GC-Global Capital Corp.

Management Discussion & Analysis Dated: April 30, 2010

The following information should be read in conjunction with the GC-Global Capital Corp. Audited Consolidated Financial Statements for the years ended December 31, 2009 and 2008, which are prepared in accordance with Canadian generally accepted accounting principles. All figures are expressed in Canadian dollars unless otherwise indicated.

Global Capital is a merchant bank which provides bridge loan services (asset back/collateralized financing), ranging from $300,000 to $3,000,000 to companies across many industries such as oil & gas, mining, real estate, manufacturing, retail, financial services, technology and biotechnology. Global Capital takes a disciplined and systematic approach to investment and is guided by four core principles: Capital Preservation, Shareholder Value, Secure Generation of Income and Risk Management. Global Capital also invests in emerging North American companies across all industries. Global Capital's investments are made through equity financings and Global Capital works with management of operating companies in order to create value for businesses in which Global Capital assumes a position. These services can include additional equity financing, developing mergers and acquisitions, providing operational management support and structuring and negotiating debt and equity placements.

Overall Performance

Year 2009 was the sixth full year that Global Capital operated as a merchant bank since the closing of its $11.5 million (gross) public offering in October, 2003. In April 2009, Global Capital declared a dividend of $0.025 to its shareholders. The dividend was the fifth consecutive year that Global Capital paid a dividend.

As at December 31, 2009 Global Capital had net assets totaling $15.5 million or $0.78 per share compared to $19.7 million or $0.98 per share as at December 31, 2008. The change in net asset value is due to the net loss of $0.22 per share for the year ended December 31, 2009 and the payout of a $0.025 per share dividend in 2009. The net loss for the year ended December 31, 2009 was $4,468,502 which was primarily due to the write-down on portfolio investments, investment properties and bridge loans of $3,272,041 for the period as well as a future tax provision in the amount of $645,700.

The fair market value of the Company's portfolio investments include bonus shares received from the Company's bridge loan activities and as well as investment in emerging growth companies. The Company previously recorded the reduction in fair market value in 'accumulated other comprehensive loss' on its balance sheet. As a result of global equity market conditions, the Company decided that some of these portfolio investments were permanently impaired. The Company decided to write-down $690,521 on these portfolio investments.

The Company's loan and convertible debenture portfolio amounted to $9.6 million, a decrease of 14% as compared to $11.1 million in 2008. Due to a combination of non-repayment and underlying lower security valuations of its bridge loans, the Company decided to write-down $1,506,118 on its loan portfolio. This amount includes specific provisions for loan losses in the amount of $1,230,635.

Total assets as at December 31, 2009 were $16.5 million compared to $20.1 million as at December 31, 2008. Included in total assets are $2.2 million in cash and short term investments (2008 - $3.4 million), $9.6 million in notes receivable, bridge loans and convertible debentures (2008 - $11.1 million), $2.1 million in portfolio investments (2008 - $2.7 million), $1.4 million in investment property (2008 - $0.6 million), $0.5 million in other assets (2008 - $1.0 million) and $0.6 million in future income taxes (2008 - $1.2).

Selected Annual Information

The following annual selected information is prepared in accordance with generally accepted accounting principles in Canada.

For the years ended December 31	2009	2008	2007
Total Revenue	$ 2,214,140	$ 2,656,868	$ 5,818,091
Net income (loss) before taxes	(3,822,802)	(4,264,535)	3,188,391
Net income (loss) for the year	(4,468,502)	(4,157,542)	2,963,643
Net income (loss) per share[(1)]	(0.22)	(0.20)	0.15
Total assets	16,451,521	20,106,958	25,576,835
Total long-term financial liabilities	-	-	-
Cash dividends declared per share	0.025	0.06	0.05
Dividends accrued per preferred share	$ -	$ -	$ -

(1) Net income (loss) per share has been calculated using the weighted average number of multiple and subordinate voting shares outstanding during each year. Diluted earnings per share were not presented as the effect would be anti-dilutive.

For the year ended December 31, 2009, Global Capital had a net loss of $4,468,502 or $0.22 per share compared to a net loss of $4,157,542 or $0.20 per share for 2008 and a net income of $2,963,643 or $0.15 per share in 2007

As at December 31, 2009, Global Capital had $9.6 million invested in bridge loans, notes receivable and convertible debentures. These advances were made to companies in industries such as information technology, real estate, electronic manufacturing services and consumer goods. The bridge loans were provided to public companies, private companies and individuals. Trends in the economy are leading to fewer or delayed public financings and the Company will benefit from these trends as more and more companies will need bridge financings.

As at December 31, 2009, Global Capital had $2.1 million in portfolio investments in shares of emerging North American companies.

Operating Results

Revenues

Total revenue for the year ended December 31, 2009 was $2.2 million compared to $2.7 million for 2008 and $5.8 million in 2007.

Interest income decreased from $1.5 million to $0.9 million in 2009 as a result of having funds deployed into higher yielding bridge loans in 2008 as compared to the current year. Structuring fees and bonuses decreased from $1,182,368 to $406,005 in 2009 as a result of the Company advancing a higher number of convertible debentures in the current year. The decrease in structuring fees has been offset by the increased unrealized gains on derivative instruments as result of the fair value over cost of these convertible debentures. The Company charges interest and a structuring fee or a bonus on its bridge loan financings. Bonuses can be in the form of cash, shares in companies, warrants or other compensation. The trend of the Company is to deploy more of its funds into income producing loans which would result in increased interest income and structuring fees.

Sales of investments and securities have resulted in Global Capital recording a realized gain of $367,877 for the year as compared to a realized gain of $1,782,317 in 2008. The amount includes a gain of $231,467 from available for sale investments and a gain of $136,410 from the sale of held for trading investments (2008 – Gain of $26,912 from available for sale investments and $1,755,405 from held for trading investments). The 2008 gain is largely due to the sale of a portion of Global Capital's shares in Homeland Energy Group Ltd. during the first six months of 2008.

The Company received a convertible debenture in MBMI Resources Inc. in July, 2009 in the amount of $500,000. Using the Black-Scholes pricing model with an expected remaining life of 2 years, a risk-free interest rate of 1.41% and a volatility of 126%, the $500,000 was allocated $57,700 to the debenture and $442,300 to the conversion feature. At December 31, 2009 the Company determined that the fair market value of the conversion feature was $806,777. The fair market value was estimated using an expected remaining life of 1.58 years, a risk-free interest rate of 1.41% and a volatility of 147%. In the year ended December 31, 2009 the Company recorded as accretion income $32,780 with respect to this debenture.

The Company received a convertible debenture in Bison Gold Resources Inc. in September, 2009 in the amount of $250,000. Using the Black-Scholes pricing model with an expected remaining life of 1.25 years, a risk-free interest rate of 1.25% and a volatility of 124%, the $250,000 was allocated $206,736 to the debenture and $43,264 to the conversion feature. At December 31, 2009 the Company determined that the fair market value of the conversion feature was $194,903. The fair market value was estimated using an expected remaining life of 1 year, a risk-free interest rate of 1.47% and a volatility of 124%. In the year ended December 31, 2009 the Company recorded as accretion income $10,070 with respect to this debenture.

As the conversion features of the convertible debentures are derivate instruments, the change in their fair value resulted in an increase in net income, due to an increase in their fair value, for the year ended December 31, 2009 of $441,116 (2008 – decrease of $1,738,464). Included in the value of convertible debentures is $1,001,680 (2008- $75,000) which is the fair value of the conversion feature at year end. The trend of the Company is to deploy more funds into convertible debentures. However, the fair value of these investments will depend on several factors including market conditions and the impact on net income is difficult to predict.

In the third quarter of 2009, the Company sold an investment property located in Wellington, Florida property and recorded a loss of $12,866 on the sale.

Expenses

Total expenses for the year were $6,036,940 as compared to $6,921,403 in 2008.

The Company provides bridge loans to US and Canadian companies. When the Company provides bridge loans to US companies, it typically mitigates its currency risk with the purchase of 30-day forward contracts. The Company does not hedge its profit on the bridge loans. As a result of the decline in the value of the US dollar during the year, the Company recorded a foreign exchange loss of $731,939 for the year as compared to $380,587 in 2008.

Overhead including office and general expenses and filing and listing fees were constant from 2008 to 2009. This trend is expected to continue in 2010. Management and consulting fees decreased 19% from 2008 to 2009. Management's long term incentive plan is based on realized profits. The Company recorded decreased management fees and salaries in 2009 due to costs associated with its long term incentive plan in the first six months of 2008. As the Company did not meet its targets in 2009, no long term incentive plan cash awards were recorded. Travel and promotion expenses increased 6% from $77,153 to $81,500 as a result of increased promotional activities during the year. Audit and legal fees decreased 27% from $152,533 to $110,793 due to the settlement of contingent liabilities in 2008. 2010 is expected to be consistent with 2009. Rent increased from 6% from $80,065 to $84,849 in 2009 due to additional office space acquired in the second half of 2008. The trend in 2010 is expected to be consistent with 2009. Interest expense increased 255% from $6,683 to $23,750 as a result of a 7% note on a property acquired during the year. The note is due in 2011 and as a result 2010 interest expense is expected to be consistent with 2009. The Company also recorded $47,493 (2008 – Nil) in property taxes during the year as a result of property acquired as part of bridge loan settlements. The Company plans to dispose of these investment properties in 2010 and 2011. Property tax increases or decreases will be based on the timing of the dispositions.

