



**INPUT CAPITAL**  
THE AGRICULTURE STREAMING COMPANY

**Consolidated Financial Statements**

**for the years ended March 31, 2014 and 2013**



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## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF INPUT CAPITAL CORPORATION:

We have audited the accompanying consolidated financial statements of Input Capital Corp., which comprise the consolidated statements of financial position as at March 31, 2014 and March 31, 2013, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Input Capital Corp. as at March 31, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Chartered Accountants

May 27, 2014

Regina, Saskatchewan, Canada

## **CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

*(Expressed in Canadian dollars)*

|  | Note | As at March 31, 2014 | As at March 31, 2013 |
|--|------|----------------------|----------------------|
| <b>ASSETS</b>  |      |                      |                      |
| <b>Current</b>   |      |                      |                      |
| Cash and cash equivalents                                  |      | \$ 30,442,985        | \$ 1,510,470         |
| Marketable securities                                      |      | -                    | 12,805,905           |
| Trade and other receivables                                |      | 426,478              | 2,593,389            |
| Current portion of canola interests                        | 7    | 7,559,474            | 990,014              |
| Prepaid expenses   |      | 9,317                | -                    |
|  |      | \$ 38,438,254        | \$                   |
| <b>Non-current</b>   |      |                      |                      |
| Canola interests   | 7    | \$ 20,192,720        | \$ 5,022,968         |
| Deferred income tax assets                                 | 13   | 1,990,276            | 378,422              |
| Intangible assets  |      | 19,000               | 5,885                |
| Investment in Input Capital Limited Partnership            | 8    | 22,708               | 860,746              |
|  |      | \$ 60,662,958        | \$ 6,268,021         |
| <b>LIABILITIES</b>   |      |                      |                      |
| <b>Current</b>   |      |                      |                      |
| Trade and other payables                                   | 16   | \$ 463,731           | \$ 399,382           |
|  |      | \$ 463,731           | \$ 399,382           |
| <b>EQUITY</b>  |      |                      |                      |
| Share capital  | 9    | \$ 63,695,246        | \$ 23,653,482        |
| Contributed surplus  | 9    | 941,254              | 123,080              |
| Deficit  |      | (4,441,561)          | (364,798)            |
| Equity attributable to shareholders of Input Capital Corp. |      | \$ 60,194,939        | \$ 23,411,764        |
| Non-controlling interests                                  | 9    | 4,288                | 356,653              |
|  |      | \$ 60,199,227        | \$ 23,768,417        |
|  |      | \$ 60,662,958        | \$ 24,167,799        |

**ON BEHALF OF THE BOARD**

"Douglas Emsley", Director

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

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

## **CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

*(Expressed in Canadian dollars)*

|  | Note   | Year Ended March 31,<br>2014 | Year Ended March 31,<br>2013 |
|--|--------|------------------------------|------------------------------|
| <b>Sales</b>                                     | 11     | \$ 5,074,922                 | \$ -                         |
| <b>Cost of sales</b>                             | 11     | 3,717,607                    | -                            |
| <b>Gross profit</b>                              |        | \$ 1,357,315                 | \$ -                         |
| <b>Expenses and other (income)</b>               |        |                              |                              |
| Amortization of intangible assets                |        | \$ 4,040                     | \$ 100                       |
| Corporate administration                         | 12, 15 | 2,138,132                    | 302,931                      |
| Listing and transaction expenses                 | 2      | 1,831,639                    | -                            |
| Interest income                                  |        | (280,404)                    | (58,094)                     |
| Other loss                                       | 9      | 239,172                      | 46,775                       |
| Professional fees – legal, accounting and tax    |        | 196,144                      | 62,616                       |
| Share of loss of equity-accounted investment     | 8      | 59,274                       | 11,125                       |
| <b>Loss before the undernoted</b>                |        | \$ (2,830,682)               | \$ (365,453)                 |
| Canola interests market value adjustment         | 7      | (2,056,671)                  | (120,721)                    |
| <b>Loss before income tax</b>                    |        | \$ (4,887,353)               | \$ (486,174)                 |
| Income tax recovery                              | 13     | (785,031)                    | (116,568)                    |
| <b>Net loss and comprehensive loss</b>           |        | \$ (4,102,322)               | \$ (369,606)                 |
| <b>Total comprehensive loss attributable to:</b> |        |                              |                              |
| Shareholders                                     |        | \$ (4,076,763)               | \$ (364,798)                 |
| Non-controlling interests                        |        | (25,559)                     | (4,808)                      |
| <b>Net loss and comprehensive loss</b>           |        | \$ (4,102,322)               | \$ (369,606)                 |
| <b>Basic and diluted loss per share</b>          | 10     | \$ (0.09)                    | \$ (0.03)                    |

