INPUT CAPITAL
THE AGRICULTURE STREAMING COMPANY

# Unaudited Condensed Interim Consolidated

# Financial Statements

## for the nine months ended December 31, 2013

## UNAUDITED CONDENSED INTERIM CONSOLIDATED 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 consolidated financial statements for the nine month period ended December 31, 2013 and 2012.

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*(Expressed in Canadian dollars)*
*(Unaudited)*

| | Note | December 31, 2013 | March 31, 2013 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current** | | | |
| Cash and cash equivalents | | $ 40,652,411 | $ 1,510,470 |
| Marketable securities | | - | 12,805,905 |
| Trade and other receivables | | 386,202 | 2,593,389 |
| Current portion of canola interests | 8 | 4,914,851 | 990,014 |
| Prepaid expenses | | 20,932 | - |
| | | $ 45,974,396 | $ 17,899,778 |
| **Non-current** | | | |
| Canola interests | 8 | $ 11,967,633 | $ 5,022,968 |
| Deferred income tax assets | 13 | 2,099,330 | 378,422 |
| Intangible assets | | 19,857 | 5,885 |
| Investment in Input Capital Limited Partnership | 9 | 77,039 | 860,746 |
| | | $ 60,138,255 | $ 24,167,799 |
| **LIABILITIES** | | | |
| **Current** | | | |
| Trade and other payables | 17 | $ 281,841 | $ 399,382 |
| | | $ 281,841 | $ 399,382 |
| **EQUITY** | | | |
| Share capital | 10 | $ 63,644,026 | $ 23,653,482 |
| Contributed surplus | 10 | 807,888 | 123,080 |
| Retained earnings (deficit) | | (4,623,283) | (364,798) |
| Equity attributable to shareholders of Input Capital Corp. | | $ 59,828,631 | $ 23,411,764 |
| Non-controlling interests | 10 | 27,783 | 356,653 |
| Total equity | | $ 59,856,414 | $ 23,768,417 |
| | | $ 60,138,255 | $ 24,167,799 |

**ON BEHALF OF THE BOARD**

"Douglas Emsley", Director

"David H. Laidley", Director

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

# *CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS*

*(Expressed in Canadian dollars)*
*(Unaudited)*

| | Note | Three Months Ended December 31, 2013 | Three Months Ended December 31, 2012 | Nine Months Ended December 31, 2013 | Nine Months Ended December 31, 2012 |
|---|---|---|---|---|---|
| **Sales** | | $ 1,249,261 | $ - | $ 1,249,261 | $ - |
| **Cost of sales** | 8 | $ 745,641 | $ - | $ 745,641 | $ - |
| **Gross profit** | | $ 503,620 | $ - | $ 503,620 | $ - |
| **Expenses and other (income)** | | | | | |
| Amortization of intangible assets | | $ 1,111 | $ - | $ 2,883 | $ - |
| Corporate administration | 14 | 651,344 | 94,737 | 1,505,174 | 94,737 |
| Listing expense | 2 | - | - | 1,138,115 | - |
| Interest revenue | | (85,096) | (14,861) | (108,301) | (14,861) |
| Other loss (income) | 12 | (6,421) | | 4,159 | |
| Professional fees – legal, accounting and tax | | 54,922 | - | 123,559 | - |
| Share of loss of equity-accounted investment | 9 | 161 | - | 4,943 | - |
| Transaction costs | 2 | 5,250 | - | 690,733 | - |
| Travel | | 34,993 | 2,381 | 63,215 | 2,381 |
| **Loss before the undernoted** | | $ (152,644) | $ (82,257) | $ (2,920,860) | $ (82,257) |
| Unrealized market value adjustment | 8 | (458,215) | - | (2,234,938) | - |
| **Loss before income tax** | | $ (610,859) | $ (82,257) | $ (5,155,798) | $ (82,257) |
| Income tax recovery | 13 | (125,684) | (13,696) | (895,247) | (13,696) |
| **Net loss and comprehensive loss** | | $ (485,175) | $ (68,561) | $ (4,260,551) | $ (68,561) |
| **Total comprehensive loss attributable to:** | | | | | |
| Shareholders | | $ (485,077) | $ (68,561) | $ (4,258,485) | $ (68,561) |
| Non-controlling interests | | (98) | - | (2,066) | - |
| **Net loss and comprehensive loss** | | $ (485,175) | $ (68,561) | $ (4,260,551) | $ (68,561) |
| **Basic and diluted loss per share** | 11 | $ (0.01) | $ (0.01) | $ (0.10) | $ (0.02) |
| **Weighted average number of common shares outstanding** | 11 | 59,870,051 | 12,103,291 | 43,397,493 | 4,049,434 |

