



This is an updated copy of the financial statements for the years ended September 30, 2018 and September 30, 2017. The only changes from the previously filed version are the inclusion of the date on the Auditors' Report and a single typographical fix on the Auditors' Report.



INPUT CAPITAL
THE AGRICULTURE STREAMING COMPANY

Financial Statements

**for the years ended September 30, 2018 and
September 30, 2017**



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Input Capital Corp.

We have audited the accompanying financial statements of Input Capital Corp., which comprise the statements of financial position as at September 30, 2018 and September 30, 2017, and the statements of net income (loss) and comprehensive income (loss), statements of changes in equity and statements of cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Input Capital Corp. as at September 30, 2018 and September 30, 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Professional Accountants
December 12, 2018
Regina, Canada

STATEMENTS OF FINANCIAL POSITION

	Note	As at September 30, 2018	As at September 30, 2017
ASSETS			
Current			
Cash	6	\$ 14,876,770	\$ 17,614,846
Trade and other receivables	5, 7	4,463,409	8,412,960
Crop interests	5, 7	8,241,346	14,964,597
Other financial assets	5, 7	3,021,252	2,066,382
Assets held for sale	8	827,653	827,653
Prepaid expenses		590,402	346,009
Mortgages and loans receivable	5, 9	1,129,912	73,500
		\$ 33,150,744	\$ 44,305,947
Non-current			
Crop interests	5, 7	\$ 29,092,845	\$ 51,391,778
Deferred income tax assets	18	3,592,335	2,793,460
Capital and intangible assets		157,283	158,514
Mortgages and loans receivable	5, 9	53,071,720	12,255,210
Assets held under an agreement for sale	10	-	9,650,000
		\$ 119,064,927	\$ 120,554,909
LIABILITIES			
Current			
Trade and other payables	5, 7, 21	\$ 3,820,191	\$ 8,676,274
Revolving credit	5, 11	3,686,707	6,351,478
Income tax payable	18	219,861	408,649
Long-term debt	5, 12	197,674	-
		\$ 7,924,433	\$ 15,436,401
Non-current			
Long-term debt	12	\$ 9,769,602	\$ -
		\$ 9,769,602	\$ -
EQUITY			
	13		
Share capital		\$ 110,277,708	\$ 109,741,237
Contributed surplus		3,404,119	2,938,933
Deficit		(12,310,935)	(7,561,662)
		\$ 101,370,892	\$ 105,118,508
		\$ 119,064,927	\$ 120,554,909

ON BEHALF OF THE BOARD

"Douglas Emsley", Director

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

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

STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

	Note	Year ended September 30, 2018	Year ended September 30, 2017 (Note 24)
Revenue			
Crop	15	\$ 36,763,123	\$ 29,035,578
Interest		2,392,247	636,172
Rental		292,894	141,254
		\$ 39,448,264	\$ 29,813,004
Expenses			
Corporate administration	17	\$ 6,639,884	\$ 6,971,693
Interest expense	11, 12	228,202	87,586
Purchase of crop and other direct expenses	15	9,470,466	7,356,097
Realization of crop interests	15	23,916,864	17,911,332
		\$ 40,255,416	\$ 32,326,708
Other income			
Gain from settlement of crop interests	16	\$ 725,451	\$ 2,332,705
Realized gain on futures and options	7	768,186	64,661
Other income	6	370,634	170,238
		\$ 1,864,271	\$ 2,567,604
Profit before the undernoted			
		\$ 1,057,119	\$ 53,900
Unrealized market value loss	7	(2,878,224)	(12,423,700)
Net loss before income tax			
		\$ (1,821,105)	\$ (12,369,800)
Income tax recovery	18	(437,883)	(3,239,153)
Net loss and comprehensive loss			
		\$ (1,383,222)	\$ (9,130,647)
Basic loss per share			
	14	\$ (0.02)	\$ (0.11)
Fully diluted loss per share			
	14	(0.02)	(0.11)

