URTHECAST CORP.

CONDENSED INTERIM CONSOLIDATED

FINANCIAL STATEMENTS

(Unaudited)

For the three and nine months ended September 30, 2014 and 2013

Expressed in Canadian Dollars

As at	September 30, 2014	December 31, 2013
Assets		
Current assets		
Cash and cash equivalents	$ **5,711,030**	$ 21,787,577
Restricted term deposits	**380,000**	440,000
Sales tax and other receivables	**146,146**	469,699
Prepaid expenses and deposits (Note 4)	**730,086**	2,461,539
Total current assets	**6,967,262**	25,158,815
Non-current assets		
Property and equipment (Note 5)	**61,760,210**	49,843,532
Intangible assets (Note 7)	**12,759,788**	5,421,099
Total assets	$ **81,487,260**	$ 80,423,446
Liabilities and shareholders' equity		
Current liabilities		
Trade and other payables	$ **2,130,097**	$ 2,417,229
Total current liabilities	**2,130,097**	2,417,229
Deferred revenue (Note 6)	**38,260,000**	28,900,000
Total liabilities	**40,390,097**	31,317,229
Shareholders' equity		
Share capital (Note 8(a))	**72,913,867**	69,892,954
Warrant reserve (Note 8(b))	**2,398,501**	2,459,718
Contributed surplus	**6,536,554**	5,612,955
Accumulated other comprehensive loss	**(9,599)**	(1,989)
Accumulated deficit	**(40,742,160)**	(28,857,421)
Total shareholders' equity	**41,097,163**	49,106,217
Total liabilities and shareholders' equity	$ **81,487,260**	$ 80,423,446

Going concern (Note 2(b))

Commitments (Note 13)

Subsequent events (Note 14)

See accompanying notes to the unaudited condensed interim consolidated financial statements

Expressed in Canadian Dollars

	Three Months Ended		Nine Months Ended	
	September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013
Expenses				
General and administrative	**$ 2,540,554**	$ 1,444,187	**$ 8,070,313**	$ 3,566,751
Research expenditures	**872,039**	96,108	**1,847,658**	927,782
Share-based payments (Note 9)	**538,645**	1,086,499	**2,029,116**	2,437,731
Operating loss (Note 10)	**3,951,238**	2,626,794	**11,947,087**	6,932,264
Finance income	**(25,046)**	(98,549)	**(125,333)**	(98,549)
Finance costs	**6,545**	41,912	**19,120**	290,074
Foreign exchange loss (gain)	**13,638**	(10,626)	**43,865**	(94,841)
Loss (gain) on marketable securities	**-**	39,682	**-**	(26,455)
Change in fair value of derivatives	**-**	-	**-**	(437,104)
Loss on derecognition of derivatives	**-**	-	**-**	403,599
Loss on settlement of convertible debenture	**-**	-	**-**	230,345
Non-cash loss on completion of Transaction (Note 1)	**-**	-	**-**	7,205,501
Net loss	**(3,946,375)**	(2,599,213)	**(11,884,739)**	(14,404,834)
Other comprehensive income (loss):				
Items that may be subsequently reclassified to net loss:				
Foreign currency translation gain (loss)	**8,350**	2,333	**(7,610)**	(1,654)
Comprehensive loss	**$ (3,938,025)**	$ (2,596,880)	**$ (11,892,349)**	$ (14,406,488)
Loss per common share, basic and diluted (Note 12)	**$ (0.06)**	$ (0.04)	**$ (0.18)**	$ (0.35)

See accompanying notes to the unaudited condensed interim consolidated financial statements

