INPUT CAPITAL
THE AGRICULTURE STREAMING COMPANY

Unaudited Condensed Interim

Financial Statements

for the six months ended March 31, 2017

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 six month periods ended March 31, 2017 and 2016.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

	Note	As at March 31, 2017		As at September 30, 2016	
ASSETS					
Current					
Cash		$	17,228,751	$	16,642,665
Trade and other receivables	6		1,488,409		4,257,605
Income tax recoverable			-		886,877
Current portion of canola interests	5, 6		20,363,333		28,878,396
Other financial assets	5, 6		881,598		3,852,643
Assets held for sale	7		18,800,168		18,681,068
Prepaid expenses			256,566		206,733
		$	59,018,825	$	73,405,987
Non-current					
Canola interests	5, 6	$	47,355,826	$	45,025,627
Deferred income tax assets	15		1,298,057		-
Capital and intangible assets			156,544		116,077
Mortgages receivable	8		11,682,036		-
		$	119,511,288	$	118,547,691
LIABILITIES					
Current					
Trade and other payables	5, 6, 19	$	6,918,284	$	2,225,097
Revolving credit facility	9		2,106,353		-
Income tax payable	15		612,284		-
		$	9,636,921	$	2,225,097
Non-current					
Deferred income tax liabilities	15	$	-	$	709,757
		$	-	$	709,757
EQUITY					
Share capital	10	$	108,453,827	$	108,384,935
Contributed surplus	10		2,832,224		2,378,506
Retained earnings (deficit)	10		(1,411,684)		4,849,396
		$	109,874,367	$	115,612,837
		$	119,511,288	$	118,547,691

ON BEHALF OF THE BOARD

"Douglas Emsley", Director

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

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

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Note	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Six Months Ended March 31, 2017	Six Months Ended March 31, 2016
Revenue	12	$ 5,079,793	$ 5,676,824	$ 15,685,835	$ 28,289,570
Expenses and other income					
Amortization of capital and intangible assets		9,737	4,973	18,166	9,960
Corporate administration	14, 18	1,787,387	1,418,834	3,355,601	2,523,759
Interest expense on revolving credit	9	3,789	-	5,647	-
Interest income		(38,149)	(92,950)	(81,997)	(192,996)
Net gain on settlements of canola interests	13	(1,526,461)	-	(1,990,348)	-
Other (gain) loss	6	133,189	(222,367)	(45,259)	(298,800)
Purchase of canola and other direct expenses	12	2,469,532	3,008,826	4,266,053	10,200,437
Realization of canola interests	12	4,145,513	2,120,090	11,190,961	12,950,955
Profit (loss) before the undernoted		$ (1,904,744)	$ (560,582)	$ (1,032,989)	$ 3,096,255
Market value adjustment	6	(4,591,883)	(3,080,848)	(5,133,748)	(1,367,444)
Net income (loss) before income tax		$ (6,496,627)	$ (3,641,430)	$ (6,166,737)	$ 1,728,811
Income tax expense (recovery)	15	(1,687,367)	(943,591)	(1,540,115)	554,270
Net income (loss) and comprehensive income (loss)		$ (4,809,260)	$ (2,697,839)	$ (4,626,622)	$ 1,174,541
Basic earnings (loss) per share	11	$ (0.06)	$ (0.03)	$ (0.06)	$ 0.01
Fully diluted earnings (loss) per share	11	(0.05)	(0.03)	$ (0.05)	$ 0.01

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

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited)