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

## *CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS*

*(Expressed in Canadian dollars)*

*(Unaudited)*

| Cash flow from (used in) | Note | Three Months Ended December 31, 2013 | Three Months Ended December 31, 2012 | Nine Months Ended December 31, 2013 | Nine Months Ended December 31, 2012 |
|---|---|---|---|---|---|
| **Operating activities** | | | | | |
| **Net loss for the period** | | $ (485,175) | $ (68,561) | $ (4,260,551) | $ (68,561) |
| Adjustments | | | | | |
| Amortization of intangible assets | | 1,111 | - | 2,883 | - |
| Deferred share unit based payments | 17 | 169,751 | | 169,751 | |
| Equity pick up Input Capital Limited Partnership | 9 | 161 | - | 4,943 | - |
| Income tax recovery | 13 | (125,684) | (13,696) | (895,247) | (13,696) |
| Interest income | | (85,096) | (14,861) | (108,301) | (14,861) |
| Interest received from marketable securities | | 95,568 | - | 160,489 | - |
| Listing expense | 2 | - | - | 1,138,115 | - |
| Realization of canola interests | 8 | 745,641 | - | 745,641 | - |
| Share based payments | 10 | 145,359 | 31,533 | 701,951 | 31,533 |
| Unrealized market value adjustment | 8 | 458,215 | - | 2,234,938 | - |
| Changes in non-cash working capital | 15 | 41,568 | (672,648) | 1,519,972 | (672,648) |
| | | $ 961,419 | $ (738,233) | $ 1,414,584 | $ (738,233) |
| **Investing activities** | | | | | |
| Acquisition of canola interests | 8 | (24,081) | - | (13,850,081) | - |
| Acquisition of marketable securities | | - | (15,500,000) | - | (15,500,000) |
| Proceeds from sale of marketable securities | | 1,005,905 | - | 12,805,905 | - |
| Proceeds from Input Capital Limited Partnership | 9 | - | - | 778,764 | - |
| Purchase of intangible assets | | (2,550) | - | (16,854) | - |
| Cash acquired in amalgamation | 2 | - | - | 64,847 | - |
| | | $ 979,274 | $ (15,500,000) | $ (217,419) | $ (15,500,000) |
| **Financing activities** | | | | | |
| Shares issued | | 41,002,779 | 20,352,522 | 41,002,779 | 20,352,522 |
| Share issuance costs | | (3,058,003) | (969,835) | (3,058,003) | (969,835) |
| | | $ 37,944,776 | $ 19,382,687 | $ 37,944,776 | $ 19,382,687 |
| Net increase (decrease) in cash | | 39,885,469 | 3,144,454 | 39,141,941 | 3,144,454 |
| Cash – beginning of period | | 766,942 | - | 1,510,470 | - |
| Cash - end of period | | $ 40,652,411 | $ 3,144,454 | $ 40,652,411 | $ 3,144,454 |

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

# *CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*

*(Expressed in Canadian dollars)*
*(Unaudited)*

| | Note | Share Capital | | Contributed Surplus | | Non-controlling interests | Retained earnings (deficit) | Total |
|---|---|---|---|---|---|---|---|---|
| | | Number | Amount | Share Options | Share purchase warrants | | | |
| At April 1, 2012 | | 500 | 500 | - | - | - | - | 500 |
| Shares issued | | 30,472,407 | 20,352,522 | - | - | - | - | 20,352,522 |
| Acquisition of Input Capital Limited Partnership | | 947,354 | 871,871 | - | - | - | - | 871,871 |
| Acquisition of Input Capital Limited Partnership 2 | | 1,026,306 | 944,966 | - | - | 140,533 | - | 1,085,499 |
| Acquisition of Input Capital Limited Partnership 3 | | 2,349,456 | 2,191,603 | - | - | 220,928 | - | 2,412,531 |
| Share issue costs net of tax | | - | (707,980) | - | - | - | - | (707,980) |
| Share based payment – warrants | | - | - | - | 18,610 | - | - | 18,610 |
| Share based payment – options | | - | - | 104,470 | - | - | - | 104,470 |
| Total comprehensive loss | | - | - | - | - | - | (68,561) | (68,561) |
| At December 31, 2012 | 10 | 34,796,023 | $ 23,653,482 | $ 104,470 | $ 18,610 | $ 361,461 | $ (68,561) | $ 24,069,462 |
| Total comprehensive loss | | - | - | - | - | (4,808) | (296,237) | (301,045) |
| At March 31, 2013 | 10 | 34,796,023 | $ 23,653,482 | $ 104,470 | $ 18,610 | $ 356,653 | $ (364,798) | $ 23,768,417 |
| Shares issued | 10 | 26,407,987 | 42,190,279 | - | - | - | - | |
| Distribution paid from Input Capital Limited Partnership 2 | 10 | - | - | - | - | (127,074) | - | (127,074) |
| Distribution paid from Input Capital Limited Partnership 3 | 10 | - | - | - | - | (199,730) | - | (199,730) |
| Share issue costs net of tax | 10 | - | (2,232,341) | - | - | - | - | (2,232,341) |
| Share based payment – warrants | 10 | - | - | - | 13,996 | - | - | 13,996 |
| Surrender of share purchase warrants | 10 | - | 32,606 | - | (32,606) | - | - | - |
| Share based payment – options | 10 | - | - | 703,418 | - | - | - | 703,418 |
| Total comprehensive loss | | - | - | - | - | (2,066) | (4,258,485) | (4,260,551) |
| At December 31, 2013 | | 61,204,010 | $ 63,644,026 | $ 807,888 | $ - | $ 27,783 | $ (4,623,283) | $ 59,856,414 |