Expressed in Canadian Dollars

		Reserves				
Nine months ended September 30, 2014	**Share capital**	**Warrants**	**Contributed surplus**	**Accumulated other comprehensive loss**	**Accumulated deficit**	**Total**
December 31, 2013	**$ 69,892,954**	**$ 2,459,718**	**$ 5,612,955**	**$ (1,989)**	**$ (28,857,421)**	**$ 49,106,217**
Loss for the period	**-**	**-**	**-**	**-**	**(11,884,739)**	**(11,884,739)**
Share capital issued (Note 8(a))	**1,500,015**	**-**	**-**	**-**	**-**	**1,500,015**
Share issue costs (Note 8(a))	**(100,268)**	**-**	**-**	**-**	**-**	**(100,268)**
Share-based payments (Note 9)	**-**	**-**	**2,313,252**	**-**	**-**	**2,313,252**
Stock options exercised (Note 8(a))	**16,703**	**-**	**(5,503)**			**11,200**
Shares issued for vested RSUs (Note 8(a))	**759,150**	**-**	**(759,150)**	**-**	**-**	**-**
Warrants exercised (Note 8(b))	**220,313**	**(61,217)**	**-**	**-**	**-**	**159,096**
Performance shares issued (Note 8(a))	**625,000**	**-**	**(625,000)**	**-**	**-**	**-**
Foreign currency translation	**-**	**-**	**-**	**(7,610)**	**-**	**(7,610)**
September 30, 2014	**$ 72,913,867**	**$ 2,398,501**	**$ 6,536,554**	**$ (9,599)**	**$ (40,742,160)**	**$ 41,097,163**

		Reserves				
Nine months ended September 30, 2013	**Share capital**	**Warrants**	**Contributed surplus**	**Accumulated other comprehensive loss**	**Accumulated deficit**	**Total**
December 31, 2012	$ 7,947,594	$ 282,656	$ 4,158,628	$ (837)	$ (9,624,648)	$ 2,763,393
Loss for the period	-	-	-	-	(14,404,834)	(14,404,834)
Share capital issued	28,495,616	-	-	-	-	28,495,616
Deemed shares issued in Transaction (Note 1)	27,076,263		-	-	-	27,076,263
Share-based payments (Note 9)	247,950	-	2,189,781	-	-	2,437,731
Stock options exercised	3,156,660		(1,742,775)	-	-	1,413,885
Share issue costs	(3,416,059)	-	-	-	-	(3,416,059)
Share issue costs – Transaction costs	(3,098,883)	-	-	-	-	(3,098,883)
Warrants issued	-	2,232,724	-	-	-	2,232,724
Warrants exercised/expired	35,451	(10,961)	1,140	-	-	25,630
Derivative liabilities	(557,734)	-	-	-	-	(557,734)
Foreign currency translation	-	-	-	(1,654)	-	(1,654)
September 30, 2013	$ 59,886,858	$ 2,504,419	$ 4,606,774	$ (2,491)	$ (24,029,482)	$ 42,966,078

See accompanying notes to the unaudited condensed interim consolidated financial statements

Expressed in Canadian Dollars

For the nine months ended	September 30, 2014	September 30, 2013
Cash flows from operating activities		
Loss for the period	$ **(11,884,739)**	$ (14,404,834)
Adjustments to reconcile loss to net cash used in operating activities:		
Depreciation (Note 5)	**131,040**	32,667
Share-based payments (Note 9)	**2,029,116**	2,437,731
Loss on settlement of convertible debentures	**-**	230,345
Finance income	**(125,333)**	(98,549)
Finance costs	**19,120**	290,074
Unrealized foreign exchange gain	**(13,437)**	(2,439)
Change in fair value/loss derecognition of derivatives	**-**	(33,505)
Unrealized gain on marketable securities	**-**	(26,455)
Non-cash loss on completion of Transaction (Note 1)	**-**	7,205,501
Changes in non-cash working capital balances:		
Sales tax and other receivables	**309,500**	(125,841)
Prepaid expenses and deposits	**1,731,453**	(251,953)
Trade and other payables	**(14,601)**	(1,297,393)
Interest paid	**(19,120)**	(43,085)
Interest received	**139,386**	71,862
Total cash outflows from operating activities	**(7,697,615)**	(6,015,874)
Cash flows from investing activities		
Acquisition of property and equipment (Note 5)	**(2,680,522)**	(11,716,165)
Expenditures on intangible assets (Note 7)	**(7,334,280)**	(1,524,899)
Total cash outflows from investing activities	**(10,014,802)**	(13,241,064)
Cash flows from financing activities		
Proceeds from share issuance, net	**1,399,747**	24,511,501
Cash acquired in Transaction (Note 1)	**-**	20,637,193
Transaction costs included in equity	**-**	(2,219,071)
Proceeds from stock options and warrants exercised	**170,296**	1,439,514
Repayment of convertible debenture principal	**-**	(990,000)
Repayment of convertible debenture interest	**-**	(41,705)
Redemption (purchase) of term deposits as security for letters of credit	**60,000**	(440,000)
Total cash inflows from financing activities	**1,630,043**	42,897,432
Total (decrease) increase in cash and cash equivalents during the period	**(16,082,374)**	23,640,494
Cash and cash equivalents at beginning of year	**21,787,577**	1,549,606
Effect of foreign exchange rate changes on cash and cash equivalents	**5,827**	785
Cash and cash equivalents at end of period	$ **5,711,030**	$ 25,190,885