Cash flow from (applied to)	Note	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Six Months Ended March 31, 2017	Six Months Ended March 31, 2016
Operating activities					
Net income (loss) for the period		$ (4,809,260)	$ (2,697,839)	$ (4,626,622)	$ 1,174,541
Adjustments					
Amortization of capital and intangible assets		9,737	4,973	18,166	9,960
Deferred share unit gain	18	(45,708)	(12,601)	(96,983)	(118,252)
Deferred income tax recovery	15	(1,955,388)	(1,250,081)	(2,216,954)	(619,431)
Interest income		(38,149)	(92,950)	(81,997)	(192,996)
Interest received		42,868	105,272	82,754	191,236
Net non-cash proceeds from settlement of canola interests		(1,623,614)	-	(1,623,614)	-
Realization of canola interests	6, 12, 13	4,904,075	2,365,818	14,188,931	12,563,776
Share based payments	10	247,120	152,548	462,610	332,813
Gain from buy back of canola interests	6	(20,236)	(18,333)	(136,708)	(18,333)
Loss (gain) from sale of canola futures and options	6	192,651	31,618	149,758	(44,815)
Unrealized market value adjustment	6	4,591,883	2,835,120	5,133,748	1,754,623
Changes in non-cash working capital	16	526,524	(566,430)	4,644,201	5,332,881
Cash generated from operating activities		$ 2,022,503	$ 857,115	$ 15,897,290	$ 20,366,003
Investing activities					
Acquisition of canola interests	6	(13,760,314)	(16,457,622)	(16,889,539)	(23,928,757)
Proceeds from buy back of canola interests	6	287,807	285,000	587,807	285,000
Proceeds from terminated contracts	6	7,963	-	8,794	-
Acquisition of assets held for sale		-	-	(119,100)	-
Net proceeds of canola futures and options	6	(281,801)	-	(189,658)	1,043,209
Purchase of capital and intangible assets		(41,204)	-	(58,633)	(2,391)
Cash applied to investing activities		$ (13,787,549)	$ (16,172,622)	$ (16,660,329)	$ (22,602,939)
Financing activities					
Dividends paid	10	(817,228)	-	(817,228)	-
Net draws on revolving credit facility	9	1,646,772	-	2,106,353	-
Proceeds from shares issued	10	-	-	60,000	140,000
Cash generated from financing activities		$ 829,544	$ -	$ 1,349,125	$ 140,000
Net increase (decrease) in cash		(10,935,502)	(15,315,507)	586,086	(2,096,936)
Cash – beginning of the period		28,164,253	40,087,707	16,642,665	26,869,136
Cash - end of the period		$ 17,228,751	$ 24,772,200	$ 17,228,751	$ 24,772,200

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

	Note	Share Capital Number	Share Capital Amount	Contributed Surplus Share Options	Retained earnings	Total
At September 30, 2015		81,472,758	$ 108,134,007	$ 1,704,765	$ 4,535,729	$ 114,374,501
Options exercised	10	140,000	160,748	(20,748)	-	140,000
Share based payment – options	10	-	-	332,812	-	332,812
Total comprehensive income		-	-	-	1,174,541	1,174,541
At March 31, 2016		81,612,758	$ 108,294,755	$ 2,016,829	$ 5,710,270	$ 116,021,854
Options exercised	10	50,000	90,180	(26,180)	-	64,000
Share based payment – options	10	-	-	387,857	-	387,857
Total comprehensive loss		-	-	-	(860,874)	(860,874)
At September 30, 2016		81,662,758	$ 108,384,935	$ 2,378,506	$ 4,849,396	$ 115,612,837
Options exercised	10	60,000	68,892	(8,892)	-	60,000
Share based payment – options	10	-	-	462,610	-	462,610
Dividends	10	-	-	-	(1,634,458)	(1,634,458)
Total comprehensive loss		-	-	-	(4,626,622)	(4,626,622)
At March 31, 2017		81,722,758	$ 108,453,827	$ 2,832,224	$ (1,411,684)	$ 109,874,367

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

1. Nature of operations

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

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

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

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

These unaudited condensed financial statements were authorized for issue by the Board of Directors on May 15, 2017.

2. New standards and interpretations

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

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

- *International Financial Reporting Standard ("IFRS") 15 – Revenue from Contracts with Customers* - specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.
- *IFRS 9 – Financial Instruments* - a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement.

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

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

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

3. Basis of presentation

A. STATEMENT OF COMPLIANCE

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

B. BASIS OF PREPARATION

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

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

C. FUNCTIONAL AND PRESENTATIONAL CURRENCY

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

D. USE OF ESTIMATES AND JUDGMENTS

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

4. Key sources of estimation uncertainty and critical accounting judgments

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

A. CANOLA INTERESTS

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

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

B. REALIZATION OF CANOLA INTERESTS

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

C. OTHER FINANCIAL ASSETS

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

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

D. ASSETS HELD FOR SALE

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

E. MORTGAGES RECEIVABLE

Mortgages receivable result from contract buy backs. These assets are initially recorded at fair value with an offsetting reduction in canola interests. Subsequently these assets are carried at amortized cost. Interest income is recorded on the accrual basis provided that the mortgage is not impaired.