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

STATEMENTS OF CASH FLOWS

Cash flow from (applied to)	Note	Year ended September 30, 2018	Year ended September 30, 2017
Operating activities			
Net loss for the period		\$ (1,383,222)	\$ (9,130,647)
Adjustments			
Amortization of capital and intangible assets		45,892	38,218
Deferred share unit (gain) expense	21	(95,194)	169,343
Deferred income tax recovery	18	(798,875)	(3,921,495)
Interest revenue		(2,392,247)	(636,172)
Interest received		1,245,471	278,258
Non-cash proceeds from settlement of crop interests		(939,762)	(1,623,614)
Realization of crop interests	7, 15, 16	28,458,321	25,650,201
Share based payments	13	795,614	822,729
Gain from buy back of crop interests	7	(703,550)	(927,726)
Realized gain on crop futures and options	7	(768,186)	(64,661)
Unrealized market value loss	7	2,878,224	12,423,700
Changes in non-cash working capital	19	(1,008,577)	(577,224)
Cash generated from operating activities		\$ 25,333,909	\$ 22,500,910
Investing activities			
Acquisition of crop interests	7	(19,756,546)	(33,480,159)
Proceeds from buy back of crop interests	7	7,054,910	2,298,918
Proceeds from contracts in restructuring and or security realization	7	876,024	551,106
Acquisition of assets held for sale		-	(119,100)
Proceeds from the sale of assets held for sale		-	4,869,100
Issuance of mortgages and loans receivable	9	(21,192,975)	(735,000)
Proceeds from repayment of mortgages and loans receivable	9	119,916	125,206
Net proceeds of futures and options	7	723,068	50,061
Purchase of capital and intangible assets		(44,661)	(80,655)
Cash applied to investing activities		\$ (32,220,264)	\$ (26,520,523)
Financing activities			
Dividends paid	13	(3,360,269)	(2,453,684)
Net (repayment) draws on revolving credit facility	11	(2,664,771)	6,351,478
Net draws on long-term debt	12	9,967,276	-
Purchase of common shares	13	(2,023,558)	-
Proceeds from shares issued	13	2,229,601	1,094,000
Cash generated from financing activities		\$ 4,148,279	\$ 4,991,794
Net (decrease) increase in cash		(2,738,076)	972,181
Cash – beginning of the year		17,614,846	16,642,665
Cash - end of the year		\$ 14,876,770	\$ 17,614,846

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

STATEMENTS OF CHANGES IN EQUITY

	Note	Share Capital		Contributed Surplus	Retained Earnings	Total
		Number	Amount	Share Options	(Deficit)	
At September 30, 2016		81,662,758	\$ 108,384,935	\$ 2,378,506	\$ 4,849,396	\$ 115,612,837
Options exercised		1,010,000	\$ 1,356,302	\$ (262,302)	\$ -	\$ 1,094,000
Share based payment – options		-	-	822,729	-	822,729
Dividends		-	-	-	(3,280,411)	(3,280,411)
Total comprehensive loss		-	-	-	(9,130,647)	(9,130,647)
At September 30, 2017	13	82,672,758	\$ 109,741,237	\$ 2,938,933	\$ (7,561,662)	\$ 105,118,508
Options exercised		2,229,602	\$ 2,560,029	\$ (330,428)	\$ -	\$ 2,229,601
NCIB shares purchased for cancellation		(1,651,400)	(2,023,558)	-	-	(2,023,558)
Share based payment – options		-	-	795,614	-	795,614
Dividends		-	-	-	(3,366,051)	(3,366,051)
Total comprehensive loss		-	-	-	(1,383,222)	(1,383,222)
At September 30, 2018	13	83,250,960	\$ 110,277,708	\$ 3,404,119	\$ (12,310,935)	\$ 101,370,892

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

1. Nature of operations

Input Capital Corp. (the "Company" or "Input") is a Canadian Grain Commission licensed and bonded grain company that acquires canola from farmers through multi-year canola streaming contracts. In return for providing capital for land financing and/or working capital purposes, the Company receives the right to receive and/or purchase a specified number of tonnes of canola each year over the life 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 crop 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 financial statements were authorized for issue by the Board of Directors on December 3, 2018.

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 and that will have an impact for Input are outlined below:

Proposed Standard	Description	Effective Date	Expected Impact
International Financial Reporting Standard ("IFRS") 15 – Revenue from Contracts with Customers	The standard 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.	Fiscal years beginning on or after January 1, 2018, applied retrospectively.	Input has not identified any significant impact on the timing and measurement of revenue from existing revenue recognition practices on the financial statements, but does expect to have additional disclosures.
IFRS 9 – Financial Instruments	The new standard is a single financial instrument accounting standard addressing classification and measurement, impairment and hedge accounting.	Fiscal years beginning on or after January 1, 2018, applied retrospectively with certain exceptions.	Input does not expect any significant impact on the financial statements, but continues to do analysis. Input does expect to have additional disclosures. Input does not currently apply hedge accounting and does not plan to upon adoption of IFRS 9.
IFRS 16 – Leases	The new standard specifies how an IFRS reporter will recognize, measure, present and disclose leases.	Fiscal years beginning on or after January 1, 2019, applied retrospectively.	We are currently assessing the impact that IFRS 16 will have on our financial statements.

3. Basis of presentation

A. STATEMENT OF COMPLIANCE

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

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

B. BASIS OF PREPARATION

These 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 4N.

