



INPUT CAPITAL
THE AGRICULTURE STREAMING COMPANY

Unaudited Condensed Interim Consolidated

Financial Statements

for the three months ended June 30, 2014

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 three month period ended June 30, 2014 and 2013.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*(Expressed in Canadian dollars)
(Unaudited)*

	Note	As at June 30, 2014	As at March 31, 2014
ASSETS			
Current			
Cash and cash equivalents		\$ 20,871,197	\$ 30,442,985
Trade and other receivables		270,830	426,478
Current portion of canola interests	7	11,070,179	7,559,474
Prepaid expenses		72,301	9,317
		\$ 32,284,507	\$ 38,438,254
Non-current			
Canola interests	7	\$ 24,683,635	\$ 20,192,720
Deferred income tax assets	13	2,404,545	1,990,276
Intangible assets		18,096	19,000
Investment in Input Capital Limited Partnership	8	22,496	22,708
		\$ 59,413,279	\$ 60,662,958
LIABILITIES			
Current			
Trade and other payables	16	\$ 397,476	\$ 463,731
		\$ 397,476	\$ 463,731
EQUITY			
Share capital	9	\$ 63,696,883	\$ 63,695,246
Contributed surplus	9	1,084,362	941,254
Deficit		(5,765,442)	(4,441,561)
Equity attributable to shareholders of Input Capital Corp.		\$ 59,015,803	\$ 60,194,939
Non-controlling interests	9	-	4,288
		\$ 59,015,803	\$ 60,199,227
		\$ 59,413,279	\$ 60,662,958

Subsequent events (note 19)

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 consolidated financial statements -

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

	Note	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013
Sales	11	\$ 2,261,253	\$ -
Cost of sales	11	1,640,633	-
Gross profit		\$ 620,620	\$ -
Expenses and other (income)			
Amortization of intangible assets		\$ 1,095	\$ 834
Corporate administration	12, 15	498,550	229,904
Listing and transaction expenses	2	-	564,935
Interest income		(83,470)	(16,956)
Other loss (gain)		1,133	(395)
Professional fees – legal, accounting and tax		79,029	26,306
Share of loss of equity-accounted investment	8	212	122
Profit (loss) before the undernoted		\$ 124,071	\$ (804,750)
Canola interests market value adjustment	7	(1,862,222)	(926,420)
Loss before income tax		\$ (1,738,151)	\$ (1,731,170)
Income tax recovery	13	414,270	442,424
Net loss and comprehensive loss		\$ (1,323,881)	\$ (1,288,746)
Total comprehensive loss attributable to:			
Shareholders		\$ (1,323,881)	\$ (1,288,729)
Non-controlling interests		-	(17)
Net loss and comprehensive loss		\$ (1,323,881)	\$ (1,288,746)
Basic and diluted loss per share	10	\$ (0.02)	\$ (0.04)

- 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 June 30, 2014	Three Months Ended June 30, 2013
Operating activities			
Net loss for the period		\$ (1,323,881)	\$ (1,288,746)
Adjustments			
Amortization of intangible assets		1,095	834
Deferred share unit based payments	17	68,195	-
Equity pick up Input Capital Limited Partnership	9	212	122
Income tax recovery	13	(414,270)	(442,424)
Interest income		(83,470)	(16,956)
Interest received from marketable securities		98,791	54,381
Listing expense	2	-	-
Realization of canola interests	8	1,638,858	-
Share based payments	10	143,246	92,564
Unrealized market value adjustment	8	1,862,222	926,420
Changes in non-cash working capital	15	(57,106)	1,716,969
Cash generated from operating activities		\$ 1,933,892	\$ 1,043,164
Investing activities			
Acquisition of canola interests	8	(11,502,700)	(12,045,000)
Proceeds from sale of marketable securities		-	10,800,000
Proceeds from Input Capital Limited Partnership	9	-	778,764
Purchase of intangible assets		(191)	(10,682)
Cash applied to investing activities		\$ (11,502,891)	\$ (476,918)
Financing activities			
Shares issued		1,499	-
Reduction to non-controlling interests of Input Capital Limited Partnership 2		(2,125)	-
Reduction to non-controlling interests of Input Capital Limited Partnership 3		(2,163)	-
Cash applied to financing activities		\$ (2,789)	\$ -
Net (decrease) increase in cash		(9,571,788)	566,246
Cash – beginning of period		30,442,985	1,510,470
Cash - end of period		\$ 20,871,197	\$ 2,076,716

