FOUNTAIN ASSET

Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2018

Unaudited

Presented in Canadian Dollars

May 28, 2018

MANAGEMENT'S RESPONSIBILITY FOR THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying condensed interim consolidated financial statements of Fountain Asset Corp. (the "**Company**") are the responsibility of the Board of Directors and executive management. The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. These unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual consolidated financial statements and therefore should be read in conjunction with the Company's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2017. These unaudited condensed interim consolidated financial statements follow the same significant accounting policies and methods of application as those included in the Company's most recent audited annual consolidated financial statements, except as described in note 2. Management acknowledges responsibility for the preparation and presentation of the unaudited condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with IFRS appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the period presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors' report. The Audit Committee also reviews the Company's Management's Discussion and Analysis to ensure that the financial information reported therein is consistent with the information presented in the consolidated financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(Signed) *"Andrew Parks"*	(Signed) *"Michael Leskovec"*
Andrew Parks	Michael Leskovec
President & Chief Executive Officer	Chief Financial Officer

AUDITOR INVOLVEMENT

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2018 have not been reviewed by the Company's auditors.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Presented in Canadian Dollars
Unaudited

As at		March 31, 2018		December 31, 2017
ASSETS				
Cash	**$**	**1,857,683**	$	1,298,522
Short-term investments *(note 4)*		**40,000**		40,000
Amounts receivable and sundry assets		**452,400**		428,898
Loans and convertible debentures - fair value through profit or loss *(note 5)*		**2,884,566**		3,066,631
Loans and convertible debentures - amortized cost *(note 5)*		**-**		375,862
Investments - fair value through profit or loss *(note 7)*		**18,332,245**		10,759,306
Investments - available for sale *(note 6)*		**-**		7,449,670
	$	**23,566,894**	$	23,418,889
LIABILITIES				
Accounts payable and accrued liabilities	**$**	**67,583**	$	145,983
Syndicated loans *(note 5)*		**125,000**		330,000
		192,583		475,983
SHAREHOLDERS' EQUITY				
Share capital *(note 10(b))*		**29,180,741**		27,132,741
Contributed surplus *(note 10(b))*		**5,531,786**		5,531,786
Deficit		**(11,338,216)**		(16,036,862)
Accumulated other comprehensive income		**-**		6,315,241
		23,374,311		22,942,906
	$	**23,566,894**	$	23,418,889

Contingencies and commitments *(note 16)*

The accompanying notes are an integral part of the condensed interim consolidated financial statements

FOUNTAIN ASSET

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS)

Presented in Canadian Dollars

Unaudited

For the three months ended March 31,	**2018**	2017
Revenue		
Net realized gains (losses) on portfolio investments	**$ 4,448,999**	$ (3,708)
Interest and dividend income	**72,449**	193,505
Structuring fees, consulting fees and bonuses	**5,824**	69,602
Net unrealized gains (losses) on portfolio investments	**(5,917,509)**	739,188
	(1,390,237)	998,587
Expenses		
Salaries and consulting fees	**115,063**	151,524
General and administrative	**79,060**	80,623
Filing and listing fees	**18,244**	1,046
Foreign exchange loss (gain)	**7,860**	(12,340)
Audit and legal fees	**6,131**	71,545
	226,358	292,398
Income (loss) before income taxes	**(1,616,595)**	706,189
Income tax provision	**-**	-
Net income (loss)	**$ (1,616,595)**	$ 706,189
Net income (loss) per share - basic and diluted	**$ (0.03)**	$ 0.01
Weighted average number of shares outstanding during the period:		
Basic	56,232,962	54,154,463
Diluted	56,232,962	54,206,814

Fully diluted weighted average common shares outstanding during the three months ended March 31, 2018 is not reflective of the outstanding stock options as their exercise would be anti-dilutive in the loss per share calculation.

The accompanying notes are an integral part of the condensed interim consolidated financial statements

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Presented in Canadian Dollars

Unaudited

For the three months ended March 31,	**2018**	2017
Net income (loss)	**$ (1,616,595)**	$ 706,189
Item that will be reclassified subsequently to net income		
Available for sale investments		
Unrealized gains, net of tax	**-**	2,322,656
Other comprehensive income, net of tax	**-**	2,322,656
Comprehensive income (loss)	**$ (1,616,595)**	$ 3,028,845
Comprehensive income (loss) per share - basic and diluted	**$ (0.03)**	$ 0.06

The accompanying notes are an integral part of the condensed interim consolidated financial statements

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Presented in Canadian Dollars

Unaudited

	Share Capital	Contributed surplus	Deficit	Accumulated other comprehensive income	Total shareholders' equity
Balance at December 31, 2016	**$ 27,107,741**	**$ 5,321,816**	**$ (19,232,147)**	**$ 1,383,012**	**$ 14,580,422**
Comprehensive income	-	-	706,189	2,322,656	3,028,845
Balance at March 31, 2017	**27,107,741**	**5,321,816**	**(18,525,958)**	**3,705,668**	**17,609,267**
Stock options exercised	25,000	-	-	-	25,000
Stock based compensation	-	209,970	-	-	209,970
Comprehensive income	-	-	2,489,096	2,609,573	5,098,669
Balance at December 31, 2017	**27,132,741**	**5,531,786**	**(16,036,862)**	**6,315,241**	**22,942,906**
IFRS 9 Policy Adjustment *(note 2(d))*	-	-	6,315,241	(6,315,241)	-
Balance at January 1, 2018	**27,132,741**	**5,531,786**	**(9,721,621)**	**-**	**22,942,906**
Issuance of common shares	2,025,000	-	-	-	2,025,000
Issuance of common shares on exercise of stock options	23,000	-	-	-	23,000
Comprehensive loss	-	-	(1,616,595)	-	(1,616,595)
Balance at March 31, 2018	**$ 29,180,741**	**$ 5,531,786**	**$ (11,338,216)**	**$ -**	**$ 23,374,311**

The accompanying notes are an integral part of the condensed interim consolidated financial statements

FOUNTAIN ASSET

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Presented in Canadian Dollars