C. FUNCTIONAL AND PRESENTATIONAL CURRENCY

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

D. USE OF ESTIMATES AND JUDGMENTS

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

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

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

- Fair value of financial instruments (Note 4B).
- Fair value of assets held for sale (Note 4F).
- Fair value of mortgages and loans receivable (Note 4G)
- Fair value of assets held under an agreement for sale (Note 4H)
- Fair value of crop interests (Note 4I)

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

- Fair value of financial instruments (Notes 4D);
- Fair value of assets held for sale (Note 4F).
- Deferred income tax assets and recovery of deferred income tax assets (Note 4K); and
- The acquisitions of crop interests are considered an investing activity.

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

4. *Summary of significant accounting policies*

A. CAPITAL AND INTANGIBLE ASSETS

Items of capital and intangible assets are recorded at cost, less accumulated amortization and accumulated net impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Amortization is calculated based on the depreciable amount, which is the cost of an asset less its residual value. Amortization is recognized in net earnings on a straight-line basis over the estimated useful lives of each part of an item of capital and intangible assets, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

- Trademarks	Straight line	5 years
- Software	Straight line	5 years
- Vehicle	Straight line	8 years

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

B. FINANCIAL INSTRUMENTS

The Company classifies its financial instruments into one of the following categories: financial instruments at fair value through profit or loss ("FVTPL"); loans and receivables; and other liabilities. All financial instruments are measured at fair value on initial recognition and recorded on the 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.

Cash, trade and other receivables, mortgages and loans receivable and crop interests relating to contracts that are in the process of restructuring and or security realization 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 crop 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 statements of financial position. Subsequent changes in fair value of these derivative financial instruments are recognized in the statement of net income (loss) and comprehensive income (loss) in market value adjustments. Realized gains and losses that result from the sale of tonnes of crop are recognized in profit or loss in realization of crop interests.

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 income (loss) and comprehensive income (loss) in the period they occur.

C. 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 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.

D. 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 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. Crop interest values are calculated using internal discounted cash flow models that rely on forward pricing provided by independent sources and long term basis assumptions.

E. OTHER FINANCIAL ASSETS

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

Part of the Company's crop marketing program involves the purchase of crop 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 crop pricing provided by independent sources. Subsequent changes in fair value of these derivative financial instruments are recognized in profit or loss in unrealized market value adjustments. Realized gains and losses relating to these contracts are recognized in realized gain (loss) on crop futures and options.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

F. ASSETS HELD FOR SALE

Assets held for sale consists 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 crop interests. These assets are expected to be sold in the near term. Subsequent changes in the fair value, if any, are recorded in other income in the statement of net income (loss) and comprehensive income (loss).

G. MORTGAGES AND LOANS RECEIVABLE

Mortgages and loans receivable include mortgages and other loans that contain fixed and determinable payments. Upon initial recognition, these are recognized at fair value. Subsequently these assets are carried at amortized cost. Interest revenue is recorded on an accrual basis provided that the mortgage or loan is not impaired.

The Company assesses mortgages and loans receivable for objective evidence of impairment both individually and collectively at each reporting period. A mortgage or loan 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 or loan, 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 or loan 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 net income (loss) and comprehensive income (loss) and are reflected in the provision for mortgage or loan losses.

H. ASSETS HELD UNDER AN AGREEMENT FOR SALE

Assets held under an agreement for sale resulted from an agreement to sell assets that were previously recorded as assets held for sale. The sale agreement was to close upon the final payment of the purchase price being received at a future date. The agreement for sale contained annual rental payments over the term of the agreement. Income was recognized on a straight-line basis over the term of the agreement.

The Company assessed assets held under an agreement for sale for objective evidence of impairment at each reporting period. Assets held under an agreement for sale were considered impaired if there was objective evidence at the end of the reporting period that there had been a deterioration in the value of underlying property securing the asset held under an agreement for sale.

During the year ended September 30, 2018, the assets which had been held under an agreement for sale were sold to the agreement holder with the Company taking back a traditional first mortgage.

I. CROP INTERESTS

Crop interests are agreements for which settlements are called for in tonnes of crop, the amount of which is determined based on terms in the crop 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 crop, at each reporting date the fair value of each contract is calculated using internal discounted cash flow models that rely on forward commodity pricing provided by independent sources. Other variables that impact the fair value of crop interests include the timing of the delivery of the crop, 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 unrealized market value gain or loss. Realized gains and losses that result from the sale are recognized in profit or loss in realization of crop interests.