- 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 March 31, 2013	9	34,796,023	\$ 23,653,482	\$ 104,470	\$ 18,610	\$ 356,653	\$ (364,798)	\$ 23,768,417
Distribution paid from Input Capital Limited Partnership 2	9	-	-	-	-	(127,076)	-	(127,076)
Distribution paid from Input Capital Limited Partnership 3	9	-	-	-	-	(199,730)	-	(199,730)
Share based payment – warrants	9	-	-	-	13,996	-	-	13,996
Share based payment – options	9	-	-	78,568	-	-	-	78,568
Total comprehensive loss		-	-	-	-	(17)	(1,288,729)	(1,288,746)
At June 30, 2013		34,796,023	\$ 23,653,482	\$ 183,038	\$ 32,606	\$ 29,830	\$ (1,653,527)	\$ 22,245,429
Shares issued	9	26,407,987	\$ 42,190,279	\$ -	\$ -	\$ -	\$ -	\$ 42,190,279
Options exercised	9	39,687	54,363	(5,864)	-	-	-	48,499
Share issue costs net of tax	9	-	(2,235,484)	-	-	-	-	(2,235,484)
Surrender of share purchase warrants	9	-	32,606	-	(32,606)	-	-	-
Share based payment – options	9	-	-	764,080	-	-	-	764,080
Total comprehensive loss		-	-	-	-	(25,542)	(2,788,034)	(2,813,576)
At March 31, 2014		61,243,697	\$ 63,695,246	\$ 941,254	\$ -	\$ 4,288	\$ (4,441,561)	\$ 60,199,227
Options exercised	9	937	1,637	(138)	-	-	-	1,499
Share based payment – options	9	-	-	143,246	-	-	-	143,246
Reduction to non-controlling interests of Input Capital Limited Partnership 2		-	-	-	-	(2,125)	-	(2,125)
Reduction to non-controlling interests of Input Capital Limited Partnership 3		-	-	-	-	(2,163)	-	(2,163)
Total comprehensive loss		-	-	-	-	-	(1,323,881)	(1,323,881)
At June 30, 2013		61,244,634	\$ 63,696,883	\$ 1,084,362	\$ -	\$ -	\$ (5,765,442)	\$ 59,015,803

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

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 / Expressed in Canadian dollars - unaudited

1. Nature of operations

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 800 – 1801 Hamilton Street, Regina, Saskatchewan, S7P 4B4.

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 normally 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.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 19, 2014.

2. Reverse asset acquisition

On July 18, 2013, Input completed a reverse asset acquisition with WB II Acquisition Corp. (“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.” (the “Company”) 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;
- 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.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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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 expenses in the amount of \$564,935 for the three months ended June 30, 2013 (\$693,524 for the year ended March 31, 2014) 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 consolidated statement of comprehensive loss. In addition, the transaction was measured at fair value of the shares and replacement share purchase options (see Note 9) 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 was \$1,138,115. A total of \$564,935 for the three months ended June 30, 2013 (\$1,831,639 for the year ended March 31, 2014) was charged to other expenses as listing and transaction expenses.

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, 2014.

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.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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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, 2014. 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, 2014.

CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board ("IASB") issued a number of new and revised accounting standards which are effective for annual periods beginning on or after January 1, 2014, with early adoption permitted. These standards include the following:

- *IAS 32 – Financial Instruments: Presentation* (amended 2011)
- *IFRIC 21 – Levies*

Effective April 1, 2014, the Company adopted all of the above standards. The adoption of these standards did not have a material impact on the consolidated financial statements.

The IASB has issued the following new or amended standards to be adopted in future years.

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

- *IFRS 9 – Financial Instruments* (amended 2010)
- *IFRS 7 – Financial Instruments: Disclosure*

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 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 Canola interests market value adjustments.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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B. COST OF SALES

The value allocated to canola interests is capitalized. Canola interests are realized as cost of sales on a proportionate contractual unit basis as sales are realized for each specific contract.

C. SHARE BASED PAYMENTS

The Company recognizes share based compensation expense for all share purchase options and share purchase warrants awarded to employees, officers and directors 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 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 historical stock price of the Company and the historical volatility of Canola, 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.

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.

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6. 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	June 30, 2014	March 31, 2014	
Canola interests	Fair value through profit or loss	3	35,753,814	27,752,194

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.

7. Canola interests

	June 30, 2014	March 31, 2014
Canola interests:		
Opening balance	\$ 27,752,194	\$ 6,012,982
Acquisition of canola interests	11,502,700	25,871,200
Realization of canola interests	(1,638,858)	(2,075,317)
Unrealized market value adjustment	(1,862,222)	(2,056,671)
	\$ 35,753,814	\$ 27,752,194

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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Canola interests:			
Current portion of canola interests	\$	11,070,179	\$ 7,559,474
Non-current canola interests		24,683,635	20,192,720
	\$	35,753,814	\$ 27,752,194

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	\$ 1,832,098	\$ 3,887,700	\$ 3,857,600	\$ 1,467,827	\$ 11,045,225