The Company assesses mortgages receivable for objective evidence of impairment both individually and collectively at each reporting period. A mortgage is considered impaired when there is objective evidence at the end of the reporting period that there has been a deterioration of credit quality to the extent that the Company no longer has reasonable assurance as to the timely collection of the full amount of principal and interest. The Company will consider, but is not limited to considering, the following as part of the creditworthiness and status of a borrower: payment history, value of underlying property securing the mortgage, overall economic conditions, and other conditions specific to the property.

An impairment loss is calculated as the difference between the carrying amount of the mortgage receivable and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recorded in the statement of comprehensive income (loss) and are reflected in the provision for mortgage losses.

F. INCOME TAXES

Taxation on earnings comprises current and deferred income tax. Taxation is recognized in the statement 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.

G. REVENUE RECOGNITION

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

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

H. NET GAIN ON SETTLEMENTS OF CANOLA INTERESTS

Canola tonnage obligations outstanding on canola streaming contracts may be settled by the farm operator directly through payment in cash, through cash proceeds received from crop insurance, through a conventional mortgage receivable with the Company, or through a land transfer to the Company. These transactions do not result in the title and risk of the canola passing to a purchaser from Input and are considered to be the settlement of a financial asset with the farm operator. As a result, these transactions are not recorded as canola streaming revenue. When cash proceeds are not received as the means of settlement, the transaction is valued at fair value. These transactions are recorded as a net gain on settlements of canola interests on the statement of comprehensive income (loss).

I. 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 historical stock price of the Company, the expected term is estimated using historical exercise data, and the expected number of equity instruments expected to vest is estimated using historical forfeiture data. If and when share-based awards are ultimately exercised, the applicable amounts in Contributed Surplus are transferred to Share Capital.

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

5. *Financial instruments*

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

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

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

	Classification	Level	March 31, 2017	September 30, 2016
Other financial assets	Fair value through profit or loss	2	$ 881,598	$ 3,852,643
Canola interests	Fair value through profit or loss	3	67,719,159	73,904,023

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

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

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

	Payment due by period				
	< 1 year	1 - 3 years	4 - 5 years	> 5 years	Total
Purchase obligations	$ 5,877,147	$ 11,433,872	$ 10,056,096	$ 3,096,184	$ 30,463,299

Financial liabilities and other contractual obligations at March 31, 2017, and their maturities are summarized below:

	Payment due by period				
	< 1 year	1 - 3 years	4 - 5 years	> 5 years	Total
Trade and other payables	$ 6,918,284	$ -	$ -	$ -	$ 6,918,284

LOANS AND BORROWINGS - The Company has a $25 million revolving credit facility with HSBC Canada. As of March 31, 2017, there was $2,106,353 (September 30, 2016 - $nil) drawn on the facility. The covenants of the facility include a maximum total liabilities to tangible net worth ratio of 0.5 to 1 and a minimum current ratio of 2 to 1. At March 31, 2017, the Company met all of its covenants as required by the facility.

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

6. Canola interests and other financial assets

	March 31, 2017	September 30, 2016
Canola interests:		
Opening balance - date	October 1, 2016	April 1, 2016
Opening balance	$ 73,904,023	$ 91,010,270
Acquisition of canola interests - upfront payments	19,265,248	7,908,433
Acquisition of canola interests - crop payments	1,279,239	2,001,555
Realization of canola interests - upfront payments	(12,969,923)	(4,752,564)
Realization of canola interests - crop payments	(2,194,130)	(863,595)
Realization of canola interests - realized market value adjustment	(2,893,802)	(923,159)
Recoveries on terminated contracts	(8,794)	(9,889,415)
Acquisition of security	-	921,450
Buy back of canola contracts	(6,539,899)	(9,949,420)
Market value adjustment	(2,122,803)	(1,559,532)
	$ 67,719,159	$ 73,904,023
Canola interests (including amounts relating to terminated contracts):		
Current portion of canola interests	$ 20,363,333	$ 28,878,396
Non-current canola interests	47,355,826	45,025,627
	$ 67,719,159	$ 73,904,023

Included in Trade and other receivables at March 31, 2017 is $1,443,906 relating to canola deliveries made for which the payment has not yet been received as at March 31, 2017 (September 30, 2016 - $3,748,837). There are no short-term advances to farmers included in trade and other receivables at March 31, 2017 (September 30, 2016 - $365,472). These advances were non-interest bearing and approximate fair value given their short-term nature.