Included in crop interests are contracts that are in the process of restructuring and or security realization. These contracts are fair valued at the time of initiating restructuring or realization and subsequently recorded at cost less any write downs for impairment. Legal and other expenses relating to enforcement of security are expensed as incurred. Contracts in the process of security realization are fair valued at each reporting date based on the expected amount of capital to be recovered net of legal and other costs to determine if impairment exists.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

J. REALIZATION OF CROP INTERESTS

The initial upfront payment allocated to crop interests is capitalized. Upfront payments are refundable deposits allocated to crop interests and are recorded as realization of crop interests on a proportionate contractual unit basis as sales are recorded for each specific contract. Crop payments are recorded as realization of crop 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 crop are recognized in profit or loss in realization of crop interests. Realized market value gains and losses that result from contract buy backs are recognized in profit or loss as a gain (loss) from settlements of crop interests.

K. INCOME TAXES

Taxation on earnings comprises current and deferred income tax. Taxation is recognized in the statement of net income (loss) and 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.

L. REVENUE RECOGNITION

Sales of crop are recognized when persuasive evidence of an arrangement exists, title and risk passes to the buyer, the amount of revenue can be measured reliably, 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.

Interest revenue on mortgages and loans receivable is recorded on an accrual basis provided that the mortgage or loan is not impaired.

Rental revenue on assets held under an agreement for sale is recognized on a straight-line basis over the term of the agreement.

M. NET SETTLEMENT OF CROP INTERESTS

In addition to regular crop deliveries, crop tonnage obligations outstanding on crop streaming contracts may also 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, through a receivable agreement with the Company, or through a land transfer to the Company. These transactions do not result in the title and risk of the crop 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 crop 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 gain or loss from settlements of crop interests on the statement of net income (loss) and comprehensive income (loss).

N. 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 value of share purchase options at the date of grant is expensed over the vesting period 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 net income (loss) and 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.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

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

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 \$101,370,892 (September 30, 2017 - \$105,118,508) of equity attributable to common shareholders, comprised of issued capital (Note 13), contributed surplus (Note 13), and accumulated deficit.

CREDIT RISK MANAGEMENT - The Company's credit risk includes cash, trade and other receivables in the ordinary course of business, mortgages and loans receivable and amounts included in crop interests in the process of restructuring and or security realization. Management's view is that the carrying amounts of these assets represent the maximum credit exposure.

The carrying amount of these assets is:

	September 30, 2018	September 30, 2017
Cash and cash equivalents	\$ 14,876,770	\$ 17,614,846
Trade and other receivables	4,463,409	8,412,960
Crop interests in the process of restructuring and or security realization	9,380,413	10,132,293
Mortgages and loans receivable	54,201,632	12,328,710
	\$ 82,922,224	\$ 48,488,809

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

	September 30, 2018	September 30, 2017
Not past due	\$ 2,222,324	\$ 8,412,960
Past due 0-90 days	22,835	-
More than 90 days past due	2,218,250	-
Total trade and other receivables	4,463,409	8,412,960
Allowance for doubtful accounts	-	-
Total trade and other receivables net of allowance	\$ 4,463,409	\$ 8,412,960

COMMODITY PRICE RISK - The Company's financial results may be significantly affected by fluctuations in the price of crops. The price of crops 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 countries throughout the world.

Based on the Company's crop interests as at September 30, 2018, a 1% increase, or decrease, in the price of canola would result in a \$283,863 (September 30, 2017 - \$684,342) increase, or decrease, in the market value adjustment amount recorded on the statement of net income (loss) and comprehensive income (loss).

LIQUIDITY RISK - The Company's business will depend on the creditworthiness of the farm operators and their ability to fulfill their obligations to the Company. While the Company takes security in the form of a general security agreement and in most cases, first mortgages on the farm operator's farmland, there is no assurance that such security will be enforceable, properly perfected or will have priority as against other creditors. The value of the collateral securing the Streaming Contracts may not protect the Company from suffering a partial or complete loss if the farm operator fails to meet its commitments.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

OTHER RISKS - The Company is not subject to other 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	September 30, 2018	September 30, 2017
Other financial assets	Fair value through profit or loss	2	\$ 3,021,252	\$ 2,066,382
Crop interests	Fair value through profit or loss	3	37,334,191	66,356,375
Mortgages and loans receivable	Loans and receivables	2	54,201,632	12,328,710

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

Crop interests in the process of restructuring and or security realization are fair valued at the time at which the contract is determined to need restructuring and subsequently, if necessary, written down for any impairment.

Crop purchase agreements contain obligations in that the Company agrees to purchase crop 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	\$ 24,054,782	\$ 13,769,226	\$ 11,617,607	\$ 274,040	\$ 49,715,655

Financial liabilities and other contractual obligations at September 30, 2018, 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	\$ 3,820,191	\$ -	\$ -	\$ -	\$ 3,820,191

LOANS AND BORROWINGS - The Company has a \$25 million revolving credit facility with HSBC Bank Canada. As of September 30, 2018, there was \$3,686,707 (September 30, 2017 - \$6,351,478) 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 September 30, 2018, the Company met all of its covenants as required by the facility.