8. *Investment in Input Capital Limited Partnership*

The Company holds a 26.5% (25.7% for the year ended March 31, 2014) 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	June 30, 2014
Statement of financial position				
Current assets	\$ 79,889	\$ -	\$ 1,617	\$ 81,506
Current liabilities	(57,181)	-	(1,829)	(59,010)
Investment in Input Capital Limited Partnership accounted for using the equity method	\$ 22,708	\$ -	\$ (212)	\$ 22,496
	Three months ended June 30, 2014	Three months ended June 30, 2014		
Statement of loss				
Revenue	\$ -	\$ -	\$ -	(123)
Expenses	212	-	-	1
Loss	\$ (212)	\$ -	\$ -	(122)

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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9. 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

	June 30, 2014		March 31, 2014	
	Number	\$	Number	\$
Common shares	61,244,634	\$ 63,696,883	61,243,697	\$ 63,695,246

A continuity schedule of the Company's shares issued from March 31, 2013 to June 30, 2014, is presented below:

	Number of Common Shares		Net share capital
At March 31, 2013	34,796,023	\$	23,653,482
At June 30, 2013	34,796,023	\$	23,653,482
Shares issued July 2013 (1)	781,250		1,187,500
Shares issued October 2013 (2)	25,626,737		38,767,295
Options exercised (see Note 9C)	39,687		54,363
Surrender of warrants (see Note 9D)	-		32,606
At March 31, 2014	61,243,697	\$	63,695,246
Options exercised (see Note 9C)	937		1,637
At March 31, 2014	61,244,634	\$	63,696,883

(1) 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 9C), 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 listing and transaction expenses in the consolidated statement of comprehensive loss.

(2) 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.

Total share issue costs net of tax relating to the bought deal public offering and the private placement were \$2,235,484.

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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 July 18, 2013	78,125	July 17, 2014	\$ 1.60	\$ 1.60
(4) granted on July 18, 2013	15,625	April 24, 2014	\$ 1.60	\$ 1.60
(5) granted on December 1, 2013	2,386,622	December 1, 2018	\$ 1.73	\$ 1.73
(6) granted on May 27, 2014	36,600	May 27, 2019	\$ 2.20	\$ 2.20

All options are vested, with the exception of option series 5 and series 6. For option series 5, 226,432 vest immediately; 80,710 vest over 2 years from the issuance date; and 2,079,480 vest over 3 years from the issuance date. For options series 6, the options vest 18,300 on May 27, 2015 and 18,300 on May 27, 2016.

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 based on management's best estimates at the time of issuance.

Inputs into the model	Option Series				
	Series 2	Series 3	Series 4	Series 5	Series 6
Grant date share price	\$ 1.60	\$ 1.60	\$ 1.60	\$ 1.73	\$ 2.20
Exercise price	\$ 1.28	\$ 1.60	\$ 1.60	\$ 1.73	\$ 2.20
Volatility	25.00%	25.00%	25.00%	25.00%	32.29%
Expected life	4.37 years	1.00 years	0.77 years	5.00 years	5.00 years
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Risk free interest rate	1.28%	1.28%	1.28%	1.50%	1.56%

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A continuity schedule of the Company's share options from March 31, 2013 to June 30, 2014, which is included in contributed surplus, is presented below:

		Contributed surplus - share options
At March 31, 2013	\$	104,470
Amortization of fair value of share options issued November 30, 2012 (series 1)		78,568
At June 30, 2013	-	\$ 183,038
Amortization of fair value of share options issued November 30, 2012 (series 1)		280,769
Fair value of share options issued July 18, 2013 (series 2)		183,260
Fair value of the replacement share options issued July 18, 2013 (series 3 and 4)		15,462
Amortization of fair value of share options issued December 1, 2013 (series 5)		284,589
Options exercised during the year		(5,864)
At March 31, 2014	\$	941,254
Amortization of fair value of share options issued December 1, 2013 and May 27, 2014 (series 5 and 6)		143,246
Options exercised during the year		(138)
At June 30, 2014	\$	1,084,362

At June 30, 2014, the following options to purchase common shares were outstanding:

Option series	Average remaining life (in years)	Options outstanding			
		Vested	Unvested	Exercised	Total
Series 1	3.42	3,129,602	-	25,000	3,104,602
Series 2	3.42	350,000	-	-	350,000
Series 3	0.05	78,124	-	-	78,124
Series 4	0.00	15,624	-	15,624	-
Series 5	4.42	226,432	2,160,190	-	2,386,622
Series 6	4.91	-	36,600	-	36,600
Weighted average	3.79	3,799,782	2,196,790	40,624	5,955,948

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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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 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:

	Share Purchase Warrant Reserve	
At March 31, 2013	\$	18,610
Amortization of fair value of share options issued November 30, 2012		13,996
At June 30, 2013	\$	32,606
Surrender of share purchase warrants on July 18, 2013		(32,606)
At March 31, 2014 and June 30, 2014	\$	-

F. NON-CONTROLLING INTERESTS

The Company owns 100% (87.1% for the year ended March 31, 2014) 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.