On August 28, 2009 the Company granted Directors, Officers and Employees incentive stock options to purchase 1,370,000 subordinate voting shares of the Company at an exercise price of $0.50 expiring August 28, 2014. During the year ended December 31, 2009, $373,782 (2008 - $Nil) was recorded as stock-based compensation expense using the Black-Scholes model for pricing options. The Company assumed a risk-free interest rate of 3% and an expected stock volatility of 72% for the 5-year options.

During the year the Company recorded a provision for loan losses of $1,506,118, wrote down portfolio investments for a total of $690,521 and wrote down investment properties in the amount of $1,075,402. Included in the provision for loan losses are specific allowances of $1,230,635. The portfolio investments and properties were bonuses received on certain bridge loan financings. A portion of the value of the investment properties was permanently impaired and the Company wrote the costs down to their market value as at December 31, 2009. Due to poor market conditions the Company saw increased losses on its investment portfolio in 2008 and 2009. The future trend depends on market conditions which have improved to date in 2010.

Taxes

As at December 31, 2009, the Company had approximately $21.8 million in capital losses and $3.2 million in non-capital losses. During the year, the Company recorded a charge of $0.6 million (2008 – increase in future tax asset of $0.1 million) against its future tax asset as a result of losses expiring during the year.

Summary of Quarterly Results

For the quarters ended		Dec 31/09		Sep 30/09		Jun 30/09		Mar 31/09
Total revenue	$	(450,829)	$	1,990,217	$	297,668	$	377,083
Net income (loss) before taxes		(4,331,449)		842,886		(697,362)		363,094
Net income		(4,977,119)		842,886		(697,362)		363,094
Net income per share (1)	$	(0.25)	$	0.04	$	(0.03)	$	0.02

For the quarters ended		Dec 31/08		Sep 30/08		Jun 30/08		Mar 31/08
Total revenue	$	(382,412)	$	160,253	$	2,040,235	$	838,792
Net income before taxes		(6,005,703)		(137,308)		1,465,586		412,891
Net income		(5,883,034)		7,689		1,390,619		327,184
Net income per share (1)	$	(0.29)	$	0.00	$	0.07	$	0.02

(1) Net income per share has been calculated using the weighted average number of multiple and subordinate voting shares outstanding during each year. Diluted earnings per share were not presented as the effect would be anti-dilutive.

Liquidity

As at December 31, 2009, Global Capital had $2,189,551 in cash and short-term investments The Company had $5,617,801 in notes receivable, bridge loans and convertible debentures due within one year. The Company does not have any bank indebtedness. In managements' opinion, the Company has sufficient resources to meet its current cash flow requirements.

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 assumes short-term debt from time to time to fund its loan operations.

Capital Resources

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

Subsequent Events

As at the date of this Management Discussion and Analysis there were no subsequent events that would have a material impact on the operations of the Company.

Off-balance Sheet Arrangements

In September 2006, the Company began a forward contract hedging program with a Canadian banking institution. As at December 31, 2009 the Company had purchased for settlement from its banker US$500,000 at $1.0542 maturing January 4, 2010, US$500,000 at $1.0282 maturing January 15, 2010, US$500,000 at $1.0300 maturing January 19, 2010, US$500,000 at $1.0396 maturing January 19, 2010, US$500,000 at $1.0700 maturing January 19, 2010,US$500,000 at $1.0371 maturing January 21, 2010, US$250,000 at $1.0569 maturing January 25, 2010, US$250,000 at $1.0463 maturing March 3, 2010 and US$250,000 at $1.0609 maturing March 31, 2010. Gains and losses on foreign exchange contracts are included in income in the corresponding reporting period.

Transactions with Related Parties

The Company often receives the right to nominate a member to the Board of Directors of companies to which it provides a bridge loan. The nominees may be an employee, Officer or Director of the Company, and accordingly, the borrower may become related to the Company.

Notes receivable, bridge loans and convertible debentures include balances due from companies having a current director or officer in common with the Company, with a carrying value of $642,855 (2008 - $4,312,844). Notes receivable, bridge loans and convertible debentures include a note to a director of the Company for $Nil (2008 – US$500,000). This note was fully allowed for in fiscal 2009. The Company received three properties with a total cost of US$1,269,116 as part of a settlement on two of its bridge loans with principal and interest outstanding of US$1,269,116, to a company with common directors and officers. Portfolio investments include $418,858 (December 31, 2008 - $475,797) of shares of companies and partnerships having a current director or officer in common with the Company. Accounts receivable includes balances due from companies having a current director or officer in common with the Company in the amount of $269,990 (2008 - $402,356). These amounts are subject to normal creditor terms.

Interest and dividend income includes interest earned on loans to entities with current directors and officers in common with the Company in the amount of $113,260 (2008 - $293,789). Interest receivable includes interest earned on loans to entities with directors and officers in common with the Company, in the amount of $18,834 (2008 - $319,236). Structuring fees revenue includes $77,114 (2008 - $834,322) earned from companies with current and former directors and officers in common with the Company. Management and consulting fees and travel and promotion expenses include $416,549 (2008 - $387,237) paid to companies controlled by current directors and officers of the Company. Management and consulting fees and travel and promotion expenses include $Nil (2008 - $41,667) paid to companies controlled by a former director of the Company.

The Company is the parent company of the general partner of GC-Global Capital Lending Partners Limited Partnership (the “Partnership”). The general partner is entitled to a management fee equal to 2% per annum of the net asset value of the Partnership portfolio. In fiscal 2009 the Company earned management fees from the Partnership of $8,561 (2008 - $Nil).

Related party transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Fourth Quarter

During the fourth quarter of 2009, the Company had negative revenue of $0.5 million compared to negative revenue of $0.4 million for the corresponding period in 2008. Included in the fourth quarter revenue was a $1.6 (2008 - $1.0 million loss) million loss on held-for-trading investments, $0.2 (2008 - $0.2) million in interest income, $0.7 (2008 - $0.3) million in gains on sale of investments and $0.2 (2008 - $0.1) million in structuring fees. The decrease was mainly due to the unrealized losses on held-for-trading investments. In the fourth quarter the value of the Company’s held-for-trading investments decreased significantly which resulted in the Company recording $1.6 million in unrealized losses.

Total expenses for the fourth quarter were $3.9 million compared to $5.6 million from the corresponding period in 2008. Included in the fourth quarter was a provision for losses on bridge loans, investment properties and portfolio investments of $3.2 million (2008 - $4.5 million).

Net loss for the fourth quarter of 2009 was $4,977,119 compared to a net loss of $5,883,034 for the corresponding period in 2008. The decrease was primarily due to additional write-down of assets in 2008 as a result of market conditions. Due to poor market conditions the Company saw increased losses on its investment portfolio in 2008 and 2009. The future trend depends on market conditions which have improved to date in 2010.

Proposed Transactions

There were no proposed transactions as at the date of the Company's year-end financial statements.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. Financial statement items subject to significant management judgment include revenue recognition; loan losses; the valuation of accounts receivable, loans and notes receivable, debentures and investment properties; the valuation of portfolio investments; the fair value of non-cash fees received; the completeness of accounts payable and accrued liabilities; customer advances and deferred revenue; the valuation of share compensation expense and warrants; and, future income tax assets. While management believes that the estimates and assumptions are reasonable, actual results may differ.

Changes in Accounting Policies

a) *Recently adopted pronouncements*

(i) Credit Risk and Fair Value

The Company has adopted Emerging Issues Committee Abstract EIC-173, Credit Risk and the Fair Value of Financial Assets and Liabilities ("EIC-173") which was issued by the Accounting Standards Board ("AcSB") on January 20, 2009. The abstract clarifies that the credit risk of counterparty or an entity's own credit risk should be taken into account in the measurement, presentation and disclosure of the fair value of financial assets and financial liabilities, respectively. In instances where a quoted market price or rate does not take into account changes in an entity's own or counterparty's credit risk or where a valuation technique using observable and/or unobservable market inputs is used to estimate the fair value of a financial instrument which is not traded in an active market, credit risk and changes in credit risk are required to be taken into account in establishing the estimated fair value of the financial instrument. EIC 173 is required to be applied retrospectively without restatement of comparative periods. The Company has applied the requirements of EIC-173 and has determined that there is no impact to its opening retained earnings as at January 1, 2009. As at December 31, 2009, the impact of EIC-173 on the measurement and disclosure of the Company's financial instruments is not significant.

(ii) Financial Instruments: Classification and Measurement

On April 29, 2009, the AcSB amended CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement. The amendment clarifies that, subsequent to the recognition of an impairment loss on a financial asset (other than a loan), interest income on the impaired financial asset is recognized using the interest rate used to determine the impairment loss. The amendment is effective for the Company's annual financial statements issued for the year ended December 31, 2009. On July 29, 2009, the AcSB further amended Section 3855 to expand the previous definition of loans and receivables to include debt securities not quoted in an active market which are not intended to be sold immediately or in the near term. The amendment includes specific guidance on the limited circumstances in which an optional reclassification between financial instrument classifications may be permitted. Section 3855 was also amended such that any other than temporary impairment which is identified for held-to-maturity investments is recognized in the income statement only in respect of credit losses rather than the entire change in fair value. Any other than temporary impairment losses on debt securities that are classified as available-for-sale continue to be adjusted through the income statement in their entirety. However, other than temporary impairment losses recorded on available-for-sale debt securities may be reversed through the income statement if the fair value subsequently recovers and the increase in value can be objectively attributed to an event occurring after the original impairment loss was recognized. The adoption of the above changes for its fiscal 2009 financial statements did not have a significant impact on the Company's financial position or net (loss) income.

