FOUNTAIN ASSET CORP.
MANAGEMENT DISCUSSION & ANALYSIS
For the Three Months Ended March 31, 2018

*The following discussion of performance, financial condition and future prospects should be read in conjunction with the unaudited condensed interim consolidated financial statements of Fountain Asset Corp. ("**Fountain Asset**" or the "**Company**") and notes thereto for the three months ended March 31, 2018 which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). This management discussion and analysis ("**MD&A**") covers the last completed fiscal quarter and updated as of May 28, 2018. All dollar amounts in this MD&A are reported in Canadian dollars, unless otherwise stated. Readers are encouraged to read Fountain Asset's public information filings on SEDAR at www.sedar.com. The Company's share are listed on the TSX Venture Exchange ("TSX-V") under the symbol "FA".*

FORWARD-LOOKING STATEMENTS

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to possible events, conditions or results of operations of the Company, which are based on assumptions about future economic conditions and courses of action and which are inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "target", "intend", "could", "might", "should", "believe", and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information in this MD&A includes, but is not limited to, statements with respect to the Company's investment approach, objectives and strategy, including its focus on specific sectors; the structuring of its investments and its plans to manage its investments; the Company's financial performance; and its expectations regarding the performance of certain sectors.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct. Some of the risks and other factors which could cause results to differ materially from those expressed in forward-looking information contained in this MD&A include, but are not limited to: the nature of the Company's investments; the available opportunities and competition for its investments; the concentration of its investments in certain industries and sectors; the Company's dependence on its manager and management team; risks affecting the Company's investments; global political and economic conditions; investments by the Company in private issuers which have illiquid securities; management of the growth of the Company; exchange rate fluctuations; and other risks and factors discussed in this MD&A under "Risk Factors".

Although the Company has attempted to identify important factors that could cause actual events or results to differ materially from those described in forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. Readers are cautioned that the foregoing list of risks and factors is not exhaustive. The forward-looking information contained in this MD&A is provided as at the date of this MD&A, based upon the opinions and estimates of management and information available to management as at the date of this MD&A, and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

Non-IFRS Measures

Throughout this MD&A, management uses terms which do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures presented by other issuers; therefore, a description has been provided in the MD&A.

These non-IFRS measures and additional information should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. Management believes that some non-IFRS measures are useful for investors to use to evaluate the performance of the Company without certain IFRS requirements. Specifically, management has included adjusted net asset value as a Non-IFRS measure.

DESCRIPTION OF BUSINESS

Fountain Asset is a merchant bank which provides a range of merchant banking services to small and mid-size companies in North America in both the public and private markets. These services can include equity financing, asset-based lending, mergers and acquisitions advisory, operational management support and facilitating various debt and equity financing structures.

Fountain Asset takes a disciplined and systematic approach to investment and is guided by four core principles:

1. Deploying capital in private and public late stage, growth-oriented companies,
2. Creating shareholder value,
3. Generating profits through a combination of rising portfolio value and consistent income from debt transactions, and
4. Managing the overall risk framework of the Company.

Launched in 2003, Fountain Asset has invested in over 100+ companies providing bespoken capital solutions. The Company is not committed on any particular industry sector but rather is opportunistically focused on various industries such as oil and gas, gaming, manufacturing, retail, financial services, technology, cryptocurrency, marijuana and biotechnology. Fountain Asset invests in companies with proven products, market penetration and strong management teams that do not fit the investment criteria of the typical venture capital funds, traditional secured lenders or are too small for the private equity funds.

The Company’s target investment profile includes:

- Private companies that have a reasonably demonstrated IPO plan so Fountain Asset can leverage “private to public value arbitrage”.
- Early stage public companies that need to raise funds via PIPE or secondary deals.
- Selling shareholders that seek to divest significant stakes in companies that can purchased at a discount.
- Focus on companies with sustainable, growing revenues with existing, or near term, profitability.
- All investments are required to have a path to liquidity.

STATUS AS AN INVESTMENT ENTITY

The following are the criteria within IFRS 10, Consolidated Financial Statements, which the Company used to evaluate and determine that it meets 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.

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, and thus measures its investments at fair value.