See accompanying notes to the unaudited condensed interim consolidated financial statements

1. CORPORATE INFORMATION

Reverse Takeover Transaction

On June 21, 2013, Earth Video Camera Inc. (“EVC”) completed its reverse takeover (the “Transaction”) of Longford Energy Inc. (“Longford”), pursuant to which Longford acquired all of the issued and outstanding class “A” common shares of EVC (the “EVC Shares”) in exchange for the issuance of common shares of Longford (the “Common Shares”) on the basis of 13.4097 Common Shares for each EVC Share (the “Exchange Ratio”). Longford did not have any significant operations at the time of the Transaction. The Transaction was conducted by way of a plan of arrangement under the *Business Corporations Act* (British Columbia), which was approved by the Supreme Court of British Columbia. Following the closing of the Transaction, Longford changed its name to UrtheCast Corp. (“UrtheCast” or the “Company”) and consolidated its Common Shares on the same basis as the Exchange Ratio. The Company reconstituted its board of directors and senior management team at this time. The Company’s Common Shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol “UR”.

Upon completion of the Transaction, EVC became a wholly-owned subsidiary of UrtheCast Corp. EVC and UrtheCast Corp. amalgamated on January 1, 2014.

UrtheCast Corp. is a Vancouver-based technology company that is developing the world’s first Ultra High Definition video feed of Earth, streamed from space in full colour. Working with renowned aerospace partners from across the globe, UrtheCast has built, launched, installed, and will soon operate two cameras on the Russian segment of the International Space Station (“ISS”). Video and still image data captured by the cameras will be downlinked to ground stations located around the world and will be displayed on the UrtheCast web platform, or distributed directly to exclusive partners and customers. The Company's office and principal place of business is located at #33 - 1055 Canada Place, Vancouver, BC, V6C 0C3.

2. BASIS OF PREPARATION

a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared using the same accounting policies and methods as those used in the Company’s audited consolidated financial statements for the year ended December 31, 2013. These condensed interim consolidated financial statements were prepared in compliance with International Accounting Standards (“IAS”) 34 – *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”), and therefore do not contain all of the disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2013, which are available at www.sedar.com.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of the Directors on November 13, 2014.

b) Going Concern

These condensed interim consolidated financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

To date, the Company has not generated revenue and has negative cash flow from operating activities. At September 30, 2014, the Company had working capital of $4,837,165 (2013 - $22,741,586) and incurred a net loss of $11,884,739 for the nine months ended September 30, 2014 (2013 - $14,404,834). During the quarter ended September 30, 2014, the Company announced that it had achieved initial operating capability of its medium-resolution still camera (“MRC”) but that commissioning of its high-resolution video camera (“HRC”) would be delayed by several months due to some technical issues. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company’s ability to continue as a going concern. If the going concern assumption is not appropriate, material adjustments to the financial statements could be required.