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

## **CONSOLIDATED STATEMENTS OF CASH FLOWS**

*(Expressed in Canadian dollars)*

| Cash flow from (used in)                            | Note | Year Ended March 31,<br>2014 | Year Ended March 31,<br>2013 |
|---|------|------------------------------|------------------------------|
| <b>Operating activities</b>                         |      |                              |                              |
| Net loss for the year                               |      | \$ (4,102,322)               | \$ (369,606)                 |
| Adjustments:  |      |                              |                              |
| Amortization of intangible assets                   |      | 4,040                        | 100                          |
| Deferred share unit based payments                  | 16   | 200,781                      | -                            |
| Share of loss of equity-accounted investment        | 8    | 59,274                       | 11,125                       |
| Income tax recovery                                 | 13   | (785,031)                    | (116,568)                    |
| Interest income                                     |      | (280,404)                    | (58,094)                     |
| Interest received                                   |      | 297,004                      | 5,905                        |
| Listing expense                                     | 2    | 1,138,115                    | -                            |
| Realization of canola interests                     | 7    | 2,075,317                    | -                            |
| Share based payments                                | 9    | 841,183                      | 123,080                      |
| Canola interests market value adjustment            | 7    | 2,056,671                    | 120,721                      |
| Changes in non-cash working capital                 | 14   | 1,677,756                    | 1,238,706                    |
| <b>Cash generated from operating activities</b>     |      | <b>\$ 3,182,384</b>          | <b>\$ 955,369</b>            |
| <b>Investing activities</b>                         |      |                              |                              |
| Acquisition of canola interests                     | 7    | (25,871,200)                 | (6,133,703)                  |
| Acquisition of marketable securities                |      | -                            | (15,500,000)                 |
| Proceeds from sale of marketable securities         |      | 12,805,905                   | 2,694,095                    |
| Proceeds from Input Capital Limited Partnership     | 8    | 778,764                      | -                            |
| Purchase of intangible assets                       |      | (17,155)                     | (5,985)                      |
| Cash acquired in partnership acquisitions           |      | -                            | 118,007                      |
| Cash acquired in amalgamation                       | 2    | 64,847                       | -                            |
| <b>Cash applied to investing activities</b>         |      | <b>\$ (12,238,839)</b>       | <b>\$ (18,827,586)</b>       |
| <b>Financing activities</b>                         |      |                              |                              |
| Proceeds from shares issued and exercise of options | 9    | 41,051,278                   | 20,352,522                   |
| Share issuance costs                                |      | (3,062,308)                  | (969,835)                    |
| <b>Cash generated from financing activities</b>     |      | <b>\$ 37,988,970</b>         | <b>\$ 19,382,687</b>         |
| Net increase in cash                                |      | 28,932,515                   | 1,510,470                    |
| Cash and cash equivalents – beginning of year       |      | 1,510,470                    | -                            |
| Cash and cash equivalents – end of year             |      | <b>\$ 30,442,985</b>         | <b>\$ 1,510,470</b>          |