Unaudited

For the three months ended March 31,	2018	2017
Cash provided by (used in)		
Operations		
Net income	$ (1,616,595)	$ 706,189
Items not involving cash:		
Realized (gains) losses on sale of portfolio investments	(4,448,999)	3,708
Unrealized (gains) losses on portfolio investments	5,917,509	(739,188)
Acquired loans and convertible debentures	(62,095)	(200,000)
Repayments of loans and convertible debentures	-	45,000
Purchase of investments	(7,474,185)	(171,250)
Proceeds from sale of investments	6,502,428	90,092
Proceeds (repayment) of loan syndication	(205,000)	-
Change in non-cash working capital:		
Amounts receivable and sundry assets	(23,502)	32,441
Accounts payable and accrued liabilities	(78,400)	23,551
	(1,488,839)	(209,457)
Financing		
Proceeds from issuance of common shares issued	2,025,000	-
Proceeds from stock options exercised	23,000	-
Paid to brokers	-	(18,493)
	2,048,000	(18,493)
Change in cash and cash equivalents	559,161	(227,950)
Cash and cash equivalents, beginning of period	1,298,522	377,721
Cash and cash equivalents, end of period	$ 1,857,683	$ 149,771

Supplementary cash flow information *(note 11)*

The accompanying notes are an integral part of the condensed interim consolidated financial statements

1. NATURE OF OPERATIONS

Fountain Asset Corp. (the "**Company**") is a publicly traded company incorporated and domiciled in Canada. The Company is an investment company focused on creating shareholder value by offering various debt and/or equity financing solutions to companies across many industries such as oil and gas, mining, manufacturing, retail, financial services, technology, cryptocurrency, marijuana, and biotechnology. The Company's subordinate voting shares are listed on the TSX Venture Exchange ("**TSXV**") under the symbol "FA".

The address of the Company's registered head office is 25 Adelaide Street East, Suite 1300, Toronto, Ontario, M5C 3A1.

The unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2018 have been approved for issue by the Board of Directors on May 28, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Company's unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"), and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("**IAS 34**") as issued by the IASB. Accordingly, they do not include all of the information required for full annual consolidated financial statements as required by IFRS. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2017.

(b) Basis of presentation

The unaudited condensed interim consolidated financial statements of the Company have been prepared on a going concern basis and under the historical cost convention, except for marketable securities and investments classified as fair value through profit or loss ("**FVTPL**") and available-for-sale ("**AFS**"). These are measured at fair value. The presentation and functional currency used for the unaudited condensed interim consolidated financial statements is Canadian dollars.

(c) Principles of consolidation

(i) Subsidiaries

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. As an investment entity, the Company is required to account for its investments in subsidiaries (Somersby Park 2010 Limited Partnership, the Auto repair finance company and up to the date of divestiture, Robith LLC) at fair value through profit or loss rather than by consolidation.

The Company has concluded that Foothills Development Inc. ("**Foothills**"), and Foothills wholly-owned subsidiary Newborn Realty Corporation, should be consolidated as this entity provides services relating to the Company's investment activities. All intercompany balances, profits and transactions are eliminated in full.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Principles of consolidation (continued)

(ii) Status as investment entity

The following are the criteria within IFRS 10, Consolidated financial statements, which the Company used to evaluate and determine that it continues to meet the definition of an Investment Entity:

(a) Obtain funds from one or more investors for the purpose of providing those investor(s) with investment management services;

(b) Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

(c) Measures and evaluates the performance of substantially all its investments on a fair value basis.

The Company has evaluated the above criteria and determined that it meets the definition of an Investment Entity. As a result of meeting the definition of an Investment Entity, except for Foothills, subsidiaries which otherwise would have been consolidated are carried at fair value.

(d) Changes in accounting policies

The Company has adopted the following standard during the three months ended March 31, 2018:

(i) IFRS 15 - Revenue from Contracts with Customers – The IASB issued IFRS 15 *Revenue from Contracts with Customers* and replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. IFRS 15 excludes from its scope revenue related to financial instruments. As a result, the adoption of IFRS 15 did not have a material impact on the condensed interim consolidated financial statements; and

(ii) IFRS 9 - Financial Instruments - The IASB issued IFRS 9 in October 2010 and replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

As a result of adoption of IFRS 9, the Company's Investments – AFS and loans and convertible debentures - amortized cost have been classified as financial assets measured at FVTPL as it better aligns with management and users information needs as the company is assessed based on the performance of all of its investments and thus measurement through net income is more appropriate. The application of IFRS 9 has decreased the deficit at January 1, 2018 by $6,315,241 and reduced accumulated other comprehensive income by the same amount. There is no other change in the recognition, measurement or classification of its remaining financial assets and liabilities as a result of adopting this standard nor is there any impact on its credit risk assessments as a result of adopting this standard, given the nature of its debt investments.

Presented in Canadian Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Changes in accounting policies (continued)

Below is a summary of the Company's classification and measurements of financial assets and liabilities transitioning from IAS 39 to IFRS 9:

	IFRS 9		IAS 39	
	Classification	**Measurement**	**Classification**	**Measurement**
Cash	FVTPL	Fair value	FVTPL	Fair value
Amounts receivable and sundry assets	Loans and receivables	Amortized cost	Loans and receivables	Amortized cost
Loans and convertible debentures - amortized cost	FVTPL	Fair value	Loans and receivables	Amortized cost
Loans and convertible debentures - FVTPL	FVTPL	Fair value	FVTPL	Fair value
Investments - FVTPL	FVTPL	Fair value	FVTPL	Fair value
Investments - available for sale	FVTPL	Fair value	Available for sale	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost	Other liabilities	Amortized cost
Syndicated loans	Other liabilities	Amortized cost	Other liabilities	Amortized cost

(e) Recent accounting standards

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after March 31, 2018 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine the impact on the Company:

(i) IFRS 16 - Leases – In January 2016 the International Accounting Standards Board issued IFRS 16, Leases, which specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Consistent with its predecessor, IAS 17 the new lease standard continues to require lessors to classify leases as operating or finance. IFRS 16 is to be applied retrospectively for annual periods beginning on or after January 1, 2019. Earlier application is permitted if IFRS 15 Revenue from contract with customers has also been applied. The Company does not expect a material impact to the financial statements as a result of adopting this standard.