(iii) Financial Instruments: Disclosure

The Company has adopted amendments to the CICA Handbook Section 3862, Financial Instrument - Disclosures ("Section 3862") in its fiscal 2009 financial statements. The amendments require that all financial instruments measured at fair value be presented into one of the three hierarchy levels set forth below for disclosure purposes (note 6). Each level is based on the transparency of the inputs used to measure the fair value of assets and liabilities.

- Level 1: Inputs are unadjusted quoted prices of identical instruments in active markets.
- Level 2: Valuation models which utilize predominately observable market inputs.
- Level 3: Valuation models which utilize predominately non-observable market inputs.

The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The amendments to Section 3862 also require additional disclosure relating to the liquidity risk associated with financial instruments. The amendments improve disclosure of financial instruments specifically as it relates to fair value measurements and liquidity risk. The adoption of the amendments did not impact the Company's financial position or results of operations.

(iv) Goodwill and Intangible Assets

On January 1, 2009, the Company adopted the Canadian Institute of Chartered Accountants("CICA") Handbook Section 3064, Goodwill and Intangible Assets ("Section 3064") which is effective for fiscal years beginning on or after October 1, 2008. Section 3064 replaced CICA Handbook Section 3062, Goodwill and Other Intangible Assets and CICA Handbook Section 3450, Research and Development Costs. Section 3064 establishes requirements for the recognition, measurement, presentation and disclosure of goodwill and intangible assets and other CICA guidance within the CICA Handbook has been updated to ensure consistency with Section 3064. The adoption of the new standard and other related changes to the CICA Handbook did not have a significant impact on the Company's financial position or net (loss) income.

b) Future accounting pronouncements

(i) CICA Handbook Sections 1582, Business Combinations; 1601, Consolidated Financial Statements and 1602, Non-Controlling Interests Combinations

In January 2008, the CICA issued Handbook Sections 1582, Business Combinations; 1601, Consolidated Financial Statements and 1602, Non-Controlling Interests. These sections replace the former CICA Handbook Section 1581, Business Combinations and CICA 1600, Consolidated Financial Statements and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA 1582 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. CICA 1601 and CICA 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011. The Company does not expect these standards will have an impact on the Company's consolidated financial statements.

(ii) International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that International Financial Reporting Standards ("IFRS") will replace Canadian generally accepted accounting principles in 2011 for Canadian publicly-listed companies. The Company will be required to report its results in accordance with IFRS beginning in 2011. The adoption of IFRS on January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. Details of the Company's transition plan are disclosed below.

Transition to International Financial Reporting Standards

In the third quarter of 2009 The Company has completed an initial assessment of the differences between Canadian GAAP and IFRS relevant to the operations of the Company. The initial assessment identified that changes were required to accounting policies, accounting systems and internal controls over financial reporting mainly related to financial instruments. Other issues identified are the first time adoption of IFRS and accounting policies related to property, plant and equipment, share-based payments and accounting for income taxes.

During the fourth quarter the Company established a comprehensive IFRS transition plan to implement its transition to IFRS. Management has completed a detailed evaluation of potential changes required to its accounting policies, information systems, business processes as well as an evaluation of the impact on IFRS1 First Time Adoption of International Financial Reporting Standards.

The Company is currently in the process of making final determinations regarding changes in accounting policies with respect to first time adoption alternatives as well as assessing the accounting policy change implications on information technology, internal controls and contractual arrangements. This process is ongoing and is expected to be completed in the second quarter of 2010. Management and employee education and training are also ongoing and will continue throughout the transition process. The Company expects to quantify the impacts of the accounting policy changes on the Financial Statements by the end of 2010.

Expected Effects of IFRS on the Business of Global Capital

Management believes that the impact of IFRS on the Company's accounting systems and business process will be minimal, and that the current systems and processes in place can accommodate the necessary changes. Management and employees involved in the preparation of financial statements are being trained as necessary, as are other employees who may be affected by changes in business processes relating to IFRS. As of the date hereof, management is not aware of any contractual arrangements that may be affected by potential changes to significant accounting policies.

First-time Adoption of IFRS

IFRS 1 "First-time Adoption of International Financial Reporting Standards" requires the Company to prepare an opening IFRS statement of financial position, which complies with all IFRS's effective at the end of its first IFRS reporting period. IFRS 1 requires retrospective application of those standards in most areas, with limited exceptions. The Company plans to apply the following exemption to the preparation of its opening IFRS statement as at January 1, 2010:

- IFRS 2 "Share-based Payments" shall only be applied to equity instruments granted after November 7, 2002 and had not vested by the transition date.

The Company may decide to apply additional exemptions contained in IFRS 1 prior to reporting its interim financial statements for the quarter ended March 31, 2011. IFRS 1 does not permit changes to previously made estimates. Therefore, estimates used in the preparation of the Company's opening IFRS statement of financial position will be consistent with those made under Canadian GAAP. If necessary, estimates will be adjusted to reflect any difference in accounting policy.

Expected Effects on the Company's Financial Statements

The adoption of IFRS will result in changes to accounting policies that are applied in the recognition, measurement and disclosure of the balances and transactions in the Company's financial statements. The following summary includes management's evaluation of the significant changes to accounting policies in key areas based on the current standards and guidance within IFRS. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies on adoption of IFRS. At this time, the Company is not aware of any significant expected changes prior to its adoption of IFRS that would affect the summary provided below:

- IAS 36 "Impairment of Assets" – IFRS requires a write-down of assets if the higher of the fair market value and the value-in-use of a group of assets is less than its carrying value. Value-in-use is determined using discounted estimated future cash flows. Under current Canadian GAAP a write down to estimated fair value is only required when the undiscounted estimated future cash flows of a group of assets are less than its carrying value. The Company's accounting policies will be changed to reflect the differences between IFRS and Canadian GAAP, but does not expect the change will have an immediate impact on the carrying value of its assets. The Company will perform the required impairment assessments at the transition date.
- IFRS 2 "Share-based Payments" – In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than Canadian GAAP. The Company does expect any changes to its accounting policies that would have a significant impact on its financial statements.
- IAS 16 "Property, Plant and Equipment" – IFRS contains different guidance related to recognition and measurement of

property, plant and equipment than Canadian GAAP which includes the opportunity of a revaluation of assets to fair value. The Company does not anticipate that changes to its accounting policies relating to IAS 16 will have a significant impact on its financial statements.

- IAS 12 “Income Taxes” – In certain circumstances, IFRS contains different requirements related to recognition and measurement of future (deferred) income taxes. The Company does not anticipate that changes to its accounting policies relating to IAS 12 will have a significant impact on its financial statements.

Subsequent Disclosures

The Company’s MD&A for the 2010 interim periods and the year ended December 31, 2010 will include updates on the progress of the transition to IFRS and further information regarding the impact of adopting IFRS on the key items in the financial statements. The Company’s first financial statements prepared in accordance with IFRS will be the interim financial statements for the quarter ending March 31, 2011, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim statements for the quarter ending March 31, 2011 will also include comparative statements for the corresponding period in 2010, adjusted to comply with IFRS, as well as the Company’s transition date IFRS statement of financial position as at January 1, 2010.

Financial Instruments

Under CICA Handbook Section 3855, financial assets must be classified into one of four categories: held-for-trading, held-to-maturity, loans and receivables and available for sale; financial liabilities must be classified into one of two categories: held-for-trading and other financial liabilities. All derivative instruments, including those that are embedded in, but not closely related to, another contract must be classified as held-for-trading with changes in their fair value reported in net income for the period. All financial instruments, including derivatives, are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost, using the effective interest method where applicable. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available for sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net income.

Cash and short-term investments are designated as held-for-trading. Accounts receivable, interest and dividends receivable, letters of credit, bridge loans and notes receivable are designated as loans and receivables which are measured at amortized cost, subject to impairment reviews. Accounts payable and accrued liabilities and note payable are designated as other financial liabilities which are measured at amortized cost. Portfolio investments in publicly traded companies have been designated as available for sale and are recorded in the consolidated balance sheets at fair value. Fair value is determined directly by reference to quoted market prices in active markets. Portfolio investments in private companies have been designated as available for sale and as quoted market prices in an active market do not exist; these investments are measured at cost, absent evidence of impairment.

The Company has classified its convertible debentures, issued from Bison Gold Resources Inc. and MBMI Inc., as loans and receivables and accordingly these are valued at amortized cost. The conversion feature of these convertible debentures is an embedded derivative, which is classified as held-for-trading and as a result is recorded at fair value. The Company’s convertible debenture, issued form a private company, contains an embedded derivative which cannot be separated from its host contract. In this case it is required that the convertible debenture, issued from a private company, be classified as held-for-trading and accordingly recorded at fair value.

The Company’s derivative investments comprise warrants, which are included in portfolio investments, and the convertible portion of convertible debentures which must be classified as held-for-trading. The Company uses short-term forward contracts to hedge some of its capital invested in its United States based currency transactions. These forward contracts are also designated as held-for-trading.

Risks and Uncertainties

Risk Management

The success of Global Capital is dependent upon its ability to assess and manage all forms of risk that affect its operations. Like other financial institutions, Global Capital 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.

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:

- the investigation of the creditworthiness of all borrowers;
- the engagement of qualified independent consultants such as lawyers and real estate appraisers, dedicated to protecting the Company's interests;
- 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.

In addition, the Board of Directors meets on a quarterly basis, to review and assess the risk profile of the loan portfolio. The Board of Directors is required to approve all loans above $500,000. The Board has delegated approval authority for all loans less than $500,000 to senior management. The Company reviews its policies regarding its lending limits on an on-going basis. The amount of the Company's loans generally does not exceed 75% of the collateral value.