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

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars)

|  | Note | Share Capital |               | Contributed Surplus |                         | Non-controlling interests | Retained earnings (deficit) | Total         |
|--|------|---------------|---------------|---------------------|-------------------------|---------------------------|-----------------------------|---------------|
|  |      | Number        | Amount        | Share Options       | Share purchase warrants |                           |                             |               |
| At March 31, 2012  |      | 500           | \$ 500        | \$ -                | \$ -                    | \$ -                      | \$ -                        | \$ 500        |
| Shares issued  | 9    | 30,472,407    | \$ 20,352,522 | \$ -                | \$ -                    | \$ -                      | \$ -                        | \$ 20,352,522 |
| Acquisition of Input Capital Limited Partnership           | 9    | 947,354       | 871,871       | -                   | -                       | -                         | -                           | 871,871       |
| Acquisition of Input Capital Limited Partnership 2         | 9    | 1,026,306     | 944,966       | -                   | -                       | 140,533                   | -                           | 1,085,499     |
| Acquisition of Input Capital Limited Partnership 3         | 9    | 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                                   |      | -             | -             | -                   | -                       | (4,808)                   | (364,798)                   | (369,606)     |
| At March 31, 2013  | 9    | 34,796,023    | \$ 23,653,482 | \$ 104,470          | \$ 18,610               | \$ 356,653                | \$ (364,798)                | \$ 23,768,417 |
| Shares issued  | 9    | 26,407,987    | \$ 42,190,279 | \$ -                | \$ -                    | \$ -                      | \$ -                        | \$ 42,190,279 |
| Options exercised  | 9    | 39,687        | 54,363        | (5,864)             | -                       | -                         | -                           | 48,499        |
| 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 issue costs net of tax                               | 9    | -             | (2,235,484)   | -                   | -                       | -                         | -                           | (2,235,484)   |
| Share based payment – warrants                             | 9    | -             | -             | -                   | 13,996                  | -                         | -                           | 13,996        |
| Surrender of share purchase warrants                       | 9    | -             | 32,606        | -                   | (32,606)                | -                         | -                           | -             |
| Share based payment – options                              | 9    | -             | -             | 842,648             | -                       | -                         | -                           | 842,648       |
| Total comprehensive loss                                   |      | -             | -             | -                   | -                       | (25,559)                  | (4,076,763)                 | (4,102,322)   |
| At March 31, 2014  |      | 61,243,697    | \$ 63,695,246 | \$ 941,254          | \$ -                    | \$ 4,288                  | \$ (4,441,561)              | \$ 60,199,227 |

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

# **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2014 / Expressed in Canadian dollars

## **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 consolidated financial statements were authorized for issue by the Board of Directors on May 27, 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.

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

March 31, 2014 / Expressed in Canadian dollars

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 expenses in the amount of \$693,524 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 \$1,831,639 has been charged to other expenses as listing and transaction expenses.

### **3. *New standards and interpretations***

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, 2013, with early adoption permitted. These standards include the following:

- *IFRS 7, Financial Instruments: Disclosures - offsetting financial assets and financial liabilities;*
- *IFRS 10, Consolidated Financial Statements;*
- *IFRS 11, Joint Arrangements;*
- *IFRS 12, Disclosure of Interests in Other Entities;*
- *IFRS 13 - Fair Value Measurement;*
- *IAS 19, Employee Benefits;*
- *Amended IAS 1, Presentation of Financial Statements;*
- *Amended IAS 27, Separate Financial Statements; and*
- *Amended IAS 28, Investments in Associates and Joint Ventures.*

Effective April 1, 2013, 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, 2014:

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

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*



# **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2014 / Expressed in Canadian dollars

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

## **4. Basis of presentation**

### **A. STATEMENT OF COMPLIANCE**

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Committee ("IFRIC").

### **B. BASIS OF PREPARATION**

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

- Financial instruments that are accounted for according to the financial instrument categories defined in Note 5F.

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

The 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.

### **D. USE OF ESTIMATES AND JUDGMENTS**

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

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

Significant areas requiring the use of management estimates are further described in the following summary of significant accounting policies and notes:

- Underlying estimates of useful lives and related amortization and accumulated amortization (Note 5E);
- Carrying amounts of provisions and underlying estimates of future cash flows (Note 5F); and
- Fair value of financial instruments (Note 5H).