Included in Trade and other payables at March 31, 2017 is $3,524,623 relating to the acquisition of canola interests - upfront payment commitments for which the disbursement has not yet been made as at March 31, 2017 (September 30, 2016 - $nil).

The fair value of each canola streaming contract is calculated using internal discounted cash flow models that rely on forward canola and other correlated commodity pricing provided by independent sources. Other variables that impact the fair value of canola interests include the timing of the delivery of the tonnes, changes in expected costs of realizing on the contract, and changes in the risk free interest rate. Included in the market value adjustment as a reduction to the value of canola interests is an unrealized market value loss of $2,699,034 (September 30, 2016 - loss of $999,804) relating to changes in the timing of expected net cash flows associated with the delivery of tonnes.

A producer or the Company may negotiate a buy back of a streaming contract. The Company may accept consideration in the form of cash, conventional mortgages or loan receivable, or assets which will be held for sale. This consideration is used to bring the contract current and then buy back future obligations under the contract. During the six months ended March 31, 2017, the Company received $587,807 in cash proceeds (six months ended March 31, 2016 - $285,000) and $6,088,799 in mortgages receivable (six months 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 $136,708 being recognized in other income. Included in the realization of canola interest - realized market value adjustment is a loss of $2,202,284 relating to these buy backs.

As at March 31, 2017 there are three streaming contracts (September 30, 2016 - three) that have been terminated due to default and are in the process of security realization. The value of the contracts in default included in canola interests at March 31, 2017 is $6,634,916 (September 30, 2016 - $6,643,710) of which $304,097 is recorded as a current asset and the balance of $6,330,819 is recorded as a non-current asset. Input believes it will fully recover the outstanding value of these contracts through the enforcement of security. Contracts that are terminated are fair valued at the time of termination and subsequently, if necessary, written down for any impairment. Included in Professional fees – legal, accounting, tax and collection expenses under corporate administration expense for the six months ended March 31, 2017 is $236,690 (six months ended March 31, 2016 - $245,847) relating to the collection of terminated accounts.

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 March 31, 2017	Three months ended March 31, 2016	Six months ended March 31, 2017	Six months ended March 31, 2016
Market value adjustment - expense	$ 732,867	$ 144,507	$ 3,010,945	$ 759,872

Part of the Company's in-year canola marketing program involves the purchase of canola futures and options contracts to maintain an open pricing position. Included in other (gain) loss is a loss of $192,651 for the three months ended March 31, 2017 (three months ended March 31, 2016 - loss of $31,618) and a loss of $149,758 for the six months ended March 31, 2017 (six months ended March 31, 2016 - gain of $44,815) relating to realized gains and losses on these contracts.

7. Assets held for sale

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

	March 31, 2017	September 30, 2016
Land	$ 17,929,218	$ 17,929,218
Buildings, storage bins and other assets	870,950	751,850
	$ 18,800,168	$ 18,681,068

8. *Mortgages receivable*

As at March 31, 2017, mortgages receivable consist of commercial first mortgages with the following terms and conditions:

		Principal outstanding		Fair value	
Maturity date	Interest rate	March 31, 2017	September 30, 2016	March 31, 2017	September 30, 2016
January 1, 2022	5.50%	$ 10,648,336	$ -	$ 10,648,336	$ -
July 1, 2022	5.50%	1,033,700	-	1,046,783	-
		$ 11,682,036	$ -	$ 11,695,119	$ -

The mortgages are interest only with the outstanding principal due on maturity and are secured by land. As at March 31, 2017 all mortgages are performing and no credit loss provision has been recorded because the Company expects the full recovery all of the outstanding amounts.