The Company has debt available from HSBC Bank Canada that is secured against the mortgages underlying mortgage streams with Input clients. This amount is part of the \$25 million revolving credit facility above. As of September 30, 2018, there was \$nil (September 30, 2017 - \$nil) drawn on the \$10 million available. The covenants of the debt include a maximum total liabilities to tangible net worth ratio of 1 to 1, a minimum current ratio of 1.2 to 1, and a debt service coverage ratio of 1.25 to 1. At September 30, 2018, the Company met all of its covenants as required by the debt agreement.

The Company has term debt with Concentra Bank that is secured against the mortgages underlying mortgage streams with Input clients. As September 30, 2018 there was \$9,967,276 drawn on the \$10 million available. The covenants of the term debt include a minimum debt service coverage ratio of 1.5 to 1. At September 30, 2018, the Company met all of its covenants as required by the debt agreement.

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

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

6. Cash

The Company has pledged \$1,000,000 in cash to secure a letter of credit issued by a Canadian chartered bank in conjunction with the security requirements of the Company's license with the Canadian Grain Commission.

Included in other income is \$254,866 relating to interest earned on cash (September 30, 2017 - \$140,029).

7. Crop interests, other financial assets and assets held for sale

	September 30, 2018	September 30, 2017
Crop interests:		
Opening balance - date	October 1, 2017	October 1, 2016
Opening balance	\$ 66,356,375	\$ 73,904,023
Acquisition of crop interests - upfront payments	5,046,898	32,506,623
Acquisition of crop interests - crop payments	15,525,999	8,558,858
Realization of crop interests - upfront payments	(10,725,804)	(18,792,646)
Realization of crop interests - crop payments	(16,575,242)	(8,713,344)
Realization of crop interests - realized market value adjustment	(1,157,275)	(2,013,134)
Recoveries on contracts that are in the process of restructuring and or security realization	(876,024)	(551,106)
Buy back of crop contracts	(16,472,760)	(7,920,062)
Market value adjustment	(3,787,976)	(10,622,837)
	\$ 37,334,191	\$ 66,356,375
Crop interests (including amounts relating to terminated contracts):		
Current	\$ 8,241,346	\$ 14,964,597
Non-current	29,092,845	51,391,778
	\$ 37,334,191	\$ 66,356,375

Included in Trade and other receivables at September 30, 2018 is \$619,405 relating to crop deliveries made for which the payment has not yet been received as at September 30, 2018 (September 30, 2017 - \$3,914,899). There are \$275,980 in short-term advances to farmers included in trade and other receivables at September 30, 2018 (September 30, 2017 - \$919,655). These advances are interest bearing and approximate fair value given their short-term nature.

The fair value of each 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 crop interests include the timing of the delivery of the tonnes, changes in expected costs and cash flows associated with the contract, and changes in the risk free interest rate. Included in the market value adjustment as a reduction to the value of crop interests is a cumulative unrealized market value loss of \$12,815,746 (September 30, 2017 - loss of \$9,315,446) relating to changes in the timing and expected net cash flows associated with the settlement of crop delivery obligations.

As at September 30, 2018 there are streaming contracts that are in the process of restructuring and/or security realization. The value of these contracts included in crop interests at September 30, 2018 is \$9,380,413 (September 30, 2017 - \$10,132,293) which is recorded as a non-current asset. Contracts that are in the process of restructuring or security realization are fair valued at the time at which the contract is determined to need restructuring 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 year ended September 30, 2018 is \$677,694 (year ended September 30, 2017 - \$651,782) relating to the collection of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

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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 loans 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 year ended September 30, 2018, the Company received \$7,054,910 in cash proceeds (year ended September 30, 2017 - \$2,298,918) and \$10,210,101 in loans and mortgages receivable (year ended September 30, 2017 - \$6,088,799) relating to the settlement of future obligations under streaming contracts. The buy back of crop interests resulted in a gain of \$703,550 being recognized in other income - gain from settlement of crop interests (year ended September 30, 2017 - gain of \$927,726). Included in gain from settlement of crop interests is a realized market value loss of \$956,007 relating to these buy backs (year ended September 30, 2017 - loss of \$1,689,505). This loss relates to previously recognized unrealized gains recognized in profit and loss.