Market Risk

The Company is exposed to certain market risk that the value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments 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 unfavourable market conditions could result in dispositions of investments at less than favourable prices. Additionally, in accordance with CICA Handbook Section 3855, the Company is required to mark to market its held-for-trading 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 practices and policies when necessary to reduce the impact of the above risks.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash to meet its obligations as they become due. This risk arises from fluctuations in cash flows from making loan advances and receiving loan repayments. The goal of liquidity management is to ensure that adequate cash is available to honour all future loan commitments. As well, effective liquidity management involves determining the timing of such commitments to ensure cash resources are optimally utilized. Global Capital manages its liquidity risk by monitoring loan advances and repayments.

As at December 31, 2009, Global Capital had $2,189,551 in cash and short-term investments. The Company had $5,617,801 in notes receivable, bridge loans and convertible debentures due within one year. The Company does not have any bank indebtedness. 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 business in the long-term. However, the Company assumes short-term debt from time to time to fund its loan operations.

Currency Risk

The Company is exposed to certain currency risks that the value of certain financial instruments will fluctuate due to changes in foreign exchange rates. At times the Company takes advantage of foreign exchange contracts to manage the risk of currency fluctuations. As at December 31, 2009 the Company had purchased for settlement from its banker US$500,000 at $1.0542 maturing January 4, 2010, US$500,000 at $1.0282 maturing January 15, 2010, US$500,000 at $1.0300 maturing January 19, 2010, US$500,000 at $1.0396 maturing January 19, 2010, US$500,000 at $1.0700 maturing January 19, 2010,US$500,000 at $1.0371 maturing January 21, 2010, US$250,000 at $1.0569 maturing January 25, 2010, US$250,000 at $1.0463 maturing March 3, 2010 and US$250,000 at $1.0609 maturing March 31, 2010. Gains and losses on foreign exchange contracts are included in income in the corresponding reporting period.

Other Risks

Dependence on Key Personnel

Global Capital is dependent upon the personal efforts, performance and commitment of its senior officers and directors, who are responsible for the development of Global Capital's business. Investors will be relying upon the business judgment, expertise and integrity of Global Capital'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 Global Capital could result, and other persons would be required to manage and operate Global Capital. 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.

Decline in the Value of Real Estate Assets

Global Capital's real estate loans are generally secured by first and second mortgages against real property assets. If the real estate assets against which Global Capital holds security decline in value, then it may not be able to recover all of the outstanding loans plus expenses in the event of a default of a lender. If Global Capital is unable to realize on real estate assets to recover the principal amounts plus amounts on account of accrued interest and expenses in the event of a loan default or defaults, then its financial condition and operating results will be adversely impacted.

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 Global Capital'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

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

Maintenance of Client Relationships

The ability of Global Capital 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. Global Capital'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

Global Capital anticipates that, from time to time, it will enter into strategic relationships to syndicate certain bridge loans where appropriate, as part of its strategy to diversify and manage risks associated with its bridge loan portfolio. Syndication will afford

Global Capital the opportunity to participate in much larger transactions. There can be no assurance that Global Capital 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.

Dividends Declared

Global Capital has declared dividends in the past. However, the payment of any future dividends will be at the discretion of Global Capital's Board of Directors after taking into account many factors including Global Capital's operating results, financial condition and current and anticipated cash needs.

Other Data

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com or on its website at www.gcglobalcapital.ca.

Share Data

Outstanding Shares

Subordinate Voting Shares	18,936,860
Multiple Voting Shares	1,053,572
	19,990,432

Outstanding Options

Type	Amount Outstanding	Exercise Price	Expiry Date
Stock option	20,000	$0.87	February 7, 2011
Stock option	120,000	$1.15	September 11, 2012
Stock option	1,370,000	$0.50	August 28, 2014

Forward-Looking Information

These materials include certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Other than statement of historical fact, all statements in this material, including, without limitation, statements regarding fair values of marketable securities, investments, bridge loans, convertible debentures, and future plans and objectives of the Company, are forward–looking statements that involve various known and unknown risks, uncertainties and other factors. There can be no assurance that such statements will prove accurate. Actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date of these materials. Important factors that could cause actual results to differ materially from the Company's expectations include, without limitation, the level of bridge loans completed, the nature and credit quality of the collateral security, as well as those factors discussed in the Company's documents filed from time to time with the TSX Venture Exchange, Canadian securities regulators and other regulatory authorities. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice.

GLOBAL CAPITAL CORP.

Consolidated Financial Statements

December 31, 2009 & 2008

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. These consolidated financial statements contain estimates based on management's judgment. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

The Audit Committee of the Board of Directors, which is composed of a majority of independent Directors, reviews the results of the annual audit and the consolidated financial statements prior to submitting the consolidated financial statements to the Board for approval.

The Company's auditors, MSCM LLP, are appointed by the shareholders to conduct an audit and their report follows.

Signed: ***"Jason Ewart"***	Signed: ***"Chris Carmichael"***
Chief Executive Officer	Chief Financial Officer

Toronto, Ontario
April 21, 2010

MSCM LLP
Accountants & Advisors for a Complex World

Auditors' Report

To the Shareholders of
GC-Global Capital Corp.

We have audited the consolidated balance sheets of GC-Global Capital Corp. as at December 31, 2009 and 2008 and the consolidated statements of deficit, income, comprehensive loss and accumulated other comprehensive income (loss) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Signed: ***"MSCM LLP"***

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
April 21, 2010

GC-Global Capital Corp.
Consolidated Balance Sheets
As at December 31, 2009 and 2008

		2009		2008
Assets				
Cash	$	1,889,181	$	3,387,855
Short-term investments (note 4)		300,370		-
Accounts receivable and sundry assets (note 16)		312,697		590,001
Prepaid expenses		12,743		11,733
Interest and dividends receivable (note 16)		112,217		361,344
Bridge loans, notes receivable and letters of credit (notes 5 & 16)		7,956,592		10,070,167
Convertible debentures (notes 5 & 16)		1,683,966		1,075,000
Portfolio investments (notes 4 & 16)		2,117,532		2,683,374
Investment properties (note 7)		1,424,631		631,088
Property and equipment (note 8)		41,592		50,696
Future income taxes (note 15)		600,000		1,245,700
	$	16,451,521	$	20,106,958
Liabilities				
Accounts payable and accrued liabilities	$	367,051	$	334,184
Note payable (note 9)		309,794		-
Customer advances and deferred revenue		241,077		76,845
		917,922		411,029
Shareholders' equity				
Share capital (note 10)		17,978,236		18,124,420
Contributed surplus (notes 11 & 12)		3,726,026		3,282,851
Accumulated other comprehensive income (loss)		48,596		(463,468)
Deficit		(6,219,259)		(1,247,874)
		15,533,599		19,695,929
	$	16,451,521	$	20,106,958

Commitments, contingencies and subsequent events (notes 20, 21 & 22)

On Behalf of the Board

"Jason Ewart" Director

"Bill Atkinson" Director

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

GC-Global Capital Corp.
Consolidated Statements of Deficit
For the years ended December 31, 2009 and 2008

	2009	2008
(Deficit) Retained earnings – beginning of year	$ (1,247,874)	$ 4,130,988
Net loss for the year	(4,468,502)	(4,157,542)
Dividends paid (note 17)	(502,883)	(1,221,320)
Deficit – end of year	$ (6,219,259)	$ (1,247,874)

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

GC-Global Capital Corp.
Consolidated Statements of Income
For the years ended December 31, 2009 and 2008

Revenue	**2009**	**2008**
Structuring fees and bonuses (note 16)	$ 406,005	$ 1,182,368
Interest and dividend income (note 16)	894,661	1,467,825
Management fees	8,561	-
Accretion of convertible debentures (note 5)	42,850	-
Gain on sale of portfolio investments held-for-trading	136,410	1,755,405
Gain on sale of portfolio investments available for sale	231,467	26,912
Loss on sale of investment property (note 7)	(12,866)	-
Unrealized gain (loss) on derivative investments (notes 4 and 5)	507,052	(1,775,642)
	2,214,140	2,656,868
Expenses		
Management and consulting fees (note 16)	1,039,880	1,283,192
Bad debt expense	143,054	-
Filing and listing fees	43,150	44,742
Audit and legal fees	110,795	152,532
Interest	23,750	6,683
Office and general	69,448	66,603
Travel and promotion (note 16)	81,500	77,153
Rent	84,848	80,065
Property tax	47,493	-
Amortization	15,262	12,061
Permanent impairment write-down on portfolio investments available for sale (note 4)	690,521	3,174,499
Provision for loan losses (note 5)	1,506,118	1,001,676
Write-down of investment properties (note 7)	1,075,402	293,135
Discount on letter of credit	-	255,198
Share compensation expense (note 11)	373,782	-
Foreign exchange	731,939	380,587
Capital tax	-	93,276
	6,036,942	6,921,403
Loss before income taxes	(3,822,802)	(4,264,535)
Income taxes expense (recovery) (note 15)		
Future	645,700	(106,993)
Net loss for the year	$ (4,468,502)	$ (4,157,542)
Net loss per share – basic and diluted (note 13)	$ (0.22)	$ (0.20)
Weighted average number of shares outstanding – basic and diluted	20,006,545	20,334,281

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

GC-Global Capital Corp.
Consolidated Statements of Comprehensive Loss and Accumulated Other Comprehensive Income (Loss)
For the years ended December 31, 2009 and 2008