1st QUARTER 2018 REVIEW AND RESULTS OF OPERATIONS

Selected Information:

For the quarters ended		March 31, 2018		March 31, 2017
Total revenue (losses)	$	(1,390,237)	$	998,587
Total expenses, not including write-offs and impairments		226,358		292,398
Net write-offs and impairments		-		-
Net comprehensive income (loss)		(1,616,595)		706,189
Net income (loss) per share, basic and diluted		(0.03)		0.01

As at period ended		March 31, 2018		December 31, 2017
Total assets	$	23,566,894	$	23,418,889
Total liabilities		192,583		475,983
Net asset value		23,374,311		22,942,906
Shares outstanding diluted weighted average (1)		56,232,962		54,268,243
Net asset value per share	$	0.42	$	0.42
Adjusted net asset value (2)		25,274,311		25,542,906
Adjusted net asset value per share	$	0.45	$	0.47

(1) Net comprehensive income (loss) per share has been calculated using the weighted average number of multiple and subordinate voting shares outstanding during each period. Diluted income per share is calculated in a similar manner, except that the weighted average number of multiple and subordinate voting shares outstanding is increased to include potentially issuable subordinate voting shares from the assumed exercise of stock options, if dilutive; and

(2) Adjusted net asset value as at March 31, 2018 reflects the net asset value plus $1,900,000 of tax loss pools available (December 31, 2017 - $2,600,000).

Revenue

For the three months ended March 31, 2018, the Company had losses of $1,390,237 compared to revenue of $998,587 in the prior period. Realized gains on portfolio investments during the three months ended March 31, 2018 were $4,448,999 (2017 – realized losses of $3,708) primarily from sale of The Hydropothecary Corp., Nuuvera Corp., Advantage Oil Corp. and CryptoGlobal Inc, which in aggregate amounted to a 219% return on investment. Structuring fees, interest, dividend income and consulting fees were $78,273 for the current period (2017 – $263,107), and there were $5,917,509 in unrealized losses on portfolio investments (2017 – gains of $739,188). Unrealized losses for the period were predominately attributable to positions held in Vogogo Inc., Pacific Rim Cobalt Inc., CyrptoGlobal Inc. and Spectra7 Microsystems Inc.

Expenses

For the three months ended March 31, 2018, the Company reported total expenses (excluding loss provisions) of $226,358 compared to $292,398 in the prior period. The expenses for the three months ended March 31, 2018 were lower than the comparative quarter due to the previous period containing legal expenses regarding the Company's litigation with First Global Data. Filing and listing fees were higher for the current period as certain one-time expenses were incurred.

Net Assets

Total net assets rose by $556,490 (or approximately 2%) as at March 31, 2018 ($23,374,311) compared to December 31, 2017 ($22,942,906). The increase in net assets was primarily attributable to a private placement financing of $2,025,000, net realized gains on portfolio investments of $4,448,999, and offset by unrealized losses on portfolio investments of $5,917,509. The Company continues to strive to strengthen its asset portfolio as with private entities whose goal is to move to public exchanges. As at March 31, 2018, the Company's adjusted net assets were valued at $25,974,311 or $0.46 per share compared to $25,542,906 or $0.47 per share as at December 31, 2017. Adjusted net assets reflect net asset value plus the $19,000,000 tax loss valued at $0.10 for every $1.00.

SUMMARY OF QUARTERLY RESULTS

Despite the Company's net comprehensive loss for the three months ending March 31, 2018, gains of $4,448,999 were realized on portfolio investments which amounted to an average crystalized return on investment of 219%. There was significant activity in the Company's portfolio this quarter with several new investments, namely Canopy Rivers Corp., Clear Blue Technologies Inc., Fire Cannabis Inc., Khiron Life Sciences Corp., and Liberty Health Sciences Inc.

For the quarters ended		2018 Q1		2017 Q4		2017 Q3		2017 Q2
Total revenue (losses)	$	(1,390,237)	$	3,620,010	$	879,641	$	(439,472)
Total expenses, not including write-offs, impairments	$	226,358	$	670,497	$	400,323	$	422,613
Investment write-offs and impairments	$	-	$	77,650	$	-	$	-
Net comprehensive income (loss) for the quarter	$	(1,616,595)	$	4,626,127	$	387,830	$	84,712
Net income (loss) share, weighted avg., fully diluted	$	(0.03)	$	0.05	$	0.01	$	(0.02)

For the quarters ended		2017 Q1		2016 Q4		2016 Q3		2016 Q2
Total revenue	$	998,587	$	64,443	$	818,497	$	811,438
Total expenses, not including write-offs, impairments	$	292,398	$	413,176	$	267,452	$	200,085
Investment write-offs and impairments	$	-	$	-	$	-	$	(16,077)
Net comprehensive income (loss) for the quarter	$	3,028,845	$	867,611	$	551,045	$	627,431
Net income (loss) share, weighted avg., fully diluted	$	0.01	$	0	$	0	$	0

(1) Net comprehensive income (loss) per share has been calculated using the weighted average number of multiple and subordinate voting shares outstanding during each period. Diluted income per share is calculated in a similar manner, except that the weighted average number of multiple and subordinate voting shares outstanding is increased to include potentially issuable subordinate voting shares from the assumed exercise of stock options, if dilutive.