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

## 1. *Nature of operations*

On July 18, 2013, Input Capital Corp. ("Input") completed a reverse asset acquisition with WB II Acquisition Corp. (“WB II”), pursuant to which a wholly-owned subsidiary of WB II and Input amalgamated, resulting in WB II owning the issued and outstanding securities of the amalgamated entity. The acquisition of Input by WB II constituted WB II's Qualifying Transaction under the rules of the TSX Venture Exchange. Although the transaction resulted in Input becoming a wholly-owned subsidiary of WB II, the transaction constitutes a reverse asset acquisition of WB II inasmuch as the former shareholders of Input own a substantial majority of the outstanding shares of the resulting corporation, and the members of the Board of Directors are designees of Input. Immediately prior to the Amalgamation, WB II changed its name to “Input Capital Corp.” (the “Company”).

The Company is an agriculture-based company that acquires multi-year 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 unit, a specified number of units 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 as more fully described below in Note 2. The Company’s shares are publically 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 500 – 2220 12th Avenue, Regina, Saskatchewan, S7P 0M8.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on February 6, 2014.

## 2. *Reverse asset acquisition*

As indicated in Note 1, on July 18, 2013, Input completed a reverse asset acquisition with WB II, a Capital Pool Company, by way of an amalgamation (the "Amalgamation") of Input with 101235015 Saskatchewan Ltd. (“WB II Subco”), a wholly-owned subsidiary of WB II (the "Resulting Issuer"). This transaction constituted WB II's Qualifying Transaction pursuant to the policies of the TSX Venture Exchange. Pursuant to the Qualifying Transaction, WB II Subco and Input amalgamated to form Amalco, a wholly-owned subsidiary of WB II.

Immediately prior to the Amalgamation, WB II changed its name to “Input Capital Corp.” and consolidated its share capital on a basis of one post-consolidation WB II common share for every 16 WB II common shares existing immediately before the consolidation.

On the effective date of the Amalgamation:

a) each outstanding Input common share was exchanged for one post-consolidation WB II common share;
b) each outstanding Input share purchase option was exchanged for one Resulting Issuer option with similar rights to acquire Common Shares in the Company.
c) each holder of an Input share purchase warrant ("Input Warrant") surrendered for cancellation the Input Warrant and Amalco cancelled the Input Warrants;
d) in consideration of WB II's issuance of WB II common shares referred to in (a) above, Amalco issued to WB II one Amalco common share for each WB II common share issued under (a) above; and
e) WB II received one fully paid and non-assessable Amalco common share for each one WB II Subco common share held by WB II, following which all such WB II Subco common shares were cancelled.

On completion of the Amalgamation, the Resulting Issuer owned 100% of the issued and outstanding shares of Amalco. On August 8, 2013, the Resulting Issuer completed a vertical amalgamation with its wholly-owned subsidiary Amalco.

Although the transaction resulted in Input becoming a wholly-owned subsidiary of WB II, the transaction constitutes a reverse acquisition of WB II and has been accounted for as a reverse asset acquisition in accordance with guidance provided in IFRS 2 *Share-based Payment* and IFRS 3 *Business Combinations*. As WB II did not qualify as a business according to the definition in IFRS 3, this reverse acquisition does not constitute a business combination; rather it is treated as an issuance of shares by Input for net monetary assets of WB II followed by a recapitalization of the Company.

The net assets of WB II received consisted of cash of $64,847.

Transaction costs in the amount of $690,733 were incurred by the Company in the completion of the reverse asset acquisition. Under the provision of IFRS 2 and IFRS 3, these costs are charged as other expenses in the condensed interim consolidated statement of comprehensive loss. In addition, the transaction was measured at fair value of the shares and replacement share purchase options (see Note 10) Input would have to issue for the ratio of ownership interest in the combined entity to be equivalent to the ratio of ownership interest (between new and former owners) in the combined entity if the transaction had taken the legal form of Input acquiring WB II. The assumed value of the stock exchange listing of $1,138,115 has been charged to other expenses as a listing expense.

## 3. *Basis of presentation*

### A. STATEMENT OF COMPLIANCE

These unaudited condensed interim consolidated 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 consolidated financial statements as at and for the year ended March 31, 2013.

B. FUNCTIONAL AND PRESENTATIONAL CURRENCY

The unaudited condensed interim consolidated 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.