	2009	2008
Net loss for the year	$ (4,468,502)	$ (4,157,542)
Other comprehensive loss		
Unrealized gains (losses) on available for sale financial assets	48,596	(3,024,686)
Reclassification adjustment for unrealized losses recognized in net loss	140,161	-
Reclassification adjustment for permanent impairment recognized in net loss	323,307	3,174,499
Comprehensive loss for the year	$ (3,956,438)	$ (4,007,729)
Accumulated other comprehensive income (loss)		
Accumulated other comprehensive loss, beginning of year	$ (463,468)	$ (613,281)
Unrealized gains (losses) on available for sale financial assets	48,596	(3,024,686)
Reclassification adjustment for unrealized losses recognized in net loss	140,161	-
Reclassification adjustment for permanent impairment recognized in net loss	323,307	3,174,499
Accumulated other comprehensive income (loss), end of year	$ 48,596	$ (463,468)

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

GC-Global Capital Corp.
Consolidated Statements of Cash Flows
For the years ended December 31, 2009 and 2008

	2009	2008
Operating activities		
Net loss for the year	$ (4,468,502)	$ (4,157,542)
Items not affecting cash:		
Gain on sale of portfolio investments held-for-trading	(136,410)	(1,755,405)
Gain on sale of portfolio investments available for sale	(231,467)	(26,912)
Accretion of convertible debentures	(42,850)	-
Loss on sale of investment property	12,866	-
Unrealized loss (gain) on held-for-trading investments	(507,052)	1,775,642
Discount on letter of credit	-	255,198
Non cash structuring fees and bonuses received as shares	(339,575)	(411,600)
Amortization	15,262	12,061
Share compensation expense	373,782	-
Permanent impairment write-down on portfolio investments available for sale	690,521	3,174,499
Provision for loan losses	1,506,118	1,001,676
Write-down on investment properties	1,075,402	293,135
Future income taxes	645,700	(106,992)
	(1,406,205)	53,760
Net changes in non-cash working capital balances (note 14)	558,289	863,796
	(847,916)	917,556
Investing activities		
Issuance of notes receivable, bridge loans and convertible debentures	(3,370,000)	(5,926,383)
Proceeds from notes receivable, bridge loans and convertible debentures	2,284,783	6,945,019
Purchase of portfolio investments	(777,605)	(3,663,815)
Proceeds from sale of portfolio investments	2,039,229	3,433,471
Purchase of investment property	(259,186)	(331,087)
Proceeds from sale of investment property	318,222	-
Purchase of short-term investments	(300,370)	-
Additions to property and equipment	(6,158)	(37,354)
	(71,085)	419,851
Financing activities		
Purchase of treasury shares	(76,790)	(162,758)
Dividends paid	(502,883)	(1,221,320)
	(579,673)	(1,384,078)
(Decrease) in cash	(1,498,674)	(46,671)
Cash, beginning of year	3,387,855	3,434,526
Cash, end of year	$ 1,889,181	$ 3,387,855

Supplemental cash flow information (note 14)

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

1. Nature of Business

GC-Global Capital Corp. (the "Company") was incorporated under the Canadian Business Corporations Act and was formed via articles of amalgamation on December 31, 2005. The Company provides a range of merchant banking services to small and mid-size companies in North America in both the public and private markets. The Company provides bridge loan services (asset backed/collateralized financing) ranging from $300,000 to $3,000,000 to companies across many industries such as oil and gas, mining, real estate, manufacturing, retail, financial services, technology and biotechnology. The Company may also take an equity position in these emerging growth companies.

2. Changes in Accounting Policies

a) Recently adopted pronouncements

(i) Credit Risk and Fair Value

The Company has adopted Emerging Issues Committee Abstract EIC-173, Credit Risk and the Fair Value of Financial Assets and Liabilities ("EIC-173") which was issued by the Canadian Accounting Standards Board ("AcSB") on January 20, 2009. The abstract clarifies that the credit risk of a counterparty or an entity's own credit risk should be taken into account in the measurement, presentation and disclosure of the fair value of financial assets and financial liabilities, respectively. In instances where a quoted market price or rate does not take into account changes in an entity's own or counterparty's credit risk or where a valuation technique using observable and/or unobservable market inputs is used to estimate the fair value of a financial instrument which is not traded in an active market, credit risk and changes in credit risk are required to be taken into account in establishing the estimated fair value of the financial instrument. EIC 173 is required to be applied retrospectively without restatement of comparative periods. The Company has applied the requirements of EIC-173 and has determined that there is no impact to its opening retained earnings as at January 1, 2009. As at December 31, 2009, the impact of EIC-173 on the measurement and disclosure of the Company's financial instruments is not significant.

(ii) Financial Instruments: Classification and Measurement

On April 29, 2009, the AcSB amended the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, Financial Instruments – Recognition and Measurement. The amendment clarifies that, subsequent to the recognition of an impairment loss on a financial asset (other than a loan), interest income on the impaired financial asset is recognized using the interest rate used to determine the impairment loss. The amendment is effective for the Company's annual financial statements issued for the year ended December 31, 2009. On July 29, 2009, the AcSB further amended Section 3855 to expand the previous definition of loans and receivables to include debt securities not quoted in an active market which are not intended to be sold immediately or in the near term. The amendment includes specific guidance on the limited circumstances in which an optional reclassification between financial instrument classifications may be permitted. Section 3855 was also amended such that any other than temporary impairment which is identified for held-to-maturity investments is recognized in the income statement only in respect of credit losses rather than the entire change in fair value. Any other than temporary impairment losses on debt securities that are classified as available-for-sale continue to be adjusted through the income statement in their entirety. However, other than temporary impairment losses recorded on available-for-sale debt securities may be reversed through the income statement if the fair value subsequently recovers and the increase in value can be objectively attributed to an event occurring after the original impairment loss was recognized. The adoption of the above changes for its fiscal 2009 financial statements did not have a significant impact on the Company's financial position or net (loss) income.

2. Changes in Accounting Policies - continued

a) *Recently adopted pronouncements - continued*

(iii) Financial Instruments: Disclosure

The Company has adopted amendments to the CICA Handbook Section 3862, Financial Instrument - Disclosures (“Section 3862”) in its fiscal 2009 financial statements. The amendments require that all financial instruments measured at fair value be presented into one of the three hierarchy levels set forth below for disclosure purposes (note 6). Each level is based on the transparency of the inputs used to measure the fair value of assets and liabilities.

- Level 1: Inputs are unadjusted quoted prices of identical instruments in active markets.
- Level 2: Valuation models which utilize predominately observable market inputs.
- Level 3: Valuation models which utilize predominately non-observable market inputs.

The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The amendments to Section 3862 also require additional disclosure relating to the liquidity risk associated with financial instruments (note 18). The amendments improve disclosure of financial instruments specifically as it relates to fair value measurements and liquidity risk. The adoption of the amendments did not impact the Company’s financial position or results of operations but did result in additional financial statement disclosure.

(iv) Goodwill and Intangible Assets

On January 1, 2009, the Company adopted CICA Handbook Section 3064, Goodwill and Intangible Assets (“Section 3064”) which is effective for fiscal years beginning on or after October 1, 2008. Section 3064 replaced CICA Handbook Section 3062, Goodwill and Other Intangible Assets and CICA Handbook Section 3450, Research and Development Costs. Section 3064 establishes requirements for the recognition, measurement, presentation and disclosure of goodwill and intangible assets and other CICA guidance within the CICA Handbook has been updated to ensure consistency with Section 3064. The adoption of the new standard and other related changes to the CICA Handbook did not have a significant impact on the Company’s financial position or net (loss) income.

b) Future accounting pronouncements

(i) International Financial Reporting Standards

In February 2008, the AcSB confirmed that International Financial Reporting Standards (“IFRS”) will replace Canadian generally accepted accounting principles in 2011 for Canadian publicly-listed companies. The Company will be required to report its results in accordance with IFRS beginning in 2011. The adoption of IFRS on January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. Details of the Company’s transition plan are disclosed in its Management Discussion and Analysis for the year ended December 31, 2009.

(ii) CICA Handbook Sections 1582, Business Combinations; 1601, Consolidated Financial Statements and 1602, Non-Controlling Interests

In January 2008, the CICA issued Handbook Sections 1582, Business Combinations; 1601, Consolidated Financial Statements and 1602, Non-Controlling Interests. These sections replace the former CICA Handbook Section 1581, Business Combinations and CICA 1600, Consolidated Financial Statements and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA 1582 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. CICA 1601 and CICA 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011. The Company does not expect these standards will have an impact on the Company’s consolidated financial statements.

3. Summary of Significant Accounting Policies

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant for the Company.

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company, its 50% controlled subsidiary GC-Global Capital General Partner Inc., and its wholly-owned subsidiary, Foothills Developments Inc. ("Foothills"). In turn, Foothills' accounts include the accounts of its wholly-owned subsidiaries, Newborn Realty Corporation ("Newborn") and Laurel Development Corporation ("Laurel"). Newborn's accounts include the accounts of its wholly-owned subsidiary, Newborn Ranch, LLC ("Newborn Ranch"). All significant intercompany transactions and balances have been eliminated.

Use of Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. Financial statement items subject to significant management judgment include revenue recognition; loan losses; the valuation of accounts receivable, loans and notes receivable, debentures and investment properties; the valuation of portfolio investments; the fair value of non-cash fees received; the valuation of share compensation expense and warrants; and, future income tax assets. While management believes that the estimates and assumptions are reasonable, actual results may differ.

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash on hand, balances with banks and highly liquid temporary money market instruments with original maturity dates of three months or less.

Loans

Loans are stated net of an allowance for credit losses on impaired loans.