LIQUIDITY AND CAPITAL RESOURCES

In managements' opinion, the Company has sufficient resources to meet its current cash flow requirements based on the following:

LIQUIDITY RISK

		March 31, 2018		December 31, 2017
Cash	$	1,857,683	$	1,298,522
Short term investments		40,000		40,000
Accounts receivable and sundry assets		452,400		428,898
Investments in public companies		14,380,299		14,966,129
Loans and convertible debentures due within one year		362,777		408,591
Total liquid assets	$	17,093,159	$	17,142,140
Accounts payable and accrued liabilities	$	67,583	$	145,983
Syndicated loans [note 7]		125,000		330,000
Total short term liabilities	$	192,583	$	475,983

In managements' opinion, the Company has sufficient resources to meet its current cash flow requirements.

The Company's accounts payable and accrued liabilities 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 1 to 4 months and have been paid out subsequent to period end.

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.

The Company's primary use of cash is to make investments and to pay for operating expenses. The Company believes that it will be able to generate sufficient capital to support the Company's operations in the long-term. Nonetheless, the Company may procure debt or equity financing from time to time to fund its operations.

Management is not aware of any significant commitments or expected fluctuations with respect to its capital resources at the date of its year-end consolidated financial statements.

RELATED PARTY TRANSACTIONS

Related party transactions occur during the normal course of Company operations.

	Interest and Consulting Income		Amounts Receivable		Investment	
	For the three months ending Mar. 31,		For the three months ending Mar. 31,		March 31,	December 31,
Related party	**2018**	**2017**	**2018**	**2017**	**2018**	**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	Postion held
Somersby Park 2010 Limited Partnership	73%	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.

COMPENSATION OF KEY MANAGEMENT

The remuneration of directors and other key management personnel of the Company for the three months ended March 31, 2018 and 2017 was as follows:

	2018	2017
Salaries	$ 108,000	$ 84,000
Stock based compensation expense	-	-
	$ 108,000	$ 84,000

CRITICAL ACCOUNTING ESTIMATES

The preparation of the unaudited condensed interim consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the unaudited condensed interim consolidated financial statements and the reported amount of revenues and expenses during the year. Financial statement items subject to significant management judgment and estimates include:

- Determination of investment entity status – Management exercises judgment in applying criteria in IFRS 10.
- Impairment of assets and provision for loans, notes and convertible debentures receivable losses – Management exercises judgment to determine whether indicators of impairment exist, and if so, management must estimate the timing and amount of future cash flows from amounts receivable.
- 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.
- Valuation methodology of level 2 and level 3 investments. Refer to note 9 for more details.

While management believes that the estimates and assumption are reasonable, actual results may differ materially from those estimates.

CHANGES IN ACCOUNTING POLICIES

The following pronouncements issued by the IASB and interpretations published by IFRIC will become effective for annual periods beginning on or after the dates detailed below, with earlier adoption permitted. The Company is currently assessing the impact of the adoption of these new standards and interpretations.

Pronouncements effective for annual periods beginning on or after March 1, 2018:

- 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

- IFRS 9 - Financial Instruments - The IASB issued IFRS 9 in October 2010 and will replace 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. The effective date for the application of IFRS 9 is January 1, 2018.

  As a result of adoption of IFRS 9, the Company's Investments – AFS 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.

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 asset	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

FUTURE ACCOUNTING CHANGES

Pronouncements effective for annual periods beginning on or after January 1, 2019:

IFRS 16, Leases supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The effective date for IFRS 16 is January 1 2019. It eliminates the distinction between operating and finance leases from the perspective of the lessee. All contracts that meet the definition of a lease, other than those subject to the two exceptions listed below, will be recorded in the Statement of Financial Position with a "right of use" asset and a corresponding lease liability. This will impact the timing and classification related expenses, as lease costs will now be reflected in the depreciation of the right of use asset and interest on the lease liability. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases.