C. USE OF ESTIMATES AND JUDGMENTS

In preparing these unaudited condensed interim consolidated financial statements, Management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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 consolidated financial statements as at and for the year ended March 31, 2013. 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 5.

## 4. *Summary of significant accounting policies*

Except as described below, the accounting policies applied in these unaudited condensed interim consolidated financial statements are the same as those applied in the Company's consolidated financial statements as at and for the year ended March 31, 2013.

CHANGES IN ACCOUNTING POLICIES

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of April 1, 2013.

*Amendments to IFRS 7 Financial Instruments: Disclosures*

The amendments introduce additional disclosures, designed to allow users of financial statements to improve their understanding of transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The adoption of this new standard did not result in any impact on the Company's consolidated financial statements.

*IFRS 10, Consolidated Financial Statements and IAS 27, Separate Financial Statements*

In May 2011, the IASB issued IFRS 10 - Consolidated Financial Statements to replace IAS 27 - Consolidated and Separate Financial Statements and SIC 12 - Consolidation – Special Purpose Entities. The new consolidation standard changes the definition of control so that the same criteria apply to all entities, both operating and special purpose entities, to determine control. The revised definition focuses on the need to have both power over the investee to direct relevant activities and exposure to variable returns before control is present. The adoption of this new standard did not result in any impact on the Company's consolidated financial statements.

*IFRS 11, Joint Arrangements*

In May 2011, the IASB issued IFRS 11 - Joint Arrangements to replace IAS 31 - Interests in Joint Ventures. The new standard defines two types of arrangements: Joint Operations and Joint Ventures. Focus is on the rights and obligations of the parties to the joint arrangement, thereby requiring parties to recognize the individual assets and liabilities to which they have rights or for which they are responsible, even if the joint arrangement operates in a separate legal entity. The adoption of this new standard did not result in any impact on the Company's consolidated financial statements.

*IFRS 12, Disclosure of Interests in Other Entities*

In May 2011, the IASB issued IFRS 12 - Disclosure of Interests in Other Entities to create a comprehensive disclosure standard to address the requirements for subsidiaries, joint arrangements and associates and the reporting entity's involvement with other entities. It also includes the requirements for unconsolidated structured entities (i.e. special purpose entities). The adoption of this new standard did not result in any impact on the Company's consolidated financial statements.

*IFRS 13 - Fair Value Measurement*

In May 2011, the IASB issued IFRS 13 - Fair Value Measurement as a single source of guidance for all fair value measurements required by IFRS to reduce the complexity and improve consistency across its application. The standard provides a definition of fair value and guidance on how to measure fair value as well as a requirement for enhanced disclosures. The adoption of this new standard did not result in any impact on the Company's consolidated financial statements.

*Amendments to IAS 1, Presentation of Financial Statements*

An amended version of IAS 1 was issued by the IASB on June 16, 2011. The amendments to IAS 1 require items within other comprehensive income that may be reclassified to profit or loss to be grouped together. The adoption of this new standard did not result in any impact on the Company's consolidated financial statements.

*IAS 28, Investments in Associates and Joint Ventures*

This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The adoption of this new standard did not result in any impact on the Company's consolidated financial statements.

<u>FUTURE CHANGES IN ACCOUNTING POLICIES</u>

The IASB has issued the following new or amended standards:

Standards required to be applied for periods beginning on or after January 1, 2014:

- IAS 32 – Financial Instruments: Presentation (amended 2011)

Standards required to be applied for periods beginning on or after January 1, 2015:

- IFRS 9 (2010) – Financial Instruments (amended 2010)

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

## 5. *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 consolidated 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 considered an investing activity and capitalized on a contract by contract basis and 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/loss unrealized market value adjustments.

B. COST OF SALES

The value allocated to canola interests is capitalized and recognized as cost of sales as the corresponding units are sold on a unit-of-sale basis over the contracted known units corresponding to each specific contract.

C. VALUATION OF STOCK BASED COMPENSATION

The Company recognizes share based compensation expense for all share purchase options and share purchase warrants awarded to employees, officers, directors and consultants based on the fair values of the share purchase options and the share purchase warrants at the date of grant. The fair values of share purchase options and share purchase warrants at the date of grant are expensed over the vesting periods of the share purchase options and share purchase warrants, respectively, 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. The fair value of share purchase warrants is determined using a Monte Carlo simulation model with market related inputs as of the grant date. 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 consolidated 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 volatility of canola, the Company's share price, and a similar company's share price volatility. 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.

D. DEFERRED INCOME TAXES

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.

## 6. *Seasonality of operations*

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

## 7. *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.

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, 2013 | March 31, 2013 |
|---|---|---|---|---|
| Marketable securities | Fair value through profit or loss | 1 | $ - | $ 12,805,905 |
| Canola interests | Fair value through profit or loss | 3 | 16,882,484 | 6,012,982 |

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, prepaid expenses and trade and other payables.