Presented in Canadian Dollars

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) Valuation of deferred income tax assets - The valuation of deferred income tax assets requires judgment on their recoverability. Such judgments are made based on management's estimate on the timing and amount of the Company's future taxable earnings; and

(ii) Valuation methodology of level 2 and level 3 investments. Refer to note 9 for more details.

(b) Critical accounting judgments

Management exercises judgment in applying criteria in IFRS10, which determines the Company's status as an investment entity. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy choice which involves judgments or assessments made by management.

4. SHORT-TERM INVESTMENTS

The Company has outstanding $40,000 (December 31, 2017 - $40,000) in a short-term guaranteed investment certificate with its financial institution. These investments are held as security on its credit card line with a Schedule A Canadian chartered bank.

5. LOANS AND OTHER CONVERTIBLE DEBENTURES

The Company's investment in loans and convertible debentures consist of the following:

Amortized cost	Instrument	Interest rate	Term	Financial instrument hierarchy		Carrying value Dec. 31, 2017
Advantagewon Oil Corp.(1)	Convertible debt	24%	> 1 year	Level 3	$	375,862

Note: Fair value of the convertible debt carried at amortized cost is equal to the carrying value due to the interest rate being equal to the market rate of interest.
(1) Under the adoption of IFRS 9 *(note 2(d))*, this loan as been reclassified from amortized cost to FVTPL as at January 1, 2018.

Presented in Canadian Dollars

5. LOANS AND OTHER CONVERTIBLE DEBENTURES (continued)

FVTPL	Instrument	Interest rate	Term	Financial instrument hierarchy		Fair value Dec. 31, 2017		**Fair value Mar. 31, 2018**
1616 Media Inc..	Convertible debt	8%	< 1 year	Level 3	$	32,729	**$**	**32,235**
Advantagewon Oil Corp.(1)	Convertible debt	24%	> 1 year	Level 3		-		**330,542**
Legacy Eight Group Ltd.	Convertible debt	10%	> 1 year	Level 3		406,250		**431,302**
MariCann Group Inc.	Convertible debt	9%	> 1 year	Level 3		541,885		**202,562**
ONECLICK International LLC	Term debt	8%	> 1 year	Level 3		375,050		**399,502**
Sail Cannabis Inc.	Convertible debt	5%	> 1 year	Level 3		686,206		**678,798**
Sweet Natural Trading Co.	Convertible debt	15%	> 1 year	Level 3		1,024,511		**744,375**
Ways Security Inc.	Convertible debt	6%	> 1 year	Level 3		-		**65,250**
					$	3,066,631	**$**	**2,884,566**

(1) Under the adoption of IFRS 9 *(note 2(d))*, this loan as been reclassified from amortized cost to FVTPL as at January 1, 2018.

In the prior year, certain promissory notes comprising the Auto repair finance company term debt were syndicated out to related and non-related parties. The total of all syndicated promissory notes was $764,362. The syndicated loans carry similar terms and conditions as the promissory notes and have expiry dates tied to the corresponding promissory notes. During the year ended December 31, 2017, $434,362 of the syndicated notes were repaid leaving a balance of $330,000 as at December 31, 2017. During the three months ended March 31, 2018, a further $205,000 of the syndicated notes were repaid leaving a balance of $125,000 as at March 31, 2018. Subsequent to period end, the remaining balance of $125,000 was paid and the liability therefore discharged.

6. INVESTMENTS - AFS

The investments held as available for sale at December 31, 2017 typically would have been designated as an investment carried at FVTPL. However, in prior years the Company designated them as available or sale. IAS 39 restricts the reclassification of financial instruments into fair value through profit or loss after initial recognition. As described in note 2(d)(i), upon the adoption of IFRS 9, the Company's Investments – AFS have been classified as financial assets measured at FVTPL. The application of IFRS 9 decreased the deficit at January 1, 2018 by $6,315,241 and reduced accumulated other comprehensive income by the same amount.

Investment	Entity type	Instrument	Financial Instrument Level		Dec. 31, 2017 Cost		**Dec. 31, 2017 Fair value**
Advantagewon Oil Corp.	Public	Equity	Level 1	$	87,924	**$**	**1,309,804**
Attorneys Title Guaranty Fund Inc.	Private	Equity	Level 3		413,000		**200,000**
The Hydropothecary Corporation	Public	Equity	Level 1		846,505		**5,939,866**
				$	1,347,429	**$**	**7,449,670**

Presented in Canadian Dollars

7. INVESTMENTS - FVTPL

The following chart lists the investments carried at FVTPL. See note 9 for fair value measurement techniques and evaluations.