Areas of judgment in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements include:

- Fair value of financial instruments (Notes 5H and Note 7);
- Deferred income tax assets and recovery of deferred income tax assets (Note 5K and Note 13); and
- The acquisitions of canola interests are considered an investing activity.

The canola purchase agreements give the Company the annual right to purchase bonus tonnes from the farmer which constitute a fixed percentage share of the farmer's actual realized canola yield when that yield exceeds a pre-determined baseline yield. No additional revenue or expense has been accrued as the Company is not yet able to estimate the bonus tonnes from the 2013 crop.

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

*March 31, 2014 / Expressed in Canadian dollars*

### ***5. Summary of significant accounting policies***

#### **A. PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements include the assets, liabilities, revenues and expenses of Input Capital Corp. and its subsidiaries, which are the entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany assets, liabilities, revenues and expenses between these entities have been eliminated.

Associates are those entities for which the Company has the ability to exercise significant influence but not control over financial and operating policies. Investments in associates are accounted for using the equity method.

#### **B. BUSINESS COMBINATIONS**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values of the assets given, liabilities incurred or assumed, and equity instruments issued by the Company, in exchange for control of the acquiree at the date that control is obtained. Acquisition-related costs are recognized in net earnings as incurred.

Goodwill is measured as the excess consideration over the fair values assigned to identifiable net assets acquired in a business combination.

#### **C. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash.

#### **D. MARKETABLE SECURITIES**

Marketable securities consist of flexible Guaranteed Investment Certificates with a term of one year or less.

#### **E. INTANGIBLE ASSETS**

The Company's only identifiable intangible asset is trademarks. Trademarks are recorded at cost less accumulated amortization and accumulated provisions for impairment. Amortization is calculated on a straight-line basis over five years – the estimated useful life of the trademarks. Estimated useful lives of intangible assets are reviewed annually and any changes are applied prospectively. At each reporting date, the Company evaluates its intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable.

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

*March 31, 2014 / Expressed in Canadian dollars*

### **F. FINANCIAL INSTRUMENTS**

The Company classifies its financial instruments into one of the following categories: financial instruments at fair value through profit or loss; loans and receivables; and other liabilities. All financial instruments are measured at fair value on initial recognition and recorded on the consolidated statement of financial position. Transaction costs are included in the initial carrying amount of the financial instruments unless the financial instruments are classified as fair value through profit or loss. Transaction costs attributable to the acquisition of financial instruments classified as fair value through profit or loss are recognized immediately in net income. Measurement in subsequent periods depends on the classification of the financial instrument.

Marketable securities are initially recognized at fair value. Subsequent to initial measurement these financial assets are measured at fair value through profit or loss ("FVTPL"). Cash and Trade and other receivables are classified as loans and receivables and are measured at amortized cost. Trade and other payables are classified as other liabilities and these are measured at amortized cost using the effective interest method.

Derivative financial instruments, including canola interests, are recognized as a financial asset on the trade date. All derivative financial instruments are classified as FVTPL and recorded at fair value on the consolidated statements of financial position. Subsequent changes in fair value of these derivative financial instruments are recognized in the consolidated statement of comprehensive loss in Canola interests market value adjustments.

Financial assets are derecognized when the contractual rights to the cash flows from the asset are settled or they expire. Financial liabilities are derecognized only when the Company's obligations are discharged, cancelled or they expire. All gains and losses as a result of changes in fair value for FVTPL financial instruments are included in (loss) income and comprehensive (loss) income in the period they occur.

### **G. IMPAIRMENT OF FINANCIAL INSTRUMENTS**

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Financial assets are considered to be impaired if objective evidence indicates that a change in the market, economic or legal environment in which the Company invested has had a negative effect on the estimated future cash flows of that asset. An impairment loss for a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rates. Impairment losses are recognized in profit or loss. For financial assets measured at amortized cost, any reversal of impairment is recognized in profit or loss.

### **H. FAIR VALUE**

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.

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

*March 31, 2014 / Expressed in Canadian dollars*

- 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.

### **I. 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.

### **J. 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.

### **K. INCOME TAXES**

Taxation on earnings comprises current and deferred income tax. Taxation is recognized in the consolidated statements of comprehensive 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.