December 31, 2013 / Expressed in Canadian dollars - unaudited

## 8. Canola interests

| | December 31, 2013 | March 31, 2013 |
|---|---|---|
| Canola interests: | | |
| Opening balance | $ 6,012,982 | $ - |
| Acquisition of canola interests | 13,850,081 | 6,133,703 |
| Realization of canola interests | (745,641) | - |
| Unrealized market value adjustment | (2,234,938) | (120,721) |
| | $ 16,882,484 | $ 6,012,982 |
| Canola interests: | | |
| Current portion of canola interests | $ 4,914,851 | $ 990,014 |
| Non-current canola interests | 11,967,633 | 5,022,968 |
| | $ 16,882,484 | $ 6,012,982 |

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 | $ 1,213,839 | $ 1,956,500 | $ 1,956,500 | $ 462,581 | $ 5,589,420 |

## 9. Investment in Input Capital Limited Partnership

The Company holds a 25.7% interest in Input Capital Limited Partnership. Input Capital Limited Partnership is in the process of winding down operations, collecting accounts receivable relating to canola crop share contracts, and distributing cash to the unit holders.

The Company's interest in Input Capital Limited Partnership is summarized below:

| | Beginning of period | Distribution | Equity pick-up | December 31, 2013 |
|---|---|---|---|---|
| Statement of financial position | | | | |
| Current assets | $ 920,927 | $ (778,764) | $ 11,046 | $ 153,209 |
| Current liabilities | (60,181) | - | (15,989) | (76,170) |
| Investment in Input Capital Limited Partnership accounted for using the equity method | $ 860,746 | $ (778,764) | $ (4,943) | $ 77,039 |

*December 31, 2013 / Expressed in Canadian dollars - unaudited*

| | Three months ended December 31, 2013 | Three months ended December 31, 2012 | Nine months ended December 31, 2013 | Nine months ended December 31, 2012 |
|---|---|---|---|---|
| Statement of loss | | | | |
| Revenue | $ - | $ - | $ (2,862) | $ - |
| Expenses | 161 | - | 2,081 | - |
| Loss | $ (161) | $ - | $ (4,943) | $ - |

## *10. Share capital, contributed surplus, and non-controlling interests*

A. SHARES AUTHORIZED

The Company's authorized share capital consists of an unlimited number of Class "A" common voting shares ("common shares") having no par value.

B. SHARES ISSUED

On July 18, 2013, as part of the Amalgamation, the Company issued 781,250 common shares for gross value of $1,187,500. The cost of these shares, plus the replacement share purchase options (Note 10C), less the value of the cash assets received in the transaction, has been accounted for as a share-based payment to non-employees in consideration for the exchange listing (see Note 2). The relating charge of $1,138,115 has been recorded as a listing expense in the condensed interim consolidated statement of comprehensive loss.

In October 2013, the Company closed a bought deal public offering (the "Public Offering") of common shares. The Public Offering was conducted by a syndicate of underwriters who purchased, on a bought deal basis, an aggregate of 13,390,663 common shares at a price of $1.60 per share for gross proceeds of $21,425,060.

In October 2013, the Company closed a private placement (the "Private Placement") of common shares with two wholly-owned subsidiaries of Catlin Group Limited (the "Strategic Investors"). The Strategic Investors purchased 12,236,074 common shares at a price of $1.60 per share for aggregate gross proceeds of $19,577,719 under the Private Placement.

At December 31, 2013 there are 61,204,010 common shares outstanding (March 31, 2013 – 34,796,023).

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. The maximum expiry date is eight years from the grant date. All options are equity settled.

*December 31, 2013 / Expressed in Canadian dollars - unaudited*

Upon closing of the November 30, 2012 Private Placement, options equal to 10% of the then issued and outstanding shares were reserved for issuance pursuant to the terms of the Option Plan. The options vest to the option holders (subject to certain other conditions) one-third each year during the first 3 years of the 5 year option term. The options vest immediately in the event of a liquidity event. The Exercise Price of the Options granted concurrent with closing of this Private Placement was $1.00 per share. The Private Placement that closed on November 30, 2012 resulted in 3,479,602 options being reserved for issuance. As of December 31, 2013 - 3,129,602 (March 31, 2013 - 3,129,602) options had been granted. All options expire on November 30, 2017.

| Black-Scholes assumptions | | Year ended March 31, 2013 |
|---|---|---|
| Grant date share price and exercise price | $ | 1.00 |
| Expected dividend yield | | 0.00% |
| Expected volatility | | 13.30% |
| Risk-free interest rate | | 1.28% |
| Expected life of options | | 5.00 years |

The fair value of the options granted during the year ended March 31, 2013 was $463,807. All 3,129,602 options vested on July 18, 2013 due to the Amalgamation and going public transaction and remain outstanding as at