Investment	Instrument	Financial instr. hierarchy	Dec. 31, 2017 Cost	**Dec. 31, 2017 Fair value**	Mar. 31, 2018 Cost	**Mar. 31, 2018 Fair value**
12x Investments LP	Equity	3	$ -	**$ -**	$ 48,000	**$ 48,000**
Attorneys Title Guaranty Fund Inc.(1)	Equity	3	413,000	**200,000**	413,000	**200,000**
Blockchain Foundry Inc.	Equity	3	100,000	**100,000**	100,000	**100,000**
Canopy Rivers Corp.	Equity	3	-	**-**	495,000	**495,000**
Clear Blue Technologies Inc.	Equity	3	-	**-**	250,000	**250,000**
CryptoStar Inc.	Equity	3	275,000	**275,000**	275,000	**275,000**
Fire Cannabis Inc.	Equity	3	-	**-**	399,750	**399,750**
Khiron Life Sciences Corp.	Equity	3	-	**-**	250,000	**250,000**
Molecular Science Corp.	Equity	3	250,000	**250,000**	250,000	**250,000**
Sail Cannabis Inc.	Equity	3	250,100	**250,100**	250,100	**250,100**
Sail Cannabis Inc.	Warrants	3	-	**201,950**	-	**201,950**
Payfare Inc.	Equity	3	100,000	**100,000**	100,000	**100,000**
Somersby Park 2010 Ltd Partnership	Equity	3	772,079	**810,785**	803,442	**842,146**
Tidal Royalty Sp	Equity	3	-	**-**	50,000	**50,000**
UMG Media Group	Equity	3	240,000	**240,000**	240,000	**240,000**
Private company investments - FVTPL			$ 2,400,179	**$ 2,427,835**	$ 3,924,292	**$ 3,951,946**
Advantagewon Oil Corp.(1)	Equity	1	87,924	**1,309,804**	66,654	**1,560,348**
ALQ Gold Corporation	Equity	1	-	**-**	190,000	**209,000**
ALQ Gold Corporation	Warrants	3	-	**-**	-	**14,931**
Atlas Cloud Enterprises Inc.	Equity	1	49,100	**148,400**	49,100	**114,800**
Atlas Cloud Enterprises Inc.	Warrants	3	-	**99,400**	-	**66,873**
Auto repair finance company	Equity	3	600,000	**-**	-	**-**
Bewhere Holdings Inc.	Equity	1	300,000	**590,000**	300,000	**380,000**
Breaking Data Corp.	Equity	1	-	**-**	586,425	**332,270**
Captor Capital Corp.	Equity	1	-	**-**	200,100	**235,000**
CryptoGlobal Inc.	Equity	1	450,000	**765,013**	270,000	**270,000**
GAR Ltd.	Equity	1	50,000	**50,000**	47,200	**20,229**
Global Blockchain Technologies Corp.	Equity	1	255,000	**176,000**	255,000	**73,000**
Global Blockchain Technologies Corp.	Warrants	3	-	**63,000**	-	**13,604**
The Hydropothecary Corporation(1)	Equity	1	846,505	**5,939,866**	2,938,905	**5,652,697**
The Hydropothecary Corporation	Warrants	3	-	**1,542,315**	-	**1,524,378**
Integrity Gaming Corp.	Equity	1	2,800,150	**886,714**	2,800,150	**942,134**
Liberty Health Sciences Inc.	Equity	1	-	**-**	687,600	**345,600**
MariCann Group Inc.	Warrants	3	-	**217,743**	-	**103,562**
MBMI Resources Inc.	Equity	1	20,501	**2,400**	20,501	**960**
Nuuvera Corp.	Equity	1	350,000	**350,000**	-	**-**
Pacific Rim Cobalt Corp.	Equity	1	163,100	**562,599**	163,100	**221,021**
Pacific Rim Cobalt Corp.	Warrants	3	-	**265,238**	-	**90,357**
Scythian Biosciences Corp.	Equity	1	-	**-**	759,810	**662,400**
Smart Employee Benefits Inc.	Equity	1	770,000	**385,000**	770,000	**369,600**
Smart Employee Benefits Inc.	Options	3	-	**40,000**	-	**40,000**
Spectra7 Microsystems Inc.	Equity	1	1,137,348	**853,643**	1,137,348	**520,867**
Sweet Natural Trading Co. Ltd	Equity	1	125,339	**103,330**	125,339	**67,165**
Sweet Natural Trading Co. Ltd	Warrants	3	-	**33,286**	-	**33,285**
Vogogo Inc.	Equity	1	127,653	**787,390**	113,538	**296,850**
Vogogo Inc.	Warrants	3	-	**610,000**	-	**219,368**
Public company investments - FVTPL			$ 8,132,620	**$ 15,781,141**	$ 11,480,770	**$ 14,380,299**
			$ 10,532,799	**$ 18,208,976**	$ 15,405,062	**$ 18,332,245**

(1) Attorney's Title Guaranty Fund Inc., AdvantageWon Oil Corp. and The Hydropothecary Corporation were classified as Investments - AFS see (note 6). Upon the adoption of IFRS 9, these investments have been reclassified as Investments - FVTPL and their presentation in this table is for comparative purposes.

Presented in Canadian Dollars

8. SUBSIDIARIES AND ASSOCIATES

The Company's subsidiaries and associated companies are as follows:

Subsidiary/Associate	Ownership	Place of business
Foothills Development Inc.	100%	United States
Newborn Realty Corporation	100%	United States
Somersby Park 2010 Limited Partnership	73%	United States
Auto repair finance company	50%	Canada

Foothills Development Inc. holds 100% ownership of Newborn Realty Corporation, which owned 51% of Robith LLC (Robith), which in turn owned 25% of a commercial building in the United states. In 2017, the property was sold for net proceeds of approximately $2,201,000 ($1,761,000 USD). Robith LLC was subsequently wound up and all proceeds are now held in Newborn Realty Corp.

Somersby Park 2010 Limited Partnership (Somersby) owns vacant real estate in the United States. There were no sales during the three months ended March 31, 2018 or during the year ended December 31, 2017. There were 2 individual lot sales during the year ended December 31, 2016.

In 2016, the Company converted $600,000 of debt to a 50% equity position in the Auto repair finance company. At December 31, 2016 the equity value was decreased to $0 as the company continues to incur annual losses.

9. FAIR VALUE MEASUREMENTS

The following table presents the Company's financial assets as categorized on the statement of financial position measured at fair value and classified into levels of the fair value hierarchy:

As at March 31, 2018	Level 1	Level 2	Level 3
Cash and short term investments	$ 1,897,683	$ -	$ -
Loans and convertible debt - FVTPL	-	-	2,884,566
Investments - FVTPL	12,273,941	-	6,058,304
	$ 14,171,624	$ -	$ 8,942,870

As at December 31, 2017	Level 1	Level 2	Level 3
Cash and short term investments	$ 1,338,522	$ -	$ -
Loans and convertible debt - FVTPL	-	-	3,066,631
Investments - FVTPL	4,845,477	765,013	5,148,816
Investments - AFS	7,249,670	-	200,000
	$ 13,433,669	$ 765,013	$ 8,415,447

Note: Transfers in and out of Level 3 are due to changes in the observability of market data, such as a recent new transaction, due to the passage of time or due to a company going public.

Fair value estimation

The Company's management review and approve the valuation results of all investments in the portfolio based on all observable and non-observable inputs. The Company also will engage an independent valuation firm to perform an independent valuation in situations where it requires additional expertise. The valuation results are reviewed with the audit committee as part of its quarterly approval of the Company's consolidated financial statements.

9. FAIR VALUE MEASUREMENTS (continued)

The fair value of the Company's investments is determined as follows:

Listed securities

The fair value of securities traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Company uses the last traded market price where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The fair value of securities that are subject to trading restrictions are recorded at a value which takes into account the length and nature of the restrictions, if needed.