Changes in the fair value of other financial assets are recognized in profit or loss in market value adjustment and as follows:

	September 30, 2018	September 30, 2017
Unrealized market value gain (loss)	\$ 909,752	\$ (1,800,863)

Part of the Company's crop marketing program involves the purchase of crop futures and options contracts to maintain an open pricing position. Included in gain from sale of crop futures and options is a gain of \$768,186 for the year ended September 30, 2018 (year ended September 30, 2017 - gain of \$64,661).

8. Assets held for sale

Assets held for sale result from Input taking ownership of assets as a result of enforcing security on contracts 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:

	September 30, 2018	September 30, 2017
Land	\$ 827,653	\$ 827,653

9. Mortgages and loans receivable

Mortgages and loans receivable consist of conventional first mortgages and loans secured by land and equipment. A continuity schedule of the mortgages and loans receivable is presented below:

At September 30, 2016	\$ -
Issuance of mortgages and loans receivable	12,453,916
Less payment on mortgages	(125,206)
At September 30, 2017	12,328,710
Issuance of mortgages	41,992,838
Less payments on loans receivable and mortgages	(119,916)
At September 30, 2018	\$ 54,201,632

The weighted average yield of the mortgages and loans is 6.7% and the weighted average term is 4.8 years. The fair value of the loans and mortgages are calculated on a discounted cash flow basis using the prevailing market rates. The fair value of the mortgages and loans receivable at September 30, 2018 are \$53,458,837.

The allowance for mortgage credit losses as at September 30, 2018 is \$1,900,087 (September 30, 2017 - \$nil) resulting from the restructuring of a crop interest contract into a term loan. The Company continues to assess the probability and amount of credit losses at each reporting date.

Mortgages and loans receivable past due but not impaired are as follows:

	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
As at September 30, 2018	\$ -	\$ -	\$ -	\$ 279,366	\$ 279,366

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

The estimated principal repayments in each of the next five periods are as follows:

2019	\$ 1,129,912
2020	921,251
2021	1,952,659
2022	11,582,084
2023	35,977,913
Thereafter	2,637,813
	\$ 54,201,632

10. Assets held under an agreement for sale

Assets held under an agreement for sale consist of land, buildings, bins, and gravel. A continuity schedule of the assets held under an agreement for sale is presented below:

At September 30, 2016	\$ -
Additions of assets held under an agreement for sale	9,686,880
Less payment on assets held under agreement for sale	(36,880)
At September 30, 2017	9,650,000
Conversion to a mortgage	(9,650,000)
At September 30, 2018	\$ -

During the year ended September 30, 2018, the title to the assets held under agreement for sale were transferred to the purchaser of the assets held under an agreement for sale in exchange for a mortgage. Included in rental revenue is \$242,894 in rental revenue realized against the assets held under the agreement for sale up until the date in which the assets were transferred (year ended September 30, 2017 - \$91,254).

11. Revolving credit

The Company has a \$25 million revolving credit facility with HSBC Bank Canada. 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 monthly on the first of each month. A continuity schedule of the Company's revolving debt is presented below:

At September 30, 2016	\$ -
Advances	6,740,931
Repayments	(389,453)
At September 30, 2017	\$ 6,351,478
Advances	4,984,659
Repayments	(7,649,430)
At September 30, 2018	\$ 3,686,707

Interest expense relating to the revolving credit facility for the year ended September 30, 2018 is \$166,511 (year ended September 30, 2017 - \$87,586).

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

12. Long-term debt

The Company has up to \$10 million in five year term debt available from Concentra Bank. The term debt bears a fixed interest rate of 4.33% and interest is payable semi-annually. The debt is secured by mortgages underlying mortgage streams with Input clients. A continuity schedule of the Company's term debt is presented below:

At September 30, 2017	\$ -
Advances	9,967,276
At September 30, 2018	\$ 9,967,276

Interest expense relating to the term debt for the year ended September 30, 2018 is \$61,691 (year ended September 30, 2017 - \$nil). The carrying value of the term debt approximates its fair value as at September 30, 2018.

The estimated principal repayments in each of the next five periods are as follows:

2019	\$ 197,674
2020	197,674
2021	197,674
2022	197,674
2023	9,176,580
	\$ 9,967,276

13. 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 AND PURCHASED

	September 30, 2018		September 30, 2017	
	Number	\$	Number	\$
Common shares issued	84,902,360	\$112,301,266	82,672,758	\$109,741,237
Shares purchased for cancellation	1,651,400	2,023,558	-	-
Common shares outstanding	83,250,960	\$110,277,708	82,672,758	\$109,741,237

The Company has a normal course issuer bid for the repurchase of approximately ten percent of the company's public float in a given year. The bid commenced on December 14, 2017 and will continue until the earlier of December 13, 2018 and the date by which Input has acquired the maximum shares which may be purchased.