A potential solution for the technical issues has been developed and is in the process of being implemented. As a result of the delay in commissioning, the Company has made a claim on its business interruption insurance policy. As described in Note 14(a), the majority of the insurers have confirmed their acceptance of the claim as filed and the Company expects to receive the proceeds of $7.75 million before the end of 2014 as well as further monthly amounts of $750,000 in 2015, which will be paid out at the earlier of when the HRC achieves initial operating capability, or when the maximum under the coverage of $11.5 million has been reached. In addition, the Company expects to receive an advance payment of US $3 million before the end of 2014 from a customer with respect to a US $65 million contract for value-added services and earth imagery data, which is awaiting final signature by the parties, as described in Note 14(b).

If the insurance proceeds and the amounts from the customer contract described above are received as anticipated, management of the Company expects that these proceeds, in addition to the initial expected revenues from the MRC imagery, will fund the Company through to the start of revenue generation by the HRC. There is however no guarantee that all of these amounts will be received over the expected timeline. In the event that these amounts are not received over the expected timeline then the Company will not have sufficient funds to carry out its current level of activity over the twelve month period subsequent to the balance sheet date.

3. CHANGES IN ACCOUNTING STANDARDS

The following accounting standards and amendments were issued by the IASB effective in 2014:

a) IFRS 2 Share-based Payment

The amendments to IFRS 2 clarify the definition of vesting conditions and apply to share-based payment transactions for which the grant date is on or after July 1, 2014. The adoption of these amendments did not have a significant impact on the Company's consolidated financial statements.

b) IAS 36 Impairment of Assets

The IASB has issued limited scope amendments to IAS 36 Impairment of Assets effective for annual periods beginning on January 1, 2014. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The adoption of these amendments did not have a significant impact on the Company's consolidated financial statements.

4. PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits of $730,086 at September 30, 2014 (2013 - $2,461,539) includes $296,842 (2013 - $1,961,034) of in-orbit business interruption insurance associated with the commissioning of the camera equipment, which is being amortized over a 12-month period ending November 2014. The remaining balance of $433,244 (2013 - $500,505) is comprised of other business insurance, software licenses, advance payments to contractors and suppliers and security deposits for office premises.

Expressed in Canadian Dollars

5. PROPERTY AND EQUIPMENT

	Camera and other equipment	Computer equipment	Furniture and fixtures	Total
Cost				
Balance at January 1, 2013	**$ 8,507,146**	**61,194**	**32,496**	**8,600,836**
Additions	40,738,761	252,559	323,470	41,314,790
Balance at December 31, 2013	**49,245,907**	**313,753**	**355,966**	**49,915,626**
Additions	11,647,678	190,640	209,400	12,047,718
Balance at September 30, 2014	**60,893,585**	**504,393**	**565,366**	**61,963,344**
Accumulated depreciation				
Balance at January 1, 2013	-	6,781	4,840	11,621
Depreciation for the year	-	26,272	34,201	60,473
Balance at December, 31 2013	-	**33,053**	**39,041**	**72,094**
Depreciation for the period	-	61,470	69,570	131,040
Balance at September 30, 2014	-	**94,523**	**108,611**	**203,134**
Carrying amounts				
At December 31, 2013	49,245,907	$ 280,700	$ 316,925	$ 49,843,532
At September 30, 2014	**$ 60,893,585**	**$ 409,870**	**$ 465,755**	**$ 61,760,210**

During the nine months ended September 30, 2014, the Company capitalized costs of $2,287,678 (2013 - $11,838,761) for post-delivery commissioning support of the camera equipment and for data receiver equipment delivered in the period. Additional costs of $9.36 million were capitalized in the nine months ended September 30, 2014 (2013 - $28.9 million) as described in Note 6.

At September 30, 2014, $397,212 of camera and other equipment costs were included in trade and other payables ($390,016 at December 31, 2013).

"Camera and other equipment" is comprised of the Company's MRC, HRC and data handling and receiving equipment. The MRC achieved initial operating capability during the third quarter of 2014 but was not yet in commercial operations at September 30, 2014, and the HRC is still in the commissioning phase. Therefore, as of September 30, 2014, the Company had not yet commenced recording depreciation on the camera and other equipment.