9. *Revolving credit facility*

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

At September 30, 2016	$ -
Advances	2,398,536
Repayments	(292,183)
At March 31, 2017	$ 2,106,353

10. *Share capital, contributed surplus and retained earnings*

A. SHARES AUTHORIZED

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

B. SHARES ISSUED

	March 31, 2017		September 30, 2016	
	Number	$	Number	$
Common shares	81,722,758	$ 108,453,827	81,662,758	$ 108,384,935

C. SHARE PURCHASE OPTIONS

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

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

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

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

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

At March 31, 2017, the following options to purchase common shares were outstanding:

Option series	Average remaining life (in years)	Options outstanding				
		Vested	Unvested	Exercised	Expired or cancelled	Total
Series 1	0.67	3,129,602	-	250,000	-	2,879,602
Series 2	0.67	350,000	-	50,000	-	300,000
Series 3	1.67	2,386,622	-	-	-	2,386,622
Series 4	2.15	36,600	-	-	-	36,600
Series 5	2.66	37,218	-	-	-	37,218
Series 6	2.85	7,151	2,849	-	-	10,000
Series 7	3.20	447,669	284,431	-	1,800	730,300
Series 8	3.63	21,164	9,736	-	-	30,900
Series 9	4.19	248,559	664,141	-	7,900	904,800
Series 10	4.71	62,235	580,665	-		642,900
Weighted average	1.91	6,726,820	1,541,822	300,000	9,700	7,958,942

D. DIVIDENDS

On February 9, 2016, the Company declared a dividend of $0.01 per share payable on April 17, 2017 to shareholders of record on March 31, 2017.

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 March 31, 2017	Three months ended March 31, 2016	Six months ended March 31, 2017	Six months ended March 31, 2016
Basic weighted average number of shares	81,722,758	81,612,758	81,696,055	81,576,802
Dilutive securities:				
Share options	7,958,942	6,522,042	7,717,182	6,558,452

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.

12. 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 March 31, 2017	Three months ended March 31, 2016	Six months ended March 31, 2017	Six months ended March 31, 2016
Revenue from canola streaming contracts	$ 2,812,490	$ 2,633,467	$ 11,833,484	$ 18,273,235
Realization of canola interests				
Upfront payments	1,842,391	1,575,385	6,939,006	9,992,233
Crop payments	246,500	276,436	1,641,358	2,057,546
Realized market value adjustment	(29,192)	194,757	408,313	827,664
Other direct expenses	183,471	35,579	471,735	281,727
Profit from canola streaming	$ 569,320	$ 551,310	$ 2,373,072	$ 5,114,065

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

	Three months ended March 31, 2017	Three months ended March 31, 2016	Six months ended March 31, 2017	Six months ended March 31, 2016
Revenue from canola trading	$ 2,267,303	$ 3,043,357	$ 3,852,351	$ 10,016,335
Purchase of canola and other direct expenses	2,286,061	2,973,247	3,794,318	9,918,710
Profit from canola trading	$ (18,758)	$ 70,110	$ 58,033	$ 97,625

Realized market value expense as a result of contract buy backs is presented below:

	Three months ended March 31, 2017	Three months ended March 31, 2016	Six months ended March 31, 2017	Six months ended March 31, 2016
Realization of canola interests				
Realized market value adjustment	$ 2,085,814	73,512	2,202,284	73,512

13. Net gain on settlements of canola interests

The net gain on settlements of canola interests is presented below:

	Three months ended March 31, 2017	Three months ended March 31, 2016	Six months ended March 31, 2017	Six months ended March 31, 2016
Fair value of gross proceeds received	$ 6,154,234	$ -	$ 8,857,529	$ -
Deductions from proceeds relating to the realization of canola interests				
Upfront payments	3,906,492	-	6,030,917	-
Crop payments	429,206	-	552,772	-
Realized market value adjustment	291,788	-	283,205	-
Other direct expenses	287	-	287	-
Net gain on settlements of canola interests	$ 1,526,461	$ -	$ 1,990,348	$ -

14. Corporate administration

The corporate administration expenses of the Company are as follows:

	Three months ended March 31, 2017	Three months ended March 31, 2016	Six months ended March 31, 2017	Six months ended March 31, 2016
Advertising and client development	$ 205,371	$ 144,927	$ 359,240	$ 366,200
Board and executive (gain) expenses	(28,765)	(2,529)	(17,549)	(72,553)
Contractors, employee salaries and benefits	818,864	573,410	1,546,317	1,189,048
Investor relations	74,689	34,831	103,403	74,386
Licenses, dues and filing fees	83,585	72,693	138,608	93,676
Office expenses	119,329	52,266	241,682	106,688
Professional fees – legal, accounting, tax and collection	267,194	390,688	521,290	433,501
Share option based compensation (Note 8C)	247,120	152,548	462,610	332,813
Total corporate administration expense	$ 1,787,387	$ 1,418,834	$ 3,355,601	$ 2,523,759