The Company owns 100% (90.8% for the year ended March 31, 2014) 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.

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10. 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, 2014	Three months ended June 30, 2013
Basic weighted average number of shares	61,244,418	34,796,023
Dilutive securities:		
Share options	5,933,239	3,129,602
Share warrants	-	6,959,204

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.

11. Sales and costs of sales

Sales and cost of sales for canola streaming contracts is presented below:

	Three months ended June 30, 2014	Three months ended June 30, 2013
Sales	\$ 2,261,253	\$ -
Cost of sales		
Realization of upfront payment for canola interests	1,199,118	-
Crop payments	439,740	-
Other	1,775	-
Gross Profit	\$ 620,620	\$ -

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12. Corporate administration

The corporate administration expenses of the Company are as follows:

	Three months ended June 30, 2014	Three months ended June 30, 2013
Advertising and investor relations	\$ 23,389	\$ 3,238
Board and executive expenses (see Note 16)	77,130	-
Contractors, employee salaries and benefits	220,470	103,839
Licenses, dues and filing fees	4,855	278
Office expenses	18,323	10,364
Share option and warrant based compensation (Note 9C)	143,246	92,564
Travel	11,137	19,621
Total corporate administration expense	\$ 498,550	\$ 229,904

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 June 30, 2014	Three months ended June 30, 2013
Net loss before taxes	\$ (1,738,151)	\$ (1,731,170)
Canadian federal and provincial tax rates	27%	27%
Income tax (recovery) based on the above rates	(469,301)	(467,416)
Increase (decrease) due to the tax effect of:		
Non-deductible stock compensation	38,676	24,992
Non-deductible DSU compensation	18,413	-
Non-deductible listing and transaction expenses	-	-
Other	(2,058)	-
Deferred income tax expense (recovery)	\$ (414,270)	\$ (442,424)

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

	June 30, 2014	March 31, 2014
Deferred income tax assets		
Share issuance costs	\$ 1,091,552	\$ 1,076,151
Unused tax losses	186,873	292,863
Canola interests market value adjustment	1,090,696	587,896
Other	35,424	33,366
Total deferred income tax asset	\$ 2,404,545	\$ 1,990,276

14. Supplemental cash flow information

	Three months ended June 30, 2014	Three months ended June 30, 2013
Change in non-cash working capital items		
Trade and other receivables	\$ 140,328	\$ 1,776,077
Prepaid expenses	(62,984)	(22,000)
Trade and other payables	(134,450)	(37,108)
Net increase in cash	\$ (57,106)	\$ 1,716,969

15. Key management personnel compensation

	Three months ended June 30, 2014	Three months ended June 30, 2013
Contractors, employee salaries and benefits	\$ 171,634	\$ 78,194
Share based payments	135,016	75,291
Total key management compensation expense	\$ 306,650	\$ 153,485

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 June 30, 2014 there were 193,994 DSUs granted and outstanding (March 31, 2014 - 91,264). Of these DSUs 116,876 have vested. Included in Trade and Other Payables at June 30, 2014 is \$268,976 (March 31, 2014 - \$200,781) relating to the valuation of the DSUs. Included in Corporate Administration expense for the three months ended June 30, 2014 is \$68,195 (June 30, 2013 - \$nil) relating to the valuation of the DSUs.

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17. 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 June 30, 2014	Three months ended June 30, 2013
Corporate administration	\$ 152,014	\$ 82,010
Total related party expenses	\$ 152,014	\$ 82,010

Included in corporate administration (Note 12) is \$118,750 relating to key management compensation and is included in contractors, employee salaries and benefits in Note 15.

Included in trade and other payables is \$10,994 (March 31, 2014 - \$7,347) payable to related parties.

18. Comparative figures

Certain of the prior period's figures were reclassified in conformity with the current period's financial statement presentation. The amounts were reclassified to improve the grouping of expenses within corporate administration expense.

19. Subsequent events

On July 9, 2014, 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 17,500,000 common shares at a price of \$2.30 per share for gross proceeds of \$40,250,000. The underwriters also had an over-allotment option (the "Over-Allotment Option"), exercisable in whole or in part at any time and from time to time for 30 days after the closing of the Public Offering, to purchase up to an additional 2,625,000 common shares.

On July 18, 2014 the Company announced the closing of the Over-Allotment Option granted in connection with the bought deal Public Offering to purchase an additional 2,625,000 common shares at a price of \$2.30 per common share for additional gross proceeds of \$6,037,500.

The aggregate gross proceeds of the Offering, including the exercise of the Over-Allotment Option, was \$46,287,500.