6. NON-CASH COSTS

At December 31, 2013, the Company capitalized, as property and equipment (Note 5), $28.9 million of non-cash costs for the launch of the camera equipment to the ISS, which occurred on November 25, 2013, and the initial installation onto the exterior of the ISS, which occurred on December 27, 2013. These services were provided by S.P. Korolev Rocket and Space Company ("Energia"), which is Russia's prime contractor for the ISS, pursuant to a joint project agreement between the Company and Energia, in which Energia agreed to launch, install, operate and maintain the Company's two cameras on the ISS. In return for these contributions to the project, the Company will provide Energia with certain rights to the imagery, for use by Russian Government agencies, over the life of the project.

An additional amount of $9.36 million was recorded in the nine months ended September 30, 2014 for operating and maintenance services provided by Energia, which are being capitalized during the commissioning phase of the cameras.

The amount capitalized to date of $38.26 million was determined based on the commercial value of the services provided by Energia as at September 30, 2014. A corresponding amount was recorded as Deferred Revenue and will be recognized into income once commercial operations commence, over the term of the agreement with Energia.

7. Intangible Assets

Intangible assets are comprised of internally developed technologies and software associated with the Company's ground segment network, which is currently under development. Prior to July 1, 2013, the Company expensed all internal engineering costs as research expenditures when incurred. In the third quarter of 2013, the Company hired additional engineering staff and entered into contracts with external consultants to construct its ground segment network. Total development costs of $12,759,788 were capitalized at September 30, 2014 ($5,421,099 at December 31, 2013), of which $287,499 was included in trade and other payables (2013 - $567,226). Once the Company reaches commercial operations, these costs will be amortized on a straight-line basis over the estimated useful life of the camera equipment (Note 5).

8. Share Capital and Reserves

a) Common Shares

The authorized share capital of UrtheCast Corp. consists of an unlimited number of Common Shares with no par value. The holders of Common Shares are entitled to receive dividends, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

At September 30, 2014, there were 65,186,767 Common Shares issued and outstanding (December 31, 2013 - 63,437,679).

During the nine months ended September 30, 2014, the Company issued the following Common Shares:

- 681,825 Common Shares were issued to a syndicate of underwriters upon the exercise of the over-allotment option included in the Company's December 19, 2013 public offering. The shares were issued at a price of $2.20 per Common Share, for gross proceeds of $1,500,015. The Company paid the underwriters a fee of 6% of the gross proceeds, or $90,001, and incurred legal costs of $10,267, which were recorded as share issuance costs.
- 99,789 Common Shares were issued upon the exercise of 99,794 warrants.
- 602,500 Common Shares were issued to employees and a former director upon the vesting of Restricted Share Units granted in 2013.
- 10,000 Common Shares were issued with respect to stock options exercised by an employee at the end of 2013.
- 354,974 Common Shares were issued to a consultant pursuant to the consulting agreement described in Note 9(c).

b) Warrants

There were 3,048,689 warrants issued and outstanding at September 30, 2014 (December 31, 2013 – 3,148,483), with a weighted average exercise price of $1.81 (December 31, 2013 - $1.80). 99,794 warrants were exercised in the nine months ended September 30, 2014, at a weighted average exercise price of $1.59. The weighted average Common Share price at the time the warrants were exercised was $2.54. In the nine months ended September 30, 2013, 42,700 EVC warrants were exercised at a price of $0.50.

9. Share-Based Payments

The total expense arising from share-based payment transactions in the three months ended September 30, 2014 was $538,645 (2013 - $1,086,499) and $2,029,116 in the nine months ended September 30, 2014 (2013 - $2,437,731). In addition, $112,884 of share-based payment costs associated with internal engineering staff involved in development activities were capitalized in the three months ended September 30, 2014 (2013 – Nil) and $284,136 in the nine months ended September 30, 2014 (2013 – Nil) (Note 7).

Expressed in Canadian Dollars

a) Stock Options

There were 5,939,000 stock options issued and outstanding at September 30, 2014 (December 31, 2013 – 4,074,000), with a weighted average exercise price of $1.24 and a weighted average remaining contractual life of 3.6 years. 1,945,000 stock options were granted to employees in the nine months ended September 30, 2014 at a weighted average exercise price of $1.22. These options vest over three years and expire in 2019. The weighted average fair value of the options was estimated at $0.63 on the grant dates using a Black-Scholes option-pricing model with the following weighted average assumptions:

Risk Free Rate	1.177%
Expected life (years)	3.5
Expected volatility	75%
Dividend per share	Nil
Share price fair value at grant date	$1.20
Fair value at grant date	$0.63

There were no stock options exercised in the nine months ended September 30, 2014.