### **L. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014 / Expressed in Canadian dollars

### M. 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.

## 6. *Financial instruments*

**CAPITAL RISK MANAGEMENT** - The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the capital structure. The Company's capital consists of \$60,199,227 (\$23,768,417 – March 31, 2013) of equity attributable to common shareholders, comprised of issued capital (Note 9), contributed surplus (Note 9), non-controlling interests (Note 9) and reduced by the accumulated deficit. The Company is not subject to any externally imposed capital requirements.

**CREDIT RISK MANAGEMENT** - The Company's credit risk is limited to cash and trade and other receivables in the ordinary course of business. Management's view is that the amounts outstanding do not represent significant credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was:

|                             | March 31, 2014 |            | March 31, 2013 |           |
|-----------------------------|----------------|------------|----------------|-----------|
| Cash and cash equivalents   | \$             | 30,442,985 | \$             | 1,510,470 |
| Trade and other receivables |                | 426,478    |                | 2,593,389 |
|                             | \$             | 30,869,463 | \$             | 4,103,859 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014 / Expressed in Canadian dollars

The aging of trade and other receivables and allowance for doubtful accounts are as follows:

|  | March 31, 2014 |           | March 31, 2013 |           |
|--|----------------|-----------|----------------|-----------|
| Not past due                                       | \$             | 391,063   | \$             | 230,811   |
| Past due 0-90 days                                 |                | -         |                | -         |
| More than 90 days past due                         |                | 303,725   |                | 2,394,787 |
|  |                | 694,788   |                | 2,625,598 |
| Allowance for doubtful accounts                    |                | (268,310) |                | (32,209)  |
| Total trade and other receivables net of allowance | \$             | 426,478   | \$             | 2,593,389 |

**COMMODITY PRICE RISK** - The Company's financial results may be significantly adversely affected by a decline in the price of canola. The price of canola fluctuates and is affected by numerous factors beyond the Company's control, including but not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of foreign currencies, global and regional supply and demand, and the political and economic conditions of major canola countries throughout the world.

Based on the Company's canola interests as at March 31, 2014, a 1% increase, or decrease, in the price of canola would result in a \$351,675 (2013 - \$63,153) increase, or decrease, in the Canola interests market value adjustment amount recorded on the Consolidated Statement of Comprehensive Loss.

**OTHER RISKS** - The Company is not subject to significant interest rate, foreign currency, or other price risks.

**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, 2014 | March 31, 2013 |
|-----------------------|-----------------------------------|-------|----------------|----------------|
| Marketable securities | Fair value through profit or loss | 1     | \$ -           | \$ 12,805,905  |
| Canola interests      | Fair value through profit or loss | 3     | 27,752,194     | 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, and trade and other payables.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014 / Expressed in Canadian dollars

### 7. Canola interests

|  | March 31, 2014 |             | March 31, 2013 |           |
|--|----------------|-------------|----------------|-----------|
| Canola interests:                        |                |             |                |           |
| Opening balance                          | \$             | 6,012,982   | \$             | -         |
| Acquisition of canola interests          |                | 25,871,200  |                | 6,133,703 |
| Realization of canola interests          |                | (2,075,317) |                | -         |
| Canola interests market value adjustment |                | (2,056,671) |                | (120,721) |
|  | \$             | 27,752,194  | \$             | 6,012,982 |
| Canola interests:                        |                |             |                |           |
| Current portion of canola interests      | \$             | 7,559,474   | \$             | 990,014   |
| Non-current canola interests             |                | 20,192,720  |                | 5,022,968 |
|  | \$             | 27,752,194  | \$             | 6,012,982 |

Canola purchase agreements contain obligations under which 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 | \$ 1,391,292          | \$ 3,187,000 | \$ 3,894,449 | \$ 790,780 | \$ 9,263,521 |