The Company follows the requirements of CICA Handbook Section 3025, *Impaired Loans,* and classifies loans as impaired when the principal is past due, interest is 90 days in arrears, the liquidity of the borrower has declined significantly and there is no longer reasonable assurance of the timely collection of principal and interest. A provision for losses incurred on impaired loans is made to reduce the carrying amount to the estimated realizable amount.

Non-recourse Syndication of Loans

At times the Company may enter into syndication agreements whereby investors take part in its bridge loan financings. Loans are recorded in loans receivable on a net presentation basis. Interest earned by investors is netted against interest income.

Investment Properties

Investment properties are recorded at cost. The Company currently owns five investment properties which are stated at the lower of cost and the net recoverable amount. The carrying values of the properties are reviewed on a regular basis. When the net carrying amount of a property exceeds its net recoverable amount, an impairment loss is charged to income.

3. Summary of Significant Accounting Policies - continued

Revenue Recognition

Interest income is recorded on an accrual basis except on loans classified as impaired. When a loan is classified as impaired, interest income is recognized on a cash basis only, after specific provisions or write-offs have been recovered and provided there is no further doubt about the collectability of remaining principal balances. Loan syndication fees are included in income as earned over the life of the loan. Loan commitment, origination, structuring fees and bonuses are recorded as income over the life of the loan. Interest and fees collected in advance are recorded as deferred revenue and recognized in income as set out above.

Trading revenue and sale of investments are recognized on a settlement basis.

Property and Equipment

Property and equipment are stated at cost less accumulated amortization, and are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	30%	declining balance
Furniture & equipment	30%	declining balance
Leasehold improvements	30%	declining balance

Customer Advances and Deferred Revenue

Customer advances and deferred revenue comprise prepaid interest on loans and unearned structuring fees and bonuses. These amounts are recognized as income on a straight-line basis over the term of the related loan.

Foreign Currency Translation

Monetary assets and liabilities denominated in currencies other than Canadian dollars are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Revenues and expenses are translated at the transaction exchange rate. Foreign currency gains and losses resulting from translation are reflected in net income of the period.

Assets and liabilities of integrated foreign subsidiary operations are translated into Canadian dollars at exchange rates prevailing at the transaction date for non-monetary items and at the rate in effect at the balance sheet date for monetary items. Revenues and expenses are converted at the average exchange rate for the year. Gains or losses on translation are reflected in net income of the period.

Future Income Taxes

The Company uses the liability method of tax allocation in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, unused tax losses and income tax reductions, and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. The amount of any tax assets recognized is limited to the amount that is more likely than not to be realized.

Stock-Based Compensation Plan

The Company has a stock option plan for its directors, officers and key employees as described in Note 11. The fair value of all stock options granted is recorded as a charge to operations and a credit to contributed surplus over the period the stock options vest. It has been the Company's policy for options to vest upon issuance. Consideration received on exercise of stock options is credited to share capital, and at this time, the corresponding value attributed to the exercised options is transferred to share capital.

3. Summary of Significant Accounting Policies - continued

Financial Instruments

Under CICA Handbook Section 3855, financial assets must be classified into one of four categories: held-for-trading, held-to-maturity, loans and receivables and available for sale; financial liabilities must be classified into one of two categories: held-for-trading and other financial liabilities. All derivative instruments, including those that are embedded in, but not closely related to, another contract must be classified as held-for-trading with changes in their fair value reported in net income for the period. All financial instruments, including derivatives, are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost, using the effective interest method where applicable. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available for sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net income.

Cash and short-term investments are designated as held-for-trading. Accounts receivable, interest and dividends receivable, letters of credit, bridge loans and notes receivable are designated as loans and receivables which are measured at amortized cost, subject to impairment reviews. Accounts payable and accrued liabilities and note payable are designated as other financial liabilities which are measured at amortized cost. Portfolio investments in publicly traded companies have been designated as available for sale and are recorded in the consolidated balance sheets at fair value. Fair value is determined directly by reference to quoted market prices in active markets. Portfolio investments in private companies have been designated as available for sale and as quoted market prices in an active market do not exist; these investments are measured at cost, absent evidence of impairment.

The Company has classified its convertible debentures, issued from Bison Gold Resources Inc. and MBMI Inc., as loans and receivables and accordingly these are valued at amortized cost. The conversion feature of these convertible debentures is an embedded derivative, which is classified as held-for-trading and as a result is recorded at fair value. The Company's convertible debenture, issued form a private company, contains an embedded derivative which cannot be separated from its host contract. In this case it is required that the convertible debenture, issued from a private company, be classified as held-tor-trading and accordingly recorded at fair value.

The Company's derivative investments comprise warrants, which are included in portfolio investments, and the convertible portion of convertible debentures which must be classified as held-for-trading. The Company uses short-term forward contracts to hedge some of its capital invested in its United States based currency transactions. These forward contracts are also designated as held-for-trading.

Earnings per Share

Basic earnings per share are calculated using the weighted average number of common shares outstanding during the year. The Company follows CICA Handbook section 3500, *Earnings per Share*, which directs that the treasury stock method be used to calculate diluted earnings per share. Diluted earnings per share considers the dilutive impact of the exercise of outstanding stock options, warrants, conversion of preferred shares and the convertible debenture, as if the events had occurred at the beginning of the period or at a time of issuance, if later.

Non-monetary Transactions

The Company follows CICA Handbook Section 3831, *Non-monetary Transactions*. This standard requires all non-monetary transactions to be measured at fair value unless they meet one of four very specific criteria. Commercial substance is the test for fair value measurement. A transaction has commercial substance if it causes an identifiable and measurable change in the economic circumstances of the entity. Commercial substance is a function of the cash flows expected by the reporting entity.

4. Short-term and Portfolio Investments

	2009 Carrying Value	2009 Fair Value	2008 Carrying Value	2008 Fair Value
Short-term investments (a)	$ 300,370	$ 300,370	$ -	$ -
Portfolio investments in publicly traded companies – available for sale (b)(d)	$ 749,179	$ 749,179	$ 990,451	$ 990,451
Portfolio investments in private companies – available for sale (b)(d)	1,353,370	1,353,370	1,661,745	1,661,745
Portfolio investments in share purchase warrants of a publicly traded company – held for trading (c)	35,658	35,658	31,178	31,178
Foreign currency forward contracts	(20,675)	(20,675)	-	-
Portfolio investments	$ 2,117,532	$ 2,117,532	$ 2,683,374	$ 2,638,374

(a) The Company has outstanding $300,370 (2008 - $Nil) in short-term investments with its financial institution. These investments are held as security on its outstanding foreign exchange contracts.

(b) Portfolio investments represent shares in publicly traded companies and partnerships and private companies. For publicly traded companies and partnerships, fair value represents the quoted trading price of the shares held at December 31, 2009 and 2008. Private companies are measured at cost, absent evidence of impairment.

(c) Included in portfolio investments is the fair value of the Company's investments in share purchase warrants of other corporations. Where the value of these warrants is not publicly quoted in active markets, the Company employs the Black-Scholes pricing model to determine fair value, with volatility and risk free rates taken directly from the most recent audited financial statements of the corresponding companies. As these warrants are derivative instruments, the change in their fair value resulted in an increase in net income, due to an increase in their fair value, at December 31, 2009 of $4,481 (2008 – a decrease of $37,178).

(d) The Company uses the following criteria to determine if there is objective evidence that a permanent impairment has occurred:

i) The length of time that the investment has been impaired;
ii) Market price of the investment at the date of the period end assessment;
iii) Financial condition and near-term prospects of the investment company;
iv) The ability of the Company to retain the investment for a period of time sufficient for a recovery in market value.

For the year ended December 31, 2009 the Company recorded an impairment loss of $690,521 (2008 - $3,174,499) with respect to its portfolio investments. Included in the impairment loss is a write-down of $367,214 (2008 - $Nil) related to one of the Company's private company investments.

5. Notes Receivable, Bridge Loans, Letters of Credit and Convertible Debentures

a) Notes, receivable, bridge loans, letters of credit, convertible debentures and allowance for loan losses

			December 31, 2009		
	Due Date	**Interest Rate**	**Gross Amount**	**Specific Allowance**	**Net Amount**
Notes Receivable					
Private company	12/31/2013	7%	$ 1,313,750	$ (263,750)	$ 1,050,000
Individual (US$500,000) (note 16a)	12/31/2008	Nil	525,500	(525,500)	-
			1,839,250	(789,250)	1,050,000
Bridge Loans					
Cantronic Systems Inc.	5/13/2010	12%	800,000	-	800,000
Iseemedia Inc.	6/22/2010	12%	700,000	-	700,000
Knightscove Media Corp.	12/15/2009	12%	231,146	-	231,146
MBMI Resources Inc.	7/31/2011	10%	500,000	-	500,000
Private company (US$1,098,161)	7/31/2009	10%	1,154,167	-	1,154,167
Private company	4/30/2008	12%	250,000	(177,635)	72,365
Private company	4/30/2010	12%	1,030,000	-	1,030,000
Private company	4/30/2010	12%	248,414	-	248,414
Private company	5/10/2010	12%	440,000	-	440,000
Individual	8/15/2010	12%	155,000	-	155,000
			5,508,727	(177,635)	5,331,092
Letters of Credit/Property Discount					
Private company	12/31/2011	Nil	1,313,750	(263,750)	1,050,000
Private company (US$500,000)	12/31/2011	Nil	525,500	-	525,500
			1,839,250	(263,750)	1,575,500
Total			$ 9,187,227	$ (1,230,635)	$ 7,956,592

Convertible Debentures (ii)					
Bison Gold Resources Inc.	12/31/2010	12%	$ 411,709	$ -	$ 411,709
MBMI Resources Inc.	7/31/2011	10%	897,257	-	897,257
Private company	4/1/2010	12%	375,000	-	375,000
			$ 1,683,966	$ -	$ 1,683,966