During the nine months ended September 30, 2013, 2,900,000 EVC stock options were exercised at a weighted average price of $0.45. There were no stock options granted in that period, however, all previously issued EVC options vested immediately and were exchanged for fully vested options of UrtheCast Corp. upon the close of the Transaction described in Note 1. The expense for the nine months ended September 30, 2013 included $927,164 related to the immediate vesting and modification of the 2,890,000 EVC options and the cancellation of 4,625,000 EVC options.

b) Restricted Share Units

The Company has a restricted share unit (“RSU”) plan, which entitles participants to receive, for each vested share unit, one Common Share of the Company. 180,000 RSUs were granted to employees in the nine months ended September 30, 2014 (2013 – nil). These RSUs vest equally on the 6, 12, 18 and 24-month anniversaries of the grant date and are being expensed on a graded-vesting basis, based on the higher of the 5-day weighted average share price at the grant date and the prior day’s closing share price. The weighted average share price applicable to RSUs granted in the nine months ended September 30, 2014 was $1.25.

There were 1,455,833 RSUs outstanding at September 30, 2014 (December 31, 2013 – 1,878,333), of which 433,333 are vested and issuable as Common Shares. The remaining 1,022,500 RSUs vest over the following periods: 421,250 RSUs on each of March 29, 2015 and August 29, 2015, 15,000 on each of November 15, 2014, May 15, 2015, November 15, 2015 and May 15, 2016 and 30,000 on each of February 15, 2014, August 15, 2015, February 15, 2016 and August 15, 2016.

c) Other Share-based Payments

A share-based payment expense of $182,292 was recorded in the three months ended September 30, 2014 (2013 – $718,636) and $843,153 in the nine months ended September 30, 2014 (2013 – $718,636) for consulting fees pursuant to an agreement entered into by Longford prior to the completion of the Transaction described in Note 1. In consideration for transitional and strategic advisory services, compensation is payable to the consultant in 354,974 Common Shares of the Company on each of the 6, 12, 18 and 24 month anniversaries of the close of the Transaction. The total number of shares issuable was determined based on the Transaction closing price of $1.7607.

Expressed in Canadian Dollars

10. Expenses By Nature

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Salaries and benefits	**$ 3,103,839**	$ 1,593,867	**$ 9,082,064**	$ 3,735,245
Insurance	**544,670**	19,399	**1,702,252**	52,118
Contractors and consultants	**430,574**	798,206	**1,538,489**	1,455,173
Travel expenses	**416,785**	485,463	**1,320,194**	903,588
Office and other expenses	**393,166**	270,838	**977,124**	481,265
Computer software and cloud storage	**376,768**	86,869	**831,051**	186,234
Professional fees	**113,208**	256,830	**729,569**	592,848
Directors' fees	**81,949**	157,882	**268,526**	527,163
Marketing, public relations and shareholder expenses	**54,086**	77,570	**250,860**	104,476
Depreciation	**51,748**	18,383	**131,040**	32,667
	5,566,793	3,765,307	**16,831,169**	8,070,777
Less amount transferred to intangible assets (i) (Note 7)	**(1,615,555)**	(1,138,513)	**(4,884,082)**	(1,138,513)
	$ 3,951,238	$ 2,626,794	**$ 11,947,087**	$ 6,932,264

(i) Includes internal engineering salaries and benefits of $1,141,615 for the three months ended September 30, 2014 (2013 - $690,040) and $3,652,070 for the nine months ended September 30, 2014 (2013 - $690,040) and other directly attributable office, computer and travel costs of $473,940 for the three months ended September 30, 2014 (2013 - $448,473) and $1,232,012 for the nine months ended September 30, 2014 (2013 - $448,473).