### 8. 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 year | Distribution | Equity pick-up | March 31, 2014 |
|---|-------------------|--------------|----------------|----------------|
| Statement of financial position   |                   |              |                |                |
| Current assets  | \$ 920,927        | \$ (778,764) | \$ (62,274)    | \$ 79,889      |
| Current liabilities   | (60,181)          | -            | 3,000          | (57,181)       |
| Investment in Input Capital Limited Partnership accounted for using the equity method | \$ 860,746        | \$ (778,764) | \$ (59,274)    | \$ 22,708      |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014 / Expressed in Canadian dollars

|   | Beginning of<br>year | At acquisition | Equity pick-up | March 31, 2013 |
|---|----------------------|----------------|----------------|----------------|
| Statement of financial position   |                      |                |                |                |
| Current assets  | \$ -                 | \$ 967,460     | \$ (46,533)    | \$ 920,927     |
| Current liabilities   | -                    | (95,589)       | 35,408         | (60,181)       |
| Investment in Input Capital Limited Partnership accounted for using the equity method | \$ -                 | \$ 871,871     | \$ (11,125)    | \$ 860,746     |

|                   | Year ended March 31, 2014 | Year ended March 31, 2013 |
|-------------------|---------------------------|---------------------------|
| Statement of loss |                           |                           |
| Revenue           | \$ (63,155)               | \$ (46,533)               |
| Expenses          | 3,881                     | 35,408                    |
| Loss              | \$ (59,274)               | \$ (11,125)               |

### 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

|               | March 31, 2014 |               | March 31, 2013 |               |
|---------------|----------------|---------------|----------------|---------------|
|               | Number         | \$            | Number         | \$            |
| Common shares | 61,243,697     | \$ 63,695,246 | 34,796,023     | \$ 23,653,482 |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014 / Expressed in Canadian dollars

A continuity schedule of the Company's shares issued from March 31, 2012 to March 31, 2014, is presented below:

|  | Number of Common Shares |    | Net share capital |
|--|-------------------------|----|-------------------|
| At March 31, 2012                                      | 500                     | \$ | 500               |
| Shares issued November 2012 (1)                        | 30,472,407              |    | 19,644,542        |
| Acquisition of Input Capital Limited Partnership (2)   | 947,354                 |    | 871,871           |
| Acquisition of Input Capital Limited Partnership 2 (3) | 1,026,306               |    | 944,966           |
| Acquisition of Input Capital Limited Partnership 3 (4) | 2,349,456               |    | 2,191,603         |
| At March 31, 2013                                      | 34,796,023              | \$ | 23,653,482        |
| Shares issued July 2013 (5)                            | 781,250                 |    | 1,187,500         |
| Shares issued October 2013 (6)                         | 25,626,737              |    | 38,767,295        |
| Options exercised during the year (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        |

- (1) On November 30, 2012, with subsequent closings on January 7, 2013, and March 5, 2013, Input completed private placements of 20,472,907 units for gross proceeds of \$20,351,523. In connection with the offering, Input paid agent fees of \$969,835 (\$707,980 net of tax). Prior to the private placement, 9,999,500 founder shares were issued for total consideration of \$999.
- (2) On November 30, 2012, the Company, in exchange for 947,354 shares, acquired a 25.7% interest in Input Capital Limited Partnership. The transaction was valued at \$871,871.
- (3) On November 30, 2012, the Company, in exchange for 1,026,306 shares, acquired an 87.1% interest in Input Capital Limited Partnership 2. The transaction was valued at \$944,966.
- (4) On November 30, 2012 the Company, in exchange for 2,349,456 shares, acquired a 90.8% interest in Input Capital Limited Partnership 3. The transaction was valued at \$2,191,603.
- (5) 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014 / Expressed in Canadian dollars

- (6) 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.