Unlisted securities

For investments that are not publicly traded, subsequent to initial recognition, the fair value of these investments is determined by the Company using the most appropriate valuation methodology in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio.

For unlisted equity instruments:

- Investments are valued at cost for a limited period after the date of acquisition, if the purchase price remains representative of the fair value at the reporting date; otherwise, investments are valued using one of the other methodologies detailed below.
- Investments in which there has been a recent or in-progress funding round involving significant financing from external investors are valued at the price of the recent funding, whereby the various shareholder categories rights are taken into account in the valuation. The price is adjusted, where appropriate.
- Investments in which there has been a recent private secondary market trade of meaningful volume and the transaction is undertaken by a sophisticated, arm's-length investor are valued at the price of the recent trade.
- Investments in established companies for which there has not been any recent independent funding or secondary private market transaction are valued by using revenue or earnings multiples. When valued on a multiple basis, the maintainable revenue or earnings of a portfolio company are multiplied by an appropriate multiple. The multiple is derived from the market capitalization of a peer group. Companies are selected for the peer group that are comparable with the portfolio company to be valued as to their business model and size. If the portfolio company to be valued differs in certain aspects compared with features of companies in the peer group, discounts or premiums are applied to the relevant multiple or resulting valuation.
- Investments in early-stage companies not generating sustainable revenue or earnings and for which there has not been any recent independent funding are valued using alternative methodologies. The Company considers investee company performance relative to plan, going concern risk, continued funding availability, comparable peer group valuations, exit market conditions and general sector conditions and calibrates its valuation of each investment as appropriate.

Presented in Canadian Dollars

9. FAIR VALUE MEASUREMENTS (continued)

- For public company warrants, options and conversion features on debt (i.e., the underlying security of which is traded on a recognized stock exchange), valuation models such as Black-Scholes are used when there are sufficient and reliable observable market inputs. These market inputs include risk-free interest rate, exercise price, market price at date of valuation, expected dividend yield, expected life of the instrument and expected volatility of the underlying security based on historical volatility. To the extent that the market inputs are insufficient or unreliable, the warrants, options and conversion features are valued at their intrinsic value, which is equal to the higher of the closing price of the underlying security less the exercise price of the warrant, or nil. For private company warrants, the underlying security is not traded on a recognized stock exchange, therefore fair value is determined consistent with other investments that do not have an active market, as described above.
- Loans, debentures and promissory notes issued by investees are generally valued at the price at which the instrument was issued. The Company regularly considers whether any indications of deterioration in the value of the underlying business exist, which suggest that the debt instrument will not be fully recovered. The Company may employ discounted cash flow analysis, market comparable analysis of listed debt instruments with similar credit quality or liquidation value analysis to determine the fair value of the debt instrument.

The Company may apply a further illiquidity discount to the fair value of an investment if conditions exist that could make it challenging to monetize the investment in the near term at a price indicated by the valuation models. The amount of illiquidity discount applied requires considerable judgment and is based on the facts and circumstances of each investment.

The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties, and the resulting values may differ significantly from values that would have been used had a ready market existed for the investments. These differences could be material to the fair value of investments in the portfolio.

During the three months ended March 31, 2018, the reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

Balance - December 31, 2017	$	8,415,447
Transfers (to) from Level 1		(50,000)
Purchases		1,930,707
Change in unrealized gains (losses)		(1,353,284)
Balance - March 31, 2018	**$**	**8,942,870**

Presented in Canadian Dollars

9. FAIR VALUE MEASUREMENTS (continued)

The table below presents the valuation techniques and the nature of significant inputs used to determine the fair values of the Level 3 investments as at March 31, 2018:

Investment	Fair Value	Instrument	Method	Inputs	Range	Fair Value Range Lower	Fair Value Range Upper
12X Investments LP	$ 48,000	Equity	Transaction price	Recent purchase price	+/- 10%	$ 43,200	$ 52,800
1616 Media Inc.	32,235	Convertible debt	Black Scholes model on conversion	Market prices, volatility, risk free rate	+/- 10%	29,012	35,459
ALQ Gold Corp.	14,931	Warrants	Black Scholes model	Market prices, volatility, risk free rate	+/- 10%	11,221	18,641
Atlas Cloud Enterprise Inc.	66,873	Warrants	Black Scholes model	Market prices, volatility, risk free rate	+/- 10%	62,120	71,626
Attorney's Title Guaranty Fund Inc.	200,000	Equity	Transaction price	Recent purchase price	+/- 10%	180,000	220,000
Blockchain Foundry Inc.	100,000	Equity	Transaction price	Recent purchase price	+/- 10%	90,000	110,000
Canopy Rivers Corp.	495,000	Equity	Transaction price	Recent purchase price	+/- 10%	445,500	544,500
Clear Blue Tech.	250,000	Equity	Transaction price	Recent purchase price	+/- 10%	225,000	275,000
CryptoStar Inc.	275,000	Equity	Transaction price	Recent purchase price	+/- 10%	247,500	302,500
Fire Cannabis Inc.	399,750	Equity	Transaction price	Recent purchase price	+/- 10%	359,775	439,725
GAR Ltd. (Netcoin)	20,229	Equity	Transaction price	Recent purchase price	+/- 10%	18,206	22,252
Global Blockchain Technologies	13,604	Warrants	Black Scholes model	Market prices, volatility, risk free rate	+/- 10%	10,467	16,741
The Hydropothecary Corporation	1,524,378	Warrants	Black Scholes model	Market prices, volatility, risk free rate	+/- 10%	1,334,964	1,713,792
Khrion LIfe Sciences Corp.	250,000	Equity	Transaction price	Recent purchase price	+/- 10%	225,000	275,000
Legacy Eight Group Ltd.	431,302	Convertible debt	Black Scholes model on conversion	Market prices, volatility, risk free rate	+/- 10%	388,172	474,432
MariCann Group Inc.	42,253	Warrants	Black Scholes model	Market prices, volatility, risk free rate	+/- 10%	40,517	43,989
MariCann Group Inc.	61,309	Warrants	Black Scholes model	Market prices, volatility, risk free rate	+/- 10%	55,104	67,514
MariCann Group Inc.	202,562	Convertible debt	Black Scholes model on conversion	Market prices, volatility, risk free rate	+/- 10%	182,306	222,818
Molecular Science Corp.	250,000	Equity	Transaction price	Recent purchase price	+/- 10%	225,000	275,000
ONECLICK International LLC	399,502	Term debt	Transaction price	Recent purchase price	+/- 10%	359,552	439,452
Pacific Rim Cobalt Corp.	50,811	Warrants	Black Scholes model	Market prices, volatility, risk free rate	+/- 10%	46,651	54,971
Pacific Rim Cobalt Corp.	39,547	Warrants	Black Scholes model	Market prices, volatility, risk free rate	+/- 10%	37,911	41,183
Payfare Inc.	100,000	Equity	Transaction price	Recent purchase price	+/- 10%	90,000	110,000
Sail Cannabis Inc.	12,200	Warrants	Black Scholes model	Market prices, volatility, risk free rate	+/- 10%	10,980	13,420
Sail Cannabis Inc.	250,100	Equity	Transaction price	Recent purchase price	+/- 10%	225,090	275,110
Sail Cannabis Inc.	189,750	Warrants	Black Scholes model	Market prices, volatility, risk free rate	+/- 10%	170,775	208,725
Sail Cannabis Inc.	678,798	Convertible debt	Black Scholes model on conversion	Market prices, volatility, risk free rate	+/- 10%	610,918	746,678
Smart Employee Benefits Inc.	40,000	Options	Black Scholes model	Market prices, volatility, risk free rate	+/- 10%	34,866	44,423
Somersby Park 2010 Ltd Part.	842,146	Equity	Market prices	Historical sales	+/- 10%	757,931	926,361
Sweet Natural Trading Co.	6,200	Options	Black Scholes model	Market prices, volatility, risk free rate	+/- 10%	4,725	6,589
Sweet Natural Trading Co.	27,085	Warrants	Black Scholes model	Market prices, volatility, risk free rate	+/- 10%	24,717	32,035
Sweet Natural Trading Co.	744,375	Convertible debt	Black Scholes model on conversion	Market prices, volatility, risk free rate	+/- 10%	669,938	818,813
Tidal Royalty Sp	50,000	Equity	Transaction price	Recent purchase price	+/- 10%	45,000	55,000
UMG Media Corp.	240,000	Equity	Transaction price	Recent purchase price	+/- 10%	216,000	264,000
Vogogo Inc.	219,368	Warrants	Black Scholes model	Market prices, volatility, risk free rate	+/- 10%	211,959	226,777
Ways Security, Inc.	65,250	Convertible debt	Black Scholes model on conversion	Market prices, volatility, risk free rate	+/- 10%	58,725	71,775

Presented in Canadian Dollars

10. SHARE CAPITAL

(a) Authorized Capital

Unlimited number of:

Multiple voting shares ("**MVS**")

Subordinate voting shares ("**SVS**")

Preferred shares

The rights of MVS and SVS shares are identical other than voting rights. MVS shares are entitled to four votes per share whereas SVS shares are entitled to one vote per share.

(b) Issued

Multiple Voting Shares	**Number of shares**	**Consideration**
Balance - December 31, 2017	304,662	$ 555,543
MVS converted to SVS shares on a 1:1 basis	(74,161)	(135,231)
Balance - March 31, 2018	230,501	$ 420,312

Subordinate Voting Shares	**Number of shares**	**Consideration**
Balance - December 31, 2017	53,974,800	$ 26,577,198
Issuance of common shares on private placement	4,500,000	2,025,000
MVS converted to SVS shares on a 1:1 basis	74,161	135,231
Issuance of common shares on exercise of stock options	115,000	23,000
Balance - March 31, 2018	58,663,961	$ 28,760,429
Total MVS and SVS Shares - March 31, 2018	**58,894,462**	**$ 29,180,741**

On February 22, 2018, the Company completed a non-brokered private placement financing of 4,500,000 subordinate SVS shares at a price of $0.45 per share for aggregate gross proceeds of $2,025,000.

(c) Contributed Surplus

Share-based Payment Reserve

Balance - December 31, 2017 and March 31, 2018	**$ 5,531,786**

Stock Options

The Company has a stock option plan (the "**Plan**") which was approved by the Board of Directors of the Company. The total number of shares reserved for issuance under the Plan is equal to 10% of the outstanding Subordinate Voting Shares.

Presented in Canadian Dollars

10. SHARE CAPITAL (continued)

(c) Contributed Surplus (continued)

The Plan is for the benefit of the employees, officers and directors of the Company. The Plan is administered by the Compensation Committee of the Board of Directors of the Company. The Compensation Committee may from time to time designate individuals to whom options to purchase shares of the capital stock of the Company may be granted, the number of shares to be optioned to each and the vesting terms of such options. The option price per share which is the subject of any option shall be fixed by the Board of Directors when such option is granted. The option price can be discounted according to the rules of the Exchange at the time the option is granted. The options may not be assigned, transferred or pledged. Subject to any grace period allowed under the policies of the Exchange, and notwithstanding any specific agreements with the Company, the options will expire upon the termination of the employment or office with the Company or any of its subsidiaries or death of an individual. The total number of shares to be optioned to any one individual cannot exceed five percent of the total of the issued and outstanding shares. It has been the Company's policy for options to vest upon issuance, however it remains open to change at the Board's discretion.

	Number of options	Weighted average exercise price
Balance - December 31, 2017	2,770,000	$ 0.38
Exercised	(115,000)	(0.20)
Balance - March 31, 2018	**2,655,000**	**$ 0.39**

A summary of the Company's outstanding stock options at March 31, 2018 is presented below:

Grant date	Options outstanding	Options exercisable	Exercise price	Weighted average remaining life (years)
May 1, 2013[a]	125,000	125,000	$0.40	0.1
June 5, 2014	230,000	230,000	$0.40	1.2
April 29, 2015	750,000	550,000	$0.47	2.1
January 23, 2017	450,000	450,000	$0.30	3.8
November 8, 2017	1,100,000	366,668	$0.36	4.6
	2,655,000	1,721,668	$0.39	3.25

(a) Subsequent to period end, 125,000 stock options expired unexercised.