During the year ended September 30, 2018 the Company bought back 1,651,400 shares under its normal course issuer bid at an average price of \$1.23 per share (year ended September 30, 2017 - nil). During the year ended September 30, 2018, the Company cancelled 1,528,500 shares (year ended September 30, 2017 - nil).

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.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

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
(11) granted on December 15, 2017	1,781,000	December 15, 2022	\$ 1.54	\$ 1.54

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, 2016 and are based on management's best estimates at the time of issuance.

Inputs into the model	Option Series	
	Series 10	Series 11
Grant date share price	\$ 2.00	\$ 1.54
Exercise price	\$ 2.00	\$ 1.54
Average vesting period from grant date	3.00 years	3.00 years
Volatility	47.48%	48.89%
Expected life	5.00 years	5.00 years
Dividend yield	2.00%	2.60%
Risk free interest rate	1.16%	1.65%

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

At September 30, 2018, the following options to purchase common shares were outstanding:

Option series	Average remaining life (in years)	Options outstanding				Total
		Vested	Unvested	Exercised	Expired or cancelled	
Series 3	0.17	2,386,622	-	-	-	2,386,622
Series 4	0.65	36,600	-	-	-	36,600
Series 5	1.16	37,218	-	-	-	37,218
Series 6	1.35	10,000	-	-	10,000	-
Series 7	1.69	732,100	-	-	30,500	701,600
Series 8	2.13	30,900	-	-	-	30,900
Series 9	2.69	706,605	206,095	-	54,700	858,000
Series 10	3.21	383,979	258,921	-	34,400	608,500
Series 11	4.21	470,054	1,310,946	-	94,500	1,686,500
Weighted average	2.06	4,794,078	1,775,962	-	224,100	6,345,940

D. DIVIDENDS

The Company declared and paid the following dividends since October 1, 2016 to the shareholders of record on the following dates.

Record date	Dividend per share	Shares outstanding	Total Dividend
December 31, 2016	\$ 0.01	81,722,758	\$ 817,228
March 31, 2017	0.01	81,722,758	817,228
June 30, 2017	0.01	81,922,758	819,228
September 30, 2017	0.01	82,672,758	826,727
December 31, 2017	0.01	84,802,460	848,025
March 31, 2018	0.01	84,379,560	843,796
June 30, 2018	0.01	84,172,160	841,722
September 30, 2018	0.01	83,250,960	832,510

14. Basic and diluted weighted average number of common shares

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

	Year ended September 30, 2018	Year ended September 30, 2017
Basic weighted average number of shares	84,043,251	81,793,553
Dilutive securities:		
Share options	6,534,232	7,745,739

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.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

15. Revenue, purchase of crop and other direct expenses, and realization of crop interests

Revenue, realization of crop interests and other direct expenses for crop sales is presented below:

	Year ended September 30, 2018	Year ended September 30, 2017
Crop revenue	\$ 36,763,123	\$ 29,035,578
Realization of crop interests		
Upfront payments	8,052,714	7,547,001
Crop payments	15,696,262	10,390,285
Realized market value expense (gain)	167,888	(25,954)
Other direct expenses	9,470,466	7,356,097
Profit from crop contracts	\$ 3,375,793	\$ 3,768,149

16. Net settlement of crop interests

The net settlement of crop interests is presented below:

	Year ended September 30, 2018	Year ended September 30, 2017
Total cash proceeds received for settlement of current crop interests	\$ 4,573,146	\$ 13,016,647
Amounts applied to the realization of crop interests		
Upfront payments	2,673,090	8,402,361
Crop payments	878,980	1,166,342
Realized market value expense	33,380	349,583
Other direct expenses	9,787	3,877
Net settlement of current crop interests	\$ 977,909	\$ 3,094,484
Gain on buy-back of non-current crop interests	703,549	927,726
Realized market value loss on buyouts	(956,007)	(1,689,505)
Gain from settlements of crop interests	\$ 725,451	\$ 2,332,705

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

17. Corporate administration

The corporate administration expenses of the Company are as follows:

	Year ended September 30, 2018	Year ended September 30, 2017
Advertising and client development	\$ 570,048	\$ 607,569
Amortization of capital and intangible assets	45,892	38,218
Board and executive (gain) expenses (Note 21)	(20,616)	264,294
Contractors, employee salaries and benefits	3,021,410	3,107,380
Investor relations and public company costs	229,750	223,273
Licenses, dues and filing fees	242,201	219,654
Mortgage administration and commissions	49,119	-
Office expenses	490,647	495,841
Professional fees – legal, accounting, tax and collection	1,215,819	1,192,735
Share option based compensation (Note 13C)	795,614	822,729
Total corporate administration expense	\$ 6,639,884	\$ 6,971,693