### 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                     |

All options are vested, with the exception of option series 5. For this series, 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014 / Expressed in Canadian dollars

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 1      | Series 2   | Series 3   | Series 4   | Series 5   |
| Grant date share price  | \$ 1.00       | \$ 1.60    | \$ 1.60    | \$ 1.60    | \$ 1.73    |
| Exercise price          | \$ 1.00       | \$ 1.28    | \$ 1.60    | \$ 1.60    | \$ 1.73    |
| Volatility              | 13.30%        | 25.00%     | 25.00%     | 25.00%     | 25.00%     |
| Expected life           | 5.00 years    | 4.37 years | 1.00 years | 0.77 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%      | 1.28%      | 1.50%      |

A continuity schedule of the Company's share options from March 31, 2012 to March 31, 2014, which is included in contributed surplus, is presented below:

|   | Contributed surplus - share options |
|---|-------------------------------------|
| At March 31, 2012   | \$ -                                |
| Amortization of fair value of share options issued November 30, 2012 (series 1)   | 104,470                             |
| At March 31, 2013   | \$ 104,470                          |
| Amortization of fair value of share options issued November 30, 2012 (series 1)   | 359,337                             |
| 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                          |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014 / Expressed in Canadian dollars

At March 31, 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         | 3.67                              | 3,129,602           | -         | 25,000    | 3,104,602 |
| Series 2         | 3.67                              | 350,000             | -         | -         | 350,000   |
| Series 3         | 0.30                              | 78,125              | -         | -         | 78,125    |
| Series 4         | 0.07                              | 15,625              | -         | 14,687    | 938       |
| Series 5         | 4.67                              | 226,432             | 2,160,190 | -         | 2,386,622 |
| Weighted average | 4.03                              | 3,799,784           | 2,160,190 | 39,687    | 5,920,287 |

### 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, 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

- 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                   |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014 / Expressed in Canadian dollars

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 warrants from March 31, 2013 to March 31, 2014, which is included in contributed surplus, is presented below:

|  | Contributed surplus - share<br>purchase warrants |          |
|--|--|----------|
| At March 31, 2012  | \$   | -        |
| Amortization of fair value of share options issued November 30, 2012 |  | 18,610   |
| 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 March 31, 2014  | \$   | -        |

### E. 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 year ending March 31, 2014, 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 year ending March 31, 2014, which resulted in a reduction in non-controlling interests of \$199,730.

Included in Other loss is \$280,404 (March 31, 2013 - \$46,776) relating to the winding down of the operations of these partnerships.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014 / Expressed in Canadian dollars

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

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

|   | Year ended March 31, 2014 | Year ended March 31, 2013 |
|---|---------------------------|---------------------------|
| Basic weighted average number of shares | 47,789,890                | 11,415,448                |
| Dilutive securities:                    |                           |                           |
| Share options                           | 4,231,484                 | 1,141,511                 |
| Share warrants                          | -                         | 2,283,023                 |

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:

|   | Year ended March 31, 2014 | Year ended March 31, 2013 |
|---|---------------------------|---------------------------|
| Sales   | \$ 3,082,676              | \$ -                      |
| Cost of sales                                       |                           |                           |
| Realization of upfront payment for canola interests | 1,685,067                 | -                         |
| Crop payments                                       | 390,250                   | -                         |
| Gross Profit  | \$ 1,007,359              | \$ -                      |

Sales and cost of sales for canola trading is presented below:

|                    | Year ended March 31, 2014 | Year ended March 31, 2013 |
|--------------------|---------------------------|---------------------------|
| Sales              | \$ 1,992,246              | \$ -                      |
| Cost of sales      |                           |                           |
| Purchase of canola | 1,642,290                 | -                         |
| Gross Profit       | \$ 349,956                | \$ -                      |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014 / Expressed in Canadian dollars

### 12. Corporate administration

The corporate administration expenses of the Company are as follows:

|   | Year ended March 31, 2014 | Year ended March 31, 2013 |
|---|---------------------------|---------------------------|
| Advertising and investor relations                    | \$ 132,343                | \$ 14,734                 |
| Board and executive expenses (see Note 16)            | 261,298                   | -                         |
| Contractors, employee salaries and benefits           | 710,017                   | 139,208                   |
| Licenses, dues and filing fees                        | 40,080                    | 620                       |
| Office expenses                                       | 69,759                    | 14,844                    |
| Share option and warrant based compensation (Note 9C) | 841,183                   | 123,080                   |
| Travel  | 83,452                    | 10,445                    |
| Total corporate administration expense                | \$ 2,138,132              | \$ 302,931                |