5. Notes Receivable, Bridge Loans, Letters of Credit and Convertible Debentures – continued

a) Notes, receivable, bridge loans, letters of credit, convertible debentures and allowance for loan losses - continued

			December 31, 2008		
	Due Date	**Interest Rate**	**Gross Amount**	**Specific Allowance**	**Net Amount**
Notes Receivable (i)					
Individual (US$500,000)	12/31/2008	Nil	$ 609,000	$ -	$ 609,000
Private company (US$1,250,000)	12/31/2013	7%	1,522,500	-	1,522,500
			2,131,500	-	2,131,500
Bridge Loans					
Global Development Resources, Inc. (US$857,333)	1/31/2009	15%	1,044,232	-	1,044,232
Global Development Resources, Inc. (US$350,000)	1/31/2009	12%	426,300	-	426,300
Knightscove Media Corp.	8/15/2008	12%	337,704	-	337,704
Private company	2/28/2009	24%	130,977	-	130,977
Private company (US$209,498)	On demand	12%	255,169	-	255,169
Private company (US$1,580,000)	7/31/2009	10%	1,924,440	-	1,924,440
Private company	4/30/2008	12%	250,000	(177,635)	72,365
Individual	12/15/2008	12%	430,000	(200,000)	230,000
Private company	6/30/2009	12%	1,000,000	-	1,000,000
Private company	6/30/2009	12%	641,179	-	641,179
			6,440,000	(377,635)	6,062,365
Letters of Credit/Property Discount					
Private company (US$1,250,000)	12/31/2011	Nil	1,267,302	-	1,267,302
Private company (US$500,000)	12/31/2011	Nil	609,000	-	609,000
			1,876,302	-	1,876,302
Total			$ 10,447,802	$ (377,635)	$ 10,070,167
Convertible Debentures (ii)					
Bison Gold Resources Inc.	6/30/2009	12%	$ 325,000	$ -	$ 325,000
Private company	12/26/2009	12%	750,000	-	750,000
			$ 1,075,000	$ -	$ 1,075,000

5. Notes Receivable, Bridge Loans, Letters of Credit and Convertible Debentures – continued

a) Notes, receivable, bridge loans, letters of credit, convertible debentures and allowance for loan losses - continued

The fair values of notes receivable and bridge loans are estimated to be approximately equivalent to carrying value due to the market interest rates being charged. Shares, real estate, personal and corporate guarantees generally have been pledged as security for the notes receivable, bridge loans and convertible debentures.

i) As the non-interest bearing note receivable was due on demand, no discount rate had been applied.

ii) The Company received a convertible debenture in MBMI Resources Inc. in July, 2009 in the amount of $500,000. Using the Black-Scholes pricing model with an expected remaining life of 2 years, a risk-free interest rate of 1.41% and a volatility of 126%, the $500,000 was allocated $57,700 to the debenture and $442,300 to the conversion feature. At December 31, 2009 the Company determined that the fair market value of the conversion feature was $806,777. The fair market value was estimated using an expected remaining life of 1.58 years, a risk-free interest rate of 1.41% and a volatility of 147%. In the year ended December 31, 2009 the Company recorded as accretion income $32,780 with respect to this debenture.

The Company issued a convertible debenture in Bison Gold Resources Inc. in September, 2009 in the amount of $250,000. Using the Black-Scholes pricing model with an expected remaining life of 1.25 years, a risk-free interest rate of 1.25% and a volatility of 124%, the $250,000 was allocated $206,736 to the debenture and $43,264 to the conversion feature. At December 31, 2009 the Company determined that the fair market value of the conversion feature was $194,903. The fair market value was estimated using an expected remaining life of 1 year, a risk-free interest rate of 1.47% and a volatility of 124%. In the year ended December 31, 2009 the Company recorded as accretion income $10,070 with respect to this debenture.

As the conversion features of the convertible debentures are derivate instruments, the change in their fair value resulted in an increase in net income, due to an increase in their fair value, for the year ended December 31, 2009, of $441,116 (2008 – decrease of $1,738,464). Included in the value of convertible debentures is $1,001,680 (2008- $75,000) which is the fair value of the conversion feature at year end.

b) Past due loans and notes receivable that are not impaired

Loans are considered past due when the loan is outstanding past the scheduled maturity date. This may arise in the normal course of business as a result of various factors including refinancing delays. These loans are not considered impaired because they are either less than 90 days past the maturity date or are fully secured with a reasonable assurance of collection of principal and interest outstanding.

	Number of Loans	**December 31, 2009**	**Number of Loans**	**December 31, 2008**
Days outstanding past maturity date				
1-30 days	1	$ 231,146	-	$ -
31-60 days	-	-	-	-
61-90 days	-	-	-	-
Greater than 90 days	1	1,154,167	1	337,704
	2	$ 1,385,313	1	$ 337,704

5. Notes Receivable, Bridge Loans, Letters of Credit and Convertible Debentures – continued

c) Loans renewed or renegotiated during the period

In certain instances the Company may choose to renegotiate or renew loans instead of enforcing its security on loans which have not been repaid. Loans whose terms have been renegotiated are no longer considered to be past due but are considered to be in good standing and are therefore accounted for as performing loans. If a substantial modification (based on present value of future cash flows test) is made to a loan on renewal, the Company records any difference between the present value of future cash flows arising from the contractual compared to market rate of interest in net income (loss) immediately. When renewing loan terms, the Company may include changes in maturity dates, additional structuring fees and/or bonuses, interest terms and changes in collateral.

During the year ended December 31, 2009, loans with an outstanding principal of $5,908,992 (2008 – $8,596,218) were renegotiated or renewed. None of the loans were assessed by management as requiring a specific loan loss provision as at December 31, 2009 based on a comparison of collateral value and/or expected future cash flows with the outstanding carrying value of the loans.

d) Loans settled for non-cash assets

In the first quarter of 2009, the Company received three properties as part of a settlement on two of its bridge loans. The loans had principal and interest outstanding of US$1,269,110 at the time of settlement. The properties were located in Asheville, North Carolina, White Plains, Georgia and Maysville, Kentucky.

e) Impaired loans and allowances for loan losses

The Company's impaired loans and specific allowances are as follows:

	December 31, 2009		**December 31, 2008**	
	Number of Loans	**Face Value**	**Number of Loans**	**Face Value**
Impaired loans with specific allowances	4	$ 3,403,000	2	$ 680,000
Specific allowances		(1,230,635)		(377,635)
		2,172,365		302,365
Impaired loans without specific allowances	-	-	-	-
Total impaired loans, net of specific allowances	4	$ 2,172,365	2	$ 303,365

At December 31, 2009, the total estimated fair value of the collateral of impaired loans with specific allowances is $2,172,365 and for impaired without specific allowances is $Nil. Management estimates the fair value of the collateral taking into account a number of factors including the market value of securities held, real estate appraisals and management's knowledge of the collateral, credit, financial and real estate markets. In assessing the adequacy of the specific loan loss provision, management takes into account likely realizable values, legal costs and incorporates a time value and credit risk component into estimated future cash flows.

5. Notes Receivable, Bridge Loans, Letters of Credit and Convertible Debentures – continued

e) Impaired loans and allowances for loan losses - continued

The Company has recorded specific allowances for loan losses as follows:

	December 31, 2009	December 31, 2008
Balance – beginning of year	$ 377,635	$ -
Provision for loan losses	1,506,118	1,001,676
Recoveries	-	-
Direct write-offs	(653,118)	(624,041)
Balance – end of year	$ 1,230,635	$ 377,635

As at December 31, 2009 the Company performed a comprehensive review of its loan portfolio for the purposes of determining any specific allowances for each loan.

6. Financial Instruments Hierarchy

The following table presents the Company's financial instruments, measured at fair value on the consolidated balance sheet as at December 31, 2009, categorized into levels of the fair value hierarchy in accordance with Section 3862 of the CICA Handbook and as described in note 2:

	Level 1 Quoted Market Price	Level 2 Observable Market Inputs	Level 3 Non-Observable Market Inputs
Cash and short-term investments	$ 2,189,551	$ -	$ -
Portfolio investments	$ 749,179	$ 14,983	$ -
Conversion feature of convertible debentures	$ -	$ 1,001,680	$ -
Convertible debenture – private company	$ -	$ -	$ 375,000

There were no significant transfers between levels during the year ended December 31, 2009.

7. Investment Properties

The Company owns investment properties which are recorded at cost.

	December 31 2009	December 31 2008
Wellington, Florida	$ -	$ 331,088
Asheville, North Carolina	662,130	-
Canyon Ridge, New Mexico (note 9)	541,791	-
White Plains, Georgia (2 properties)	115,610	300,000
Maysville, Kentucky	105,100	-
	$ 1,424,631	$ 631,088

In the first quarter of 2009, the Company received three properties as part of a settlement on two of its bridge loans to a company with common directors and officers (see note 16). The loans had principal and interest outstanding of US$1,269,116 at the time of settlement. The properties are located in Asheville, North Carolina, White Plains, Georgia and Maysville, Kentucky. For the year ended December 31, 2009 the Company recorded an impairment loss of $1,075,402 (2008 - $293,135) with respect to its investment properties.

