the Company and in order to present a more appropriate reflection of the operations of the Company; certain prior period figures were restated to be in conformity with the current period's financial statement presentation.

The restatement of the prior period's figures within the Statements of Comprehensive Income (Loss) has no impact on earnings (loss) per share and are as follows:

	Three months ended June 30, 2016 (as previously reported)	Adjusted	Three months ended June 30, 2016 (restated)
Cost of Sales	\$ 6,796,627	\$ (6,796,627)	\$ -
Corporate administration	896,168	140,030	1,036,198
Professional fees – legal, accounting and tax	140,030	(140,030)	-
Purchase of canola and other direct expenses	-	5,069,907	5,069,907
Realization of canola interests	-	1,480,912	1,480,912
Market value adjustment	(12,492,113)	245,808	(12,246,305)
	\$ (4,659,288)	\$ -	\$ (4,659,288)

## ***NOTES TO THE FINANCIAL STATEMENTS***

*June 30, 2016 - unaudited*

### ***17. Subsequent event***

On July 11, 2016, the Company announced that it will change its financial year end from March 31 to September 30 to better align its financial reporting periods with its business cycle.

The six month period of April 1, 2016 to September 30, 2016 will form a transition year. The new twelve month 2017 fiscal year will begin on October 1, 2016 and run until September 30, 2017.