11. Key Management Compensation and Related Party Transactions

a) Key Management Compensation

The Company considers its officers and directors to be key management personnel. Key management compensation for the three and nine months ended September 30, 2014 and 2013 was as follows:

	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Salaries and benefits	**$ 444,045**	$ 263,667	**$ 1,227,172**	$ 573,362
Consulting fees	**-**	24,000	**-**	72,000
Directors' fees	**60,424**	-	**181,272**	-
Share-based payments	**262,939**	337,200	**980,897**	1,238,727
	$ 767,408	$ 624,867	**$ 2,389,341**	$ 1,884,089

b) Related Party Transactions

Related parties include key management personnel, close family members and enterprises that are controlled by these individuals. There were no material amounts payable to related parties at September 30, 2014 or September 30, 2013.

Expressed in Canadian Dollars

12. LOSS PER SHARE

The basic loss per share amount is calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period. The weighted average number of shares outstanding for the comparative periods in 2013 was calculated based on the number of EVC Shares outstanding up to the date of the Transaction described in Note 1 multiplied by the Exchange Ratio and the number of UrtheCast Corp. common shares outstanding from the date of the Transaction to September 30, 2013. The effect of the conversion of options, warrants and other equity instruments would be anti-dilutive, making the basic and diluted loss per share equal.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	**2014**	2013
Net loss	**$ (3,946,375)**	$ (2,599,213)	**$ (11,884,739)**	$ (14,404,834)
Weighted average number of common shares	**64,974,241**	58,157,096	**64,488,913**	41,023,092
Basic and diluted loss per share	**$ (0.06)**	$ (0.04)	**$ (0.18)**	$ (0.35)

13. COMMITMENTS

The Company has signed agreements requiring future payments of approximately $2.38 million ($5.05 million at December 31, 2012), of which $0.28 million is payable in 2014, $1.26 million is payable in 2015 and $0.84 million is payable in 2016. These agreements relate to engineering support during commissioning and ongoing mission control operations.

During the nine months ended September 30, 2014, the Company signed a lease for new office premises in the United States. The lease term is from July 1, 2014 to June 30, 2019 and includes a rent-free period until August 31, 2014. Annual payments under the lease are US$44,786 for the remainder of 2014, US$180,972 in 2015, US$184,628 in 2016, US$188,284 in 2017, US$191,940 in 2018 and US$96,884 in 2019.

14. SUBSEQUENT EVENTS

a) Insurance Claim

During the third quarter, the Company announced that the commissioning of the HRC would be delayed by several months. At the time, the Company notified its insurers about the potential of a claim against its insurance policy for revenue interruption due to the commissioning delay and recovery of costs related to implementing the proposed solution. Subsequent to September 30, 2014, the Company filed a Proof of Loss with its insurers under its business interruption policy. The amount claimed is $7.75 million, representing an initial amount of $2.5 million and seven monthly payments of $750,000 up to December 21, 2014. As of the date of these financial statements, the majority of the insurers have confirmed their acceptance of the claim as filed, and the proceeds of $7.75 million are expected to be received during the fourth quarter of 2014. Any further business interruption losses incurred from December 22, 2014 onwards are payable in a lump sum at the end of the covered period, which is the earlier of when the HRC achieves initial operating capability or when the maximum under the business interruption policy of $11.5 million is reached.

b) Advance Payment from a Customer

During the third quarter, the Company announced that it had concluded negotiations with a customer and was awaiting final approval of budgetary allocation and signature on a five-year contract valued at US $65 million. The contract, if finalized, will be for the provision by UrtheCast of value-added services and earth imagery data. The terms of the contract provide for the payment of a cash advance in the amount of 20% of the total contract value and a letter of credit for the balance of payments. Subsequent to September 30, 2014, the customer provided the Company with a signed Authorization to Proceed ("ATP"), which is effective upon the payment by the customer of an advance of US $3 million. The ATP will provide the Company with the funds to begin preliminary work on the program while the parties await a final signature on the contract. The advance payment from the ATP, which is expected to be received in the fourth quarter of 2014, will be applied towards the 20% cash advance, which is receivable after the contract is signed.