Upon closing of the July 18, 2013 going public transaction the Company issued 350,000 options to directors and advisors. These options vested immediately. Each option entitles the holder to purchase one common share at $1.28 per share any time on or before November 30, 2017. The fair value of these stock options of $183,260 was estimated at the grant date based on the Black-Scholes pricing model using the assumptions below:

| Black-Scholes assumptions | | Period ended September 30, 2013 |
|---|---|---|
| Grant date share price | $ | 1.60 |
| Grant date exercise price | $ | 1.28 |
| Expected dividend yield | | 0.00% |
| Expected volatility | | 25.00% |
| Risk-free interest rate | | 1.28% |
| Expected life of options | | 4.37 years |

All 350,000 options remain outstanding as at December 31, 2013.

On July 18, 2013, as part of the Amalgamation, the Company issued 78,125 replacement share options to the former directors and officers of WB II. These options vested immediately. Each option entitles the holder to purchase one common share at $1.60 per share any time on or before July 18, 2014. The fair value of these stock options of $13,164 was estimated at the grant date based on the Black-Scholes pricing model using the assumptions below:

*December 31, 2013 / Expressed in Canadian dollars - unaudited*

| Black-Scholes assumptions | Period ended September 30, 2013 | |
|---|---|---|
| Grant date share price and exercise price | $ | 1.60 |
| Expected dividend yield | | 0.00% |
| Expected volatility | | 25.00% |
| Risk-free interest rate | | 1.28% |
| Expected life of options | | 1.00 year |

The fair value of the replacement options was recorded as a listing expense in the condensed interim consolidated statement of comprehensive loss. All 78,125 options remain outstanding as at December 31, 2013.

On July 18, 2013, as part of the Amalgamation, the Company issued 15,625 replacement share options to the former IPO Agent as additional compensation in connection with the WB II initial public offering. These options vested immediately. Each option entitles the holder to purchase one common share at $1.60 per share any time on or before April 24, 2014. The fair value of these stock options of $2,297 was estimated at the grant date based on the Black-Scholes pricing model using the assumptions below:

| Black-Scholes assumptions | Period ended September 30, 2013 | |
|---|---|---|
| Grant date share price and exercise price | $ | 1.60 |
| Expected dividend yield | | 0.00% |
| Expected volatility | | 25.00% |
| Risk-free interest rate | | 1.28% |
| Expected life of options | | 0.77 years |

The fair value of the replacement options was recorded as a listing expense in the condensed interim consolidated statement of comprehensive loss. All 15,625 options remain outstanding as at December 31, 2013.

On December 2, 2013, pursuant to the provisions of its incentive stock option plan, the Company issued 2,386,622 share options to directors, officers and consultants. Of the options issued, 226,432 vest immediately; 80,710 vest over 2 years; and 2,079,480 vest over 3 years. Each option entitles the holder to purchase one common share at $1.73 per share before the expiry date. The fair value of these stock options of $1,032,932 was estimated at the grant date based on the Black-Scholes pricing model using the assumptions below:

| Black-Scholes assumptions | Period ended December 31, 2013 | |
|---|---|---|
| Grant date share price and exercise price | $ | 1.73 |
| Expected dividend yield | | 0.00% |
| Expected volatility | | 25.00% |
| Risk-free interest rate | | 1.50% |
| Weighted expected life of options | | 5.00 years |

An expense of $145,359 was recorded as corporate administration expense (see Note for the 14) for the three months ended December 31, 2013. All 2,386,622 options remain outstanding as at December 31, 2013.

A continuity schedule of the Company's share option purchase reserve from September 30, 2012 to December 31, 2013, which is included in contributed surplus, is presented below:

*December 31, 2013 / Expressed in Canadian dollars - unaudited*

| | | Share Purchase Option Reserve |
|---|---|---|
| At September 30, 2012 | $ | - |
| Amortization of fair value of share options issued November 30, 2012 | | 26,765 |
| At December 31, 2012 | | 26,765 |
| Amortization of fair value of share options issued November 30, 2012 | | 77,705 |
| At March 31, 2013 | | 104,470 |
| Amortization of fair value of share options issued November 30, 2012 | | 359,337 |
| Fair value of the replacement share options issued July 18, 2013 (exercise price $1.60) | | 15,462 |
| Fair value of share options issued July 18, 2013 (exercise price $1.28) | | 183,260 |
| Amortization of fair value of share options issued December 2, 2013 | | 145,359 |
| At December 31, 2013 | $ | 807,888 |

At December 31, 2013, the following options to purchase common shares were outstanding:

| | | | Options outstanding | | |
|---|---|---|---|---|---|
| Exercise price | | Average remaining life (in years) | Vested | Unvested | Total |
| $ | 1.00 | 3.92 | 3,129,602 | - | 3,129,602 |
| $ | 1.28 | 3.92 | 350,000 | - | 350,000 |
| $ | 1.60 | 0.31 | 15,625 | - | 15,625 |
| $ | 1.60 | 0.54 | 78,125 | - | 78,125 |
| $ | 1.73 | 4.92 | 226,432 | 2,160,190 | 2,386,622 |
| | | | 3,799,784 | 2,160,190 | 5,959,974 |

*December 31, 2013 / Expressed in Canadian dollars - unaudited*

D. SHARE PURCHASE WARRANTS

The Company had a performance incentive share warrants plan (the "Warrant Plan") whereby the Company granted share warrants to eligible employees, officers, directors and consultants at an exercise price, expiry date, and vesting conditions determined by the Board of Directors. The maximum expiry date is five years from the grant date. All warrants are equity settled.