15. 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 (loss) before income taxes. These differences result from the following items:

	Three months ended March 31, 2017	Three months ended March 31, 2016	Six months ended March 31, 2017	Six months ended March 31, 2016
Net income (loss) before income tax	$ (6,496,627)	$ (3,641,430)	$ (6,166,737)	$ 1,728,811
Canadian federal and provincial tax rates	27%	27%	27%	27%
Income tax expense (recovery) based on the above rates	(1,754,089)	(983,186)	(1,665,019)	466,779
Increase (decrease) due to the tax effect of:				
Non-deductible stock compensation	66,722	41,188	124,904	89,859
Other	-	(1,593)	-	(2,368)
Income tax expense (recovery)	$ (1,687,367)	$ (943,591)	$ (1,540,115)	$ 554,270

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

	Three months ended March 31, 2017	Three months ended March 31, 2016	Six months ended March 31, 2017	Six months ended March 31, 2016
Current	$ 268,021	$ 306,490	$ 676,839	$ 1,173,701
Deferred	(1,955,388)	(1,250,081)	(2,216,954)	(619,431)
	$ (1,687,367)	$ (943,591)	$ (1,540,115)	$ 554,270

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

	March 31, 2017	September 30, 2016
Deferred income tax asset (liability)		
Share issuance costs	$ 567,572	$ 776,711
DSU compensation	137,530	163,716
Market value adjustment	592,955	(1,650,184)
Total deferred income tax asset (liability)	$ 1,298,057	$ (709,757)

16. *Supplemental cash flow information*

	Three months ended March 31, 2017	Three months ended March 31, 2016	Six months ended March 31, 2017	Six months ended March 31, 2016
Change in non-cash working capital items				
Trade and other receivables	$ 284,749	$ 1,305,725	$ 2,460,208	$ 5,034,979
Income tax recoverable	624,339	-	1,096,016	-
Prepaid expenses	(48,745)	(76,390)	(49,833)	(46,861)
Trade and other payables	(946,103)	(2,102,255)	525,526	(828,938)
Income tax payable	612,284	306,490	612,284	1,173,701
Net increase (decrease) in cash	$ 526,524	$ (566,430)	$ 4,644,201	$ 5,332,881

17. *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 March 31, 2017	Three months ended March 31, 2016	Six months ended March 31, 2017	Six months ended March 31, 2016
Contractors, employee salaries and benefits	$ 176,464	$ 428,061	$ 351,135	$ 602,826
Share based payments	198,654	127,180	376,428	280,446
Total key management compensation expense	$ 375,118	$ 555,241	$ 727,563	$ 883,272

18. *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 March 31, 2017 there were 402,350 DSUs granted, vested and outstanding (September 30, 2016 - 329,540). Included in Trade and other payables at March 31, 2017 is $509,372 (September 30, 2016 - $606,354) relating to the valuation of the DSUs. Included in Board and executive (gain) expenses under corporate administration expense for the three months ended March 31, 2017 is a gain of $45,708 (three months ended March 31, 2016 - gain of $12,601) and for the six months ended March 31, 2017 a gain of $96,983 (six months ended March 31, 2016 - gain of $118,252) relating to the valuation of the DSUs.

19. *Related party transactions*

The Company is related to Emsley & Associates (2002) Inc. and Nomad Capital Corp. as a result of common management. The companies share some common personnel and Input leases furnished office space from Emsley & Associates Inc. (see Note 20). These expenses are managed through a Shared Services Agreement whereby expenses are shared between companies. These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party expenses are summarized in the following table:

	Three months ended March 31, 2017	Three months ended March 31, 2016	Six months ended March 31, 2017	Six months ended March 31, 2016
Corporate administration	$ 234,721	$ 374,674	$ 466,098	$ 581,246

Included in Corporate administration (Note 14) is $119,769 for the three months ended March 31, 2017 (three months ended March 31, 2016 - $300,850), relating to key management compensation and is included in contractors, employee salaries and benefits in Note 17.

Included in Trade and other payables is $16,780 (September 30, 2016 - $29,930) payable to related parties.

20. *Commitments and Contingencies*

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

Commitments and contingencies	
2017	$ 139,128
2018	278,256
2019	289,846
2020	302,334
2021	51,128
	$ 1,060,692