MANAGEMENT OF FINANCIAL RISK AND SENSITIVITY 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.

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 and interest 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.

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.

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 from % increase in closing price		Change in comprehensive income from % decrease in closing price
5%	$	624,665	$	(624,665)
10%	$	1,249,331	$	(1,249,331)

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).

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).

		March 31, 2018		December 31, 2017
Amounts receivable, excluding HST	$	449,067	$	407,530
Loans and convertible debentures		2,884,566		4,828,512
Total Credit Exposure	$	3,333,633	$	5,236,043

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).

OUTSTANDING SHARE DATA

Shares issued and outstanding:	March 31, 2018		December 31, 2017	
	No. of shares	Amount	No. of shares	Amount
Multiple voting shares	230,501	$420,312	304,662	$555,543
Subordinate voting shares	58,663,961	28,760,429	53,974,800	26,577,198
	58,894,462	$29,180,741	54,279,462	$27,132,741

	Multi-Voting Shares
Common shares outstanding – December 31, 2017	**304,662**
MVS converted to SVS shares on a 1:1 basis	(74,161)
Common shares outstanding – March 31, 2018	**230,501**

	Subordinate Voting Shares
Common shares outstanding – December 31, 2017	**53,974,800**
Issuance of common shares on private placement	4,500,000
MVS converted to SVS shares on a 1:1 basis	74,161
Issuance of common shares on exercise of stock options	115,000
Common shares outstanding – March 31, 2018	**58,663,961**

During the year 74,161 ($135,231) MVS shares were converted on a 1 for 1 basis to SVS shares.

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. Also, during the three months ended March 31, 2018, the Company issued 115,000 subordinate voting shares to a director who exercised his stock options for gross proceeds of $23,000.

During the three months ended March 31, 2018, 115,000 stock options were exercised. The following stock options remained outstanding at March 31, 2018:

Grant date	**Options outstanding**	**Options exercisable**	**Exercise price**	**Weighted average remaining life (Years)**
May 1, 2013[(1)]	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	$0.3625	4.6
	2,655,000	1,721,668	$0.39	3.25

(1) Subsequent to year end, 125,000 stock options expired unexercised.

OTHER INFORMATION

Internal Control Over Financial Reporting

The Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Financial Officer, internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There has been no change in internal control procedures during the three months ended March 31, 2018 that would materially affect, or reasonably likely to materially affect, the internal control over financial reporting.

Limitations of Controls and Procedures

The Chief Executive Officer and Chief Financial Officer believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

RISK FACTORS

Dependence on Key Personnel:

The Company is dependent upon the personal efforts, performance and commitment of its senior officers and directors, who are responsible for the development of the Company's business. Investors will be relying upon the business judgment, expertise and integrity of the Company's senior officers and directors. To the extent that the services of any of the senior officers or directors would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company. The Company's future success will also depend in large part upon its ability to attract and retain highly skilled personnel. There can be no assurance that the Company will be successful in attracting and retaining such personnel.

Possible Volatility of Stock Price:

The market price of the Subordinate Voting Shares could be subject to wide fluctuations in response to factors such as actual or anticipated variations in the Company's results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of the subordinate voting shares.

Competition:

The Company operates in an increasingly competitive environment. Both large and small competitors compete with the Company. Some of these competitors may have longer operating histories, greater name recognition and greater financial and marketing resources than the Company. The Company believes that its ability to compete effectively is dependent upon the quality of its product and client service. There can be no assurance that the Company will be able to compete effectively and retain its existing clients or attract and retain new clients. The Company's current and potential competitors may develop and market new products or services that render the Company's existing and future products and services less marketable or competitive.

Maintenance of Client Relationships:
The ability of the Company to attract and maintain clients requires that it provide a competitive offering of products and services that meet the needs and expectations of its clients. The Company's ability to satisfy the needs or demands of its clients may be adversely affected by factors such as the inability or failure to identify changing client needs or expectations or the inability to adapt in a timely and cost-effective manner to innovative products and services offered by competitors.

Strategic Relationships:
The Company anticipates that, from time to time, it will enter into strategic relationships to syndicate certain bridge loans or similar assets where appropriate, as part of its strategy to diversify and manage risks associated with its fixed income portfolio. Syndication will afford the Company the opportunity to participate in much larger transactions. There can be no assurance that the Company will be able to enter into such relationships in the future, and its inability to do so may adversely affect its ability to continue to service its existing and prospective clients.