The share warrants became exercisable, if and when the Company realized a liquidity event within predetermined timelines and the threshold price realized at the time of such liquidity event is equal to or greater than:

- On or before September 1, 2013, $1.33 per share (33% vest);
- On or before September 1, 2014, $1.67 per share (67% vest);
- On or before September 1, 2015, $2.00 per share (100% vest); or
- Sixty days prior to the expiry date, (in the absence of a prior Liquidity Event), should the Board determine that the current market price of the shares is not less than $2.00 per share, all of the performance share warrants shall be exercisable.

Upon Closing of the November 30, 2012 Private Placement, warrants equal to 20% of the then issued and outstanding shares were reserved for issuance pursuant to the terms of the Warrants Plan, at an exercise price of $1.00 per Common Share, based on an allocation determined by the Board of Directors. Subject to certain investment thresholds and time lines being achieved, the performance warrants are exercisable by the holders thereof into an equal number of shares, on or before the earlier of five years from the date of granting the performance warrants, or the day immediately prior to a Liquidity Event occurring. On November 30, 2012, 6,959,204 warrants were issued.

| Monte Carlo assumptions | | Year ended March 31, 2013 |
|---|---|---|
| Grant date share price and exercise price | $ | 1.00 |
| Expected dividend yield | | 0.00% |
| Expected volatility | | 19.00% |
| Risk-free interest rate | | 1.28% |
| Expected life of warrants | | 5 years |

The fair value of the warrants granted during the year ended March 31, 2013 was determined using a Monte Carlo simulation model to be $92,000. As part of the Amalgamation (Note 2), each holder of the 6,959,204 share purchase warrants outstanding immediately before the transaction surrendered for cancellation the share purchase warrants and the warrants were cancelled without payment of any consideration. A continuity schedule of the Company's share purchase warrant reserve from September 30, 2012 to December 31, 2013, which is included in contributed surplus, is presented below:

*December 31, 2013 / Expressed in Canadian dollars - unaudited*

| | | Share Purchase Warrant Reserve |
|---|---|---|
| At September 30, 2012 | $ | - |
| Amortization of fair value of share warrants issued November 30, 2012 | | 4,768 |
| At December 31, 2012 | | 4,768 |
| Amortization of fair value of share warrants issued November 30, 2012 | | 13,842 |
| At March 31, 2013 | | 18,610 |
| Amortization of fair value of share options issued November 30, 2012 | | 13,996 |
| Surrender of share purchase warrants on July 18, 2013 | | (32,606) |
| At December 31, 2013 | $ | - |

F. NON-CONTROLLING INTERESTS

The Company owns 87.1% of the outstanding partnership units of Input Capital Limited Partnership 2, a partnership under common management. Earnings from Input Capital Limited Partnership 2 have been included in Input Capital Corp.'s consolidated financial statements commencing from the acquisition date, November 30, 2012. Input Capital Limited Partnership 2 is in the process of winding down operations, collecting accounts receivable relating to canola crop share contracts, and distributing cash to the unit holders. A distribution of $854,444 was received in the nine months ending December 31, 2013, which resulted in a reduction in non-controlling interests of $127,074.

The Company owns 90.8% of the outstanding partnership units of Input Capital Limited Partnership 3, a partnership under common management. Earnings from Input Capital Limited Partnership 3 have been included in Input Capital Corp.'s consolidated financial statements commencing from the acquisition date, November 30, 2012. Input Capital Limited Partnership 3 is in the process of winding down operations, collecting accounts receivable relating to canola crop share contracts, and distributing cash to the unit holders. A distribution of $1,981,748 was received in the nine months ending December 31, 2013, which resulted in a reduction in non-controlling interests of $199,730.

## 11. 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, 2013 | Three months ended December 31, 2012 | Nine months ended December 31, 2013 | Nine months ended December 31, 2012 |
|---|---|---|---|---|
| Basic weighted average number of shares | 59,870,051 | 12,103,291 | 43,397,493 | 4,049,434 |
| Dilutive securities: | | | | |
| Share options | 4,377,540 | 1,088,557 | 3,668,117 | 364,172 |
| Share warrants | - | - | - | - |

*December 31, 2013 / Expressed in Canadian dollars - unaudited*

The share options and share warrants are anti-dilutive and therefore the diluted loss per share is the same as the basic loss per share.