### 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:

|   | Year ended March 31, 2014 | Year ended March 31, 2013 |
|---|---------------------------|---------------------------|
| Net loss before taxes                           | \$ (4,887,353)            | \$ (486,174)              |
| Canadian federal and provincial tax rates       | 27%                       | 27%                       |
| Income tax (recovery) based on the above rates  | (1,319,585)               | (131,267)                 |
| Increase (decrease) due to the tax effect of:   |                           |                           |
| Non-deductible stock compensation               | 227,119                   | 33,232                    |
| Non-deductible DSU compensation                 | 54,211                    | -                         |
| Non-deductible listing and transaction expenses | 307,291                   | -                         |
| Other   | (54,067)                  | (18,533)                  |
| Deferred income tax expense (recovery)          | \$ (785,031)              | \$ (116,568)              |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014 / Expressed in Canadian dollars

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

|  | Year ended March 31, 2014 | Year ended March 31, 2013 |
|--|---------------------------|---------------------------|
| Deferred income tax assets               |                           |                           |
| Share issuance costs                     | \$ 1,076,151              | \$ 209,484                |
| Unused tax losses                        | 292,863                   | 129,513                   |
| Canola interests market value adjustment | 587,896                   | 32,595                    |
| Other                                    | 33,366                    | 6,830                     |
| Total deferred income tax asset          | \$ 1,990,276              | \$ 378,422                |

### 14. Supplemental cash flow information

|  | Year ended March 31, 2014 | Year ended March 31, 2013 |
|--|---------------------------|---------------------------|
| Change in non-cash working capital items |                           |                           |
| Trade and other receivables              | \$ 1,808,028              | \$ 1,125,127              |
| Prepaid expenses                         | (9,317)                   | 113,579                   |
| Trade and other payables                 | (120,955)                 | -                         |
| Net increase in cash                     | \$ 1,677,756              | \$ 1,238,706              |

### 15. Key management personnel compensation

|   | Year ended March 31, 2014 | Year ended March 31, 2013 |
|---|---------------------------|---------------------------|
| Contractors, employee salaries and benefits | \$ 456,307                | \$ 111,784                |
| Share based payments                        | 510,970                   | 100,112                   |
| Total key management compensation expense   | \$ 967,277                | \$ 211,896                |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014 / Expressed in Canadian dollars

### 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. For the year-ended March 31, 2014 there were 91,264 DSUs granted and outstanding that vested immediately on issuance. Included in Corporate Administration expense and Trade and Other Payables for the year ended March 31, 2014 is \$200,781 (March 31, 2013 - \$nil) relating to the valuation of the DSUs .

### 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:

|                              | Year ended March 31, 2014 | Year ended March 31, 2013 |
|------------------------------|---------------------------|---------------------------|
| Corporate administration     | \$ 408,530                | \$ 106,457                |
| Total related party expenses | \$ 408,530                | \$ 106,457                |

Included in corporate administration (Note 12) is \$291,667 relating to key management compensation and is included in contractors, employee salaries and benefits in Note 15.

Included in trade and other payables is \$7,347 ( March 31, 2013 - \$5,037) payable to related parties.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014 / Expressed in Canadian dollars

### 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.

The reclassification of the prior period's figures within the consolidated statements of comprehensive loss are as follows:

| Year Ended March 31, 2014  |           | Year Ended March 31, 2013  |           |
|--|-----------|--|-----------|
| Corporate administration - advertising and promotion                   | \$ 14,735 | Advertising and promotion  | \$ 14,735 |
| Corporate administration - travel                                      | 10,445    | Travel   | 10,445    |
| Corporate administration - contractors, employee salaries and benefits | 139,207   | Corporate administration - contractors, employee salaries and benefits | 131,568   |
| Corporate administration - office expenses                             | 14,844    | Corporate administration - office expenses                             | 14,885    |
| Corporate administration - licenses dues and filing fees               | 620       | Interest and bank charges  | 578       |
|  |           | Professional fees - other  | 7,640     |
|  | 179,851   |  | 179,851   |