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Volatility is based on the historical volatility of the Company. Changes in the underlying assumptions can materially affect the fair value estimates. The options issued to non-employees were valued using the fair value of the equity instrument granted in the absence of a reliable estimate of the fair value of the goods or services received.

11. SUPPLEMENTAL CASH FLOW INFORMATION

For the three months ended March 31,	**2018**	2017
Interest income received	**$ 72,449**	$ 188,683
Interest paid	**$ 9,418**	$ 17,702

Presented in Canadian Dollars

12. COMPENSATION OF KEY MANAGEMENT

The remuneration of directors and other key management personnel of the Company consisted of the following:

For the three months ended March 31,	**2018**	2017
Cash compensation	**$ 108,000**	$ 84,000

13. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to executive management and entities over which they have control or significant influence were as follows:

	Interest and Consulting Income For the three months March 31,		Amounts Receivable		Investment	
	2018	2017	**March 31, 2018**	December 31, 2017	**March 31, 2018**	December 31, 2017
Molecular Science Corp.	**-**	-	**-**	-	**-**	250,000
Somersby Park 2010 Limited Partnership	**-**	266,522	**-**	316,505	**842,146**	810,784
Sweet Natural Trading Co. Ltd.	**32,733**	-	**21,458**	39,110	**844,825**	1,161,126

The Company often receives the right to nominate a member to the Board of Directors of companies to which it provides an investment. The nominees may be of the Company, and accordingly, the investee company may become related to the Company. The table below identifies where an employee, officer or director of the Company held a position with an investee company.

Investment	Ownership	Position Held
Somersby Park 2010 Limited Partnership	7%	Officer
Foothills Developments Inc.	100%	Officer
Newborn Realty Corporation	100%	Officer
Molecular Science Corp.	<10%	Director
Sweet Natural Trading Co.	<10%	Director

Subsequent to period end in April 2018, a director of the Company resigned from his position with Sweet Natural Trading Co.

14. CAPITAL MANAGEMENT

The primary goals of the Company's risk management programs are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance. The Company's investment strategy requires a level of risk in exchange for an above average return on investment. The Company plans to maintain an appropriate risk and reward balance while protecting the Company's financial operations from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk tolerance with the Company's business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventative controls and transferring risk to third parties.

The success of the Company is dependent upon its ability to assess and manage all forms of risk that affect its operations. The Company is exposed to many factors that could adversely affect its business, financial conditions or operating results. Developing policies and procedures to identify risk and the implementation of appropriate risk management policies and procedures is the responsibility of senior management and the Board of Directors. The Board directly, or through its committees, reviews and approves these policies and procedures, and monitors their compliance with them through ongoing reporting requirements. A description of the Company's most prominent risks follows.

Presented in Canadian Dollars

14. CAPITAL MANAGEMENT (continued)

The Company includes the following in its capital:

As at	March 31, 2018	December 31, 2017
Shareholders' equity comprised of		
Share capital	**$ 29,180,741**	$ 27,132,741
Contributed surplus	**5,531,786**	5,531,786
Retained earnings	**(11,338,216)**	(16,036,862)
Accumulated other comprehensive income	**-**	6,315,241
	$ 23,374,311	$ 22,942,906

There were no changes to the Company's capital management objectives during the period. The Company's objectives when managing capital are:

(a) to ensure that the Company maintains the level of capital necessary to meet the requirements of its brokers and bank;

(b) to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments;

(c) to give shareholders sustained growth in shareholder value by increasing shareholders' equity. It is the intention of the Company in the long term to pay out a portion of its future annual earnings to shareholders in the form of dividends; and

(d) to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

There were no changes to the way the Company manages its capital structure during the period. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk of its underlying assets. The Company has the ability to maintain or adjust its capital level to enable it to meet its objectives by:

(a) realizing proceeds from the disposition of its investments;

(b) utilizing leverage in the form of margin (due to brokers) and long-term debt from financial lenders; and

(c) raising capital through equity financings.

15. MANAGEMENT OF FINANCIAL RISK AND SESNTIVITY ANALYSIS

The primary goals of the Company’s risk management programs are to ensure that the outcomes of activities involving elements of risk are consistent with the Company’s objectives and risk tolerance. The Company’s investment strategy requires a level of risk in exchange for an above average return on investment. The Company plans to maintain an appropriate risk and reward balance while protecting the Company’s financial operations from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk tolerance with the Company’s business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventative controls and transferring risk to third parties.

The success of the Company is dependent upon its ability to assess and manage all forms of risk that affect its operations. The Company is exposed to many factors that could adversely affect its business, financial conditions or operating results. Developing policies and procedures to identify risk and the implementation of appropriate risk management policies and procedures is the responsibility of senior management and the Board of Directors. The Board directly, or through its committees, reviews and approves these policies and procedures, and monitors their compliance with them through ongoing reporting requirements. A description of the Company’s most prominent risks follows.

Presented in Canadian Dollars

15. MANAGEMENT OF FINANCIAL RISK AND SENSITIVITY ANALYSIS (continued)

The investment operations of the Company's business involve the purchase and sale of securities and, accordingly, the majority of the Company's assets are currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, including liquidity, market, interest, credit and currency risks. A discussion of the Company's use of financial instruments and their associated risks is provided below. There has been no change to the Company's risk management policies or processes during the period.

(a) Liquidity risk

Liquidity risk is the risk that the Company will have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments declines, resulting in losses upon disposition. The Company generates cash flow primarily from its operational activities and the proceeds from the disposition of its investments, in addition to interest and dividend income earned on its investments. The Company has sufficient investments which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions. The Company’s accounts payable, accrued liabilities and due to broker, all have contractual maturities of less than 30 days and are subject to normal trade terms. The syndicated loans carry similar terms and conditions and have various terms ranging from 9 to 30 months.Management is not aware of any trends or expected fluctuations that would create any liquidity deficiencies.

The Company believes that cash flow from continuing operations and existing cash resources will be sufficient to meet the Company’s short-term requirements, as well as ongoing operations, and will be able to generate sufficient capital to support the Company’s operations in the long-term. However, the Company may procure debt or equity financing from time to time to fund its operations.