## 12. Other income (loss)

The Company has priced canola delivery contracts in a market that saw canola prices decline. For the nine months ending December 31, 2013 the Company sold $54,561 (nine months ending December 31, 2012 - $nil) of canola which it had purchased for $48,140 (nine months ending December 31, 2012 - $nil) for a net profit of $6,421 (nine months ending December 31, 2012 - $nil).

## 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, 2013 | Three months ended December 31, 2012 | Nine months ended December 31, 2013 | Nine months ended December 31, 2012 |
|---|---|---|---|---|
| Net loss before taxes | $ (610,859) | $ (82,257) | $ (5,155,798) | $ (82,257.00) |
| Canadian federal and provincial tax rates | 27% | 27% | 27% | 27% |
| Income tax (recovery) based on the above rates | $ (164,931) | $ (22,209) | $ (1,392,065) | $ (22,209) |
| Increase (decrease) due to the tax effect of: | | | | |
| Non-deductible stock compensation | 39,247 | 8,513 | 189,527 | 8,513 |
| Non-deductible listing expense | - | - | 307,291 | - |
| Deferred income tax expense (recovery) | $ (125,684) | $ (13,696) | $ (895,247) | $ (13,696) |

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

| | December 31, 2013 | March 31, 2013 |
|---|---|---|
| Deferred income tax assets | | |
| Share issuance costs | $ 1,030,541 | $ 209,484 |
| Unused tax losses | 425,742 | 129,513 |
| Other | 643,047 | 39,425 |
| Total deferred income tax asset | $ 2,099,330 | $ 378,422 |

_December 31, 2013 / Expressed in Canadian dollars - unaudited_

## 14. _Corporate administration_

The corporate administration expenses of the Company are as follows:

| | Three months ended December 31, 2013 | Three months ended December 31, 2012 | Nine months ended December 31, 2013 | Nine months ended December 31, 2012 |
|---|---|---|---|---|
| Advertising and investor relations | $ 33,550 | $ 10,993 | $ 66,838 | $ 10,993 |
| Board and executive expenses (see Note 17) | 171,668 | - | 210,583 | - |
| Contractors, employee salaries and benefits | 271,461 | 46,098 | 466,427 | 46,098 |
| Licenses, dues and filing fees | 2,648 | 532 | 11,799 | 532 |
| Office expenses | 26,658 | 5,581 | 47,576 | 5,581 |
| Share option and warrant based compensation (Note 10C) | 145,359 | 31,533 | 701,951 | 31,533 |
| Total corporate administration expense | $ 651,344 | 94,737 | 1,505,174 | 94,737 |

## 15. _Supplemental cash flow information_

| | Three months ended December 31, 2013 | Three months ended December 31, 2012 | Nine months ended December 31, 2013 | Nine months ended December 31, 2012 |
|---|---|---|---|---|
| Change in non-cash working capital items | | | | |
| Trade and other receivables | $ (19,492) | $ (723,608) | $ 1,812,670 | $ (723,608) |
| Prepaid expenses | 11,615 | - | (20,932) | - |
| Trade and other payables | 49,445 | 50,960 | (271,766) | 50,960 |
| Net increase (decrease) in cash | $ 41,568 | $ (672,648) | $ 1,519,972 | $ (672,648) |

*December 31, 2013 / Expressed in Canadian dollars - unaudited*

## 16. Key management personnel compensation

| | Three months ended December 31, 2013 | Three months ended December 31, 2012 | Nine months ended December 31, 2013 | Nine months ended December 31, 2012 |
|---|---|---|---|---|
| Contractors, employee salaries and benefits | $ 151,923 | $ 34,707 | $ 300,020 | $ - |
| Share based payments | 45,205 | 28,411 | 362,138 | - |
| Total key management compensation expense | $ 197,128 | $ 63,118 | $ 662,158 | $ - |

## 17. Board Compensation

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 stock price at the end of the reporting period. For the three months ended December 31, 2013 there were 91,264 DSUs granted and outstanding that vested immediately on issuance. Included in Corporate Administration expense for the nine months ended December 31, 2013 is $169,751 (December 31, 2012 - $nil) relating to the valuation of the DSUs .

## 18. 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 and costs are passed through without markup. Related party expenses are summarized in the following table:

| | Three months ended December 31, 2013 | Three months ended December 31, 2012 | Nine months ended December 31, 2013 | Nine months ended December 31, 2012 |
|---|---|---|---|---|
| Corporate administration | $ 129,788 | $ 32,928 | $ 304,055 | $ 32,928 |
| Transaction costs | - | - | 84,967 | - |
| Travel | 31,403 | - | 44,303 | - |
| Total related party expenses | $ 161,191 | $ 32,928 | $ 433,325 | $ 32,928 |