18. 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 loss before income taxes. These differences result from the following items:

	Year ended September 30, 2018	Year ended September 30, 2017
Net loss before income tax	\$ (1,821,105)	\$ (12,369,800)
Canadian federal and provincial tax rates	27.0%	26.5%
Income tax recovery based on the above rates	(491,698)	(3,277,997)
Increase (decrease) due to the tax effect of:		
Non-deductible stock compensation	214,816	218,023
True up from prior year	(133,758)	(113,528)
Tax effect related to change in tax rate	(50,620)	45,944
Other	23,377	(111,595)
Income tax recovery	\$ (437,883)	\$ (3,239,153)

NOTES TO THE FINANCIAL STATEMENTS

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The income tax recovery consists of the following:

	Year ended September 30, 2018	Year ended September 30, 2017
Current	\$ 360,992	\$ 682,342
Deferred	(798,875)	(3,921,495)
	<u>\$ (437,883)</u>	<u>\$ (3,239,153)</u>

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

	September 30, 2018	September 30, 2017
Deferred income tax assets		
Share issuance costs	\$ 74,406	\$ 358,433
DSU compensation	180,767	202,646
Capital and intangible assets	(27,248)	-
Market value adjustment	3,364,410	2,232,381
Total deferred income tax assets	<u>\$ 3,592,335</u>	<u>\$ 2,793,460</u>

19. Supplemental cash flow information

	Year ended September 30, 2018	Year ended September 30, 2017
Change in non-cash working capital items		
Trade and other receivables	\$ 4,279,977	\$ (3,645,602)
Income tax recoverable	-	886,877
Prepaid expenses	(333,096)	(139,276)
Trade and other payables	(4,766,670)	1,493,850
Income tax payable	(188,788)	826,927
Net decrease in cash	<u>\$ (1,008,577)</u>	<u>\$ (577,224)</u>

20. 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.

	Year ended September 30, 2018	Year ended September 30, 2017
Contractors, employee salaries and benefits	\$ 956,679	\$ 975,251
Share based payments	644,981	673,892
Total key management compensation expense	<u>\$ 1,601,660</u>	<u>\$ 1,649,143</u>

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

21. 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 September 30, 2018 there were 673,764 DSUs granted, vested and outstanding (September 30, 2017 - 472,038). Included in Trade and other payables at September 30, 2018 is \$673,764 (September 30, 2017 - \$764,702) relating to the valuation of the DSUs. Included in Board and executive expenses (gain) under corporate administration expense for the year ended September 30, 2018 is a gain of \$95,194 (year ended September 30, 2017 - expense of \$169,343) relating to the valuation of the DSUs.

22. 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 23). 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:

	Year ended September 30, 2018	Year ended September 30, 2017
Corporate administration	\$ 822,085	\$ 1,128,705

Included in Corporate administration (Note 17) is \$351,325 for the year ended September 30, 2018 (year ended September 30, 2017 - \$675,604), relating to key management compensation and is included in contractors, employee salaries and benefits.

Included in Trade and other payables is \$176,872 (September 30, 2017 - \$294,352) payable to related parties.

23. Commitments and Contingencies

Lawsuits and claims that have arisen in the normal course of business are pending for and against the Company and provisions have been recorded where appropriate. It is the opinion of management that the final determination of these claims will not have a material adverse effect on the financial position or the results of the Company.

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 fiscal commitments remaining under the lease are as follows:

Commitments and contingencies	
2019	\$ 286,369
2020	300,683
2021	127,820
	\$ 714,872

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24. Comparative figures

Due to the continued growth and evolution of the Company and in order to present a more appropriate reflection of the operations of the Company certain prior period figures were restated to be in conformity with the current period's financial statement presentation. The restatement of the prior period's figures within the statement of net income (loss) and comprehensive income (loss) has no impact on earnings (loss) per share and are as follows:

	Year Ended September 30, 2017 (as previously reported)	Adjusted	Year Ended September 30, 2017 (as restated)
Rental revenue	\$ -	\$ (141,254)	\$ (141,254)
Interest revenue	-	(636,172)	(636,172)
Interest income	(776,201)	776,201	-
Amortization of capital and intangible assets	38,218	(38,218)	-
Corporate administration	6,933,474	38,219	6,971,693
Gain on settlement of crop interests	(3,653,488)	1,320,783	(2,332,705)
Realized gain on crop futures and options	-	(64,661)	(64,661)
Other income	(1,163,850)	993,612	(170,238)
Realization of crop interests	19,655,856	(1,744,524)	17,911,332
Unrealized market value loss	12,927,686	(503,986)	12,423,700
	\$ 33,961,695	\$ -	\$ 33,961,695