(b) Market risk

The Company is exposed to certain market risk that the value of, or future cash flows from, the Company’s financial assets will significantly fluctuate due to changes in market prices. The value of the financial assets can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments, and unfavorable market conditions could result in dispositions of investments at less than favorable prices. Additionally, the Company is required to mark to market its fair value through profit or loss investments at the end of each reporting period. This process could result in significant write-downs of the Company’s investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on the Company’s financial position. The Company manages market risk by having a portfolio which is not singularly exposed to any one issuer or class of issuers. The Board monitors changes in the market on an ongoing basis and adjusts the Company’s lending and investing practices and policies when necessary to reduce the impact of the above risks.

The Company’s investments include publicly-listed entities that are listed on a Canadian stock exchange. Changes in the fair value of investments designated as fair value through profit and loss are reported in the statement of comprehensive income.

The following table shows the estimated sensitivity on the statement of comprehensive income for the three months ended March 31, 2018 from a change in closing price of the Company’s publicly-listed investments, not including share purchase warrants and options (refer to note 9 for sensitivity of warrant and option inputs), of $12,493,309 with all other variables held constant as at March 31, 2018:

Percentage of change in closing prices	Change in comprehensive income (net of tax) from % increase in closing price	Change in comprehensive income (net of tax) from % decrease in closing price
5%	$ 624,665	$ (624,665)
10%	$ 1,249,331	$ (1,249,331)

Presented in Canadian Dollars

15. MANAGEMENT OF FINANCIAL RISK AND SENSITIVITY ANALYSIS (continued)

(c) Interest rate risk

The observable impacts on the fair values and future cash flows of financial instruments that can be directly attributable to interest rate risk include changes in net income from financial instruments whose cash flows are determined with reference to floating interest rates and changes in value of financial instruments whose cash flows are fixed in nature.

As at March 31, 2018, the Company holds fixed-rate debt instruments of $2,234,028 (December 31, 2017 - $2,171,933) in convertible debentures with a weighted average interest rate of 13.2% (December 31, 2017 – 13.6%) and a weighted average term to maturity of approximately 1.8 years (December 31, 2017 – 2.0 years).

Should market interest rates rise, then the fair value of these convertible debentures and term debt may decrease. Conversely, should market interest rates fall, the fair value of these assets may increase. The effect of changes in interest rates on the fair value of these debt instruments is partially muted by the nature of the investments. Convertible debentures placed in early stage investees are typically less sensitive to changes in market interest rates than non-convertible debt instruments placed in more mature investees. Additionally, the economic exposure to interest rate risk is mitigated by the Company's intention to either convert the debentures into the related underlying equities or, in the case of nonconvertible debentures, to hold the instrument until maturity.

As at March 31, 2018, if interest rates were higher by 1% per annum, the potential effect to the Company would be an decrease in net loss of approximately $22,000 (December 31, 2017 – $15,000).

(d) Credit risk

Concentration of credit risk may arise from exposures to a single debtor or to a group of debtors having similar characteristics such that their ability to meet their current obligations is expected to be affected similarly by changes in economic or other conditions. Senior management is committed to several processes to ensure that this risk is appropriately mitigated. These include:

- obtaining collateral guarantees;
- the investigation of the creditworthiness of all borrowers;
- the engagement of qualified independent consultants such as lawyers and real estate appraisers, to whom management may reach for professional advice.
- the segregation of duties to ensure that qualified staff are satisfied with all due diligence requirements prior to funding; and
- the prompt initiation of recovery procedures on overdue loans.

As at March 31, 2018, gross accounts receivable of $55,464 were past due and not impaired (December 31, 2017 - $51,379).

As at		**March 31, 2018**		December 31, 2017
Amounts receivable	$	449,067	$	407,530
Loans and convertible debentures		2,884,566		3,442,493
	$	3,333,633	$	3,850,023

15. FINANCIAL INSTRUMENTS (continued)

(e) Currency risk

Foreign exchange risk exposures arise from transactions and balances denominated in foreign currencies. The Company's foreign currency risk arises primarily with respect to the United States dollar. Fluctuations in the exchange rates between the United States dollar and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

The Company has cash and cash equivalents, certain receivables, convertible debentures and investments in companies denominated in a foreign currency. For the three months ended March 31, 2018 management estimates that if the United States dollar had strengthened or weakened by 10% against the Canadian dollar, assuming all other variables remained constant, net loss for the period would have increased or decreased by approximately $222,228 (December 31, 2017 - $191,503).

(f) Concentration risk

Included in Investments - FVTPL is one investment which comprises 39% of the balance. For the year ended December 31, 2017, the investment was included in Investments - AFS which comprised 80% of the balance.

16. CONTINGENCIES

The Company is the parent company of the general partner of GC Global Capital Lending Partners Limited Partnership and Somersby Park 2010 General Partner Inc. The General Partner has unlimited liability for the liabilities and obligations of the partnerships in excess of the contributions of the limited partners. As at March 31, 2018, there were no outstanding liabilities or obligations for which the Company was contingently liable.

On September 4, 2017, the Company announced that it was served with a statement of claim by First Global Data Limited ("**FGD**"). The claim seeks damages of $20,000,000 against a number of defendants including the Company and its former Chief Executive Officer, alleging breach of contract, conspiracy and various other causes of action (the "**FGD Action**").

The Company believes the claim against the Company and its former CEO is without merit and frivolous, and has been commenced in an attempt to delay the outcome of the Company's claims against FGD in existing proceedings commenced by the Company on February 3, 2017 (Ontario Superior Court of Justice Court File No. CV-17-569015, the "**Application**"). The Company commenced the Application because FGD has refused to honour its contractual obligations to issue certain options and warrants to the Company.

As a result of an August 24, 2017 order of the Ontario Superior Court of Justice, the Company's Application will be pursued as a counterclaim in the FGD Action. The Company will vigorously defend the FGD Action, and will vigorously pursue its claims against FGD. Specifically, the Company will seek damages of at least $6,015,000, equal to the difference between the purchase price per share under the Options/Warrants, and the highest trading value to date, as well as punitive and exemplary damages of $2,000,000.

No amounts have been accrued in the financial statements with respect to this matter.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation. Such reclassifications did not affect total comprehensive income or shareholders' equity.