8. Property and Equipment

	Cost	Accumulated Amortization	2009 Net Book Value
Computer equipment	$ 31,809	$ 25,222	$ 6,587
Leasehold improvements	33,836	12,954	20,882
Furniture	21,121	10,721	10,400
Equipment	14,006	10,283	3,723
	$ 100,772	$ 59,180	$ 41,592

	Cost	Accumulated Amortization	2008 Net Book Value
Computer equipment	$ 29,944	$ 22,999	$ 6,945
Leasehold improvements	31,684	4,004	27,680
Furniture	18,980	8,228	10,752
Equipment	14,006	8,687	5,319
	$ 94,614	$ 43,918	$ 50,696

9. Note Payable

At December 31, 2009 the outstanding principal on the note payable was US$294,761 (December 31, 2008 - $Nil). The note bears interest at 7% compounded annually and is secured by the Canyon Ridge property in New Mexico. Interest and principal are due March 13, 2011. The accrued interest at December 31, 2009 was US$16,851.

10. Share Capital

a) Authorized:
Unlimited multiple voting shares ("MVS")
Unlimited subordinate voting shares ("SVS")
Unlimited preferred shares

b) Shares issued and outstanding

	2009	2008
Issued and outstanding:		
1,053,572 (2008 - 1,053,572) multiple voting shares	$ 1,921,076	$ 1,921,076
18,936,860 (2008 - 19,109,260) subordinate voting shares	16,057,160	16,203,344
	$ 17,978,236	$ 18,124,420

	2009 Number of Shares	2009 Amount	2008 Number of Shares	2008 Amount
Multiple voting shares				
Opening balance	1,053,572	$ 1,921,076	1,054,937	$ 1,923,565
Convert MVS to SVS	-	-	(1,365)	(2,489)
	1,053,572	$ 1,921,076	1,053,572	$ 1,921,076
Subordinate voting shares				
Opening balance	19,109,260	$ 16,203,344	19,351,895	$ 16,407,733
Convert MVS to SVS	-	-	1,365	2,489
Shares cancelled	(172,400)	(146,184)	(244,000)	(206,878)
	18,936,860	$ 16,057,160	19,109,260	$ 16,203,344

During 2009, the Company completed treasury purchases for cancellation under a normal course issuer bid of 172,400 (2008 - 244,000) subordinate voting shares with a stated capital of $146,184 (2008 - $206,878) for $76,791 (2008 - $162,757) resulting in an increase in contributed surplus of $69,393 (2008 - $44,121).

	Number of warrants	Exercise price per warrant	Expiry dates
Subordinate voting share warrants			
Opening balance, January 1, 2008	2,739,130		
Expiration of warrants issued	(2,739,130)		
Closing balance, December 31, 2008 and 2009	-		

10. Share Capital - continued

c) Stock options outstanding

	Number of options		Weighted Average exercise price per share	Expiry dates
Subordinate voting share options				
Opening balance, January 1, 2008	1,130,000	$	0.90	May 5, 2009 to September 11, 2012
Closing balance, December 31, 2008	1,130,000		0.90	
Granted in 2009 (i)	1,370,000		0.50	August 28, 2014
Exercised in 2009	-			
Expired in 2009	(990,000)		0.87	May 5, 2009 to November 24, 2009
Closing Balance, December 31, 2009	1,510,000	$	0.56	February 7, 2011 to August 28, 2014

(i) On August 28, 2009 the Company granted Directors, Officers and Employees incentive stock options to purchase 1,370,000 subordinate voting shares of the Company at an exercise price of $0.50 expiring August 28, 2014 and vesting immediately.

11. Stock-Based Compensation Plan

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

The Plan is for the benefit of the employees, officers and directors and certain consultants of the Company and its subsidiaries. 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 period during which an option is exercisable shall not exceed five years from the date 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, 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.

11. Stock-Based Compensation Plan - continued

As at December 31, 2009, the Company had outstanding and exercisable 1,510,000 stock options. These include 20,000 options with an exercise price of $0.87 expiring February 7, 2011, 120,000 options with an exercise price of $1.15 expiring September 11, 2012 and an additional 1,370,000 options with an exercise price or $0.50 expiring August 28, 2014.

The fair value of the 1,370,000 options granted in 2009 has been estimated using the Black-Scholes option pricing model, resulting in a fair value of $373,782. Assumptions used in the pricing model is a risk-free rate of 3%, expected life of options of 5 years and an expected stock price volatility of 72%.

12. Contributed Surplus

Balance January 1, 2008	$	2,493,847
Cancellation of shares under normal course issuers bid (note 10b)		44,121
Fair value of warrants expiring during the year (note 10b)		744,883
Balance December 31, 2008		3,282,851
Cancellation of shares under normal course issuers bid (note 10b)		69,393
Fair value of options issued (note 11)		373,782
Balance December 31, 2009	$	3,726,026

13. Net Loss per Share

Net loss per share has been calculated using the weighted average number of multiple and subordinate voting shares outstanding during the year. 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. As a result of net loss for the years ended December 31, 2009 and 2008, the potential effect of the exercise of stock options and warrants was anti dilutive.

14. Supplementary Cash Flow Information

		2009		2008
Net change in non-cash working capital balances				
Accounts receivable and sundry assets	$	277,306	$	1,054,534
Prepaid expenses		(1,010)		(6,541)
Interest and dividends receivable		249,126		(106,128)
Accounts payable and accrued liabilities		32,867		220,329
Customer advances and deferred revenue		-		(298,398)
	$	558,289	$	863,796

14. Supplementary Cash Flow Information - continued

		2009		2008
Interest received	$	1,143,787	$	1,361,696
Interest paid	$	6,040	$	6,683
Income taxes paid	$	-	$	93,278
<u>Non-cash Transactions:</u>				
Portfolio investments				
Structuring fees and bonuses received as shares	$	339,575	$	411,600
Notes receivable				
Discount on letter of credit	$	-	$	255,198
Investment property				
Loan repayments received as investment property	$	1,269,116	$	-

15. Income Taxes

a) The following table reconciles the expected income tax recovery (provision) at the Canadian federal and provincial statutory rate of 33% (2008 – 33.5%) to the amounts recognized in the statements of income:

		2009		2008
Loss before recovery of income taxes	$	(3,822,802)	$	(4,264,535)
Basic tax amount at 33% (2008 - 33.5%)		(1,250,800)		(1,428,600)
Permanent differences		160,500		233,200
Tax rate changes and other adjustments		190,000		491,707
Effects of changes in temporary differences not recognized		152,100		271,200
Increase in valuation allowance		1,393,900		325,500
Income tax provision (recovery)	$	645,700	$	(106,993)
Current income tax provision (recovery)	$	-	$	-
Future income tax provision (recovery)		645,700		(106,993)
	$	645,700	$	(106,993)

15. Income Taxes - continued

b) The significant components of the future income tax assets as at December 31, 2009 are as follows:

	2009	2008
Loss carry forwards – Canada	$ 896,300	$ 1,013,200
Loss carry forwards – U.S.	737,400	523,300
Capital losses - Canada	2,896,000	3,154,300
Bridge loans, notes receivable, convertible debentures and portfolio investments	1,668,800	963,900
Investment property, equipment and other	436,900	232,500
	6,635,400	5,887,200
Less: allocated against future income tax liabilities	-	-
Less: valuation allowance	(6,035,400)	(4,641,500)
Future tax asset	$ 600,000	$ 1,245,700

c) The Company has Canadian non-capital losses carried-forward for income tax purposes in the amount of $3,128,000 which may be applied against future years' taxable income. These losses may be used to reduce future years' taxable income and expire approximately as follows:

2010	$ 1,427,000
2014	502,000
2025	209,000
2028	589,000
2029	401,000
	$ 3,128,000

16. Related Party Transactions

The Company often receives the right to nominate a member to the Board of Directors of companies to which it provides a bridge loan. The nominees may be an employee, officer or director of the Company, and accordingly, the borrower may become related to the Company.

a) Notes receivable, bridge loans and convertible debentures include balances due from companies having a current director or officer in common with the Company, with a carrying value of $642,855 (2008 - $4,312,844). Notes receivable, bridge loans and convertible debentures include a note to a director of the Company for $Nil (2008 – US$500,000). This note was fully allowed for in fiscal 2009.

b) The Company received three properties with a total cost of US$1,269,116 as part of a settlement on two of its bridge loans with principal and interest outstanding of US$1,269,116, to a company with common directors and officers.

c) Portfolio investments include $418,858 (December 31, 2008 - $475,797) of shares of companies and partnerships having a current director or officer in common with the Company.

d) Accounts receivable includes balances due from companies having a current director or officer in common with the Company in the amount of $269,990 (2008 - $402,356). These amounts are subject to normal creditor terms.

e) Interest and dividend income includes interest earned on loans to entities with current directors and officers in common with the Company in the amount of $113,260 (2008 - $293,789). Interest receivable includes interest earned on loans to entities with directors and officers in common with the Company, in the amount of $18,834 (2008 - $319,236).

f) Structuring fees revenue includes $77,114 (2008 - $834,322) earned from companies with current and former directors and officers in common with the Company.

g) Management and consulting fees and travel and promotion expenses include $416,549 (2008 - $387,237) paid to companies controlled by current directors and officers of the Company. Management and consulting fees and travel and promotion expenses include $Nil (2008 - $41,667) paid to companies controlled by a former director of the Company.

h) The Company is the parent company of the general partner of GC-Global Capital Lending Partners Limited Partnership (the “Partnership”). The general partner is entitled to a management fee equal to 2% per annum of the net asset value of the Partnership portfolio. In fiscal 2009 the Company earned management fees from the Partnership of $8,561 (2008 - $Nil).

Related party transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

17. Dividends Paid

On April 30, 2009, the Company declared a cash dividend of $502,883 or $0.025 per share payable to shareholders of the Company’s subordinate voting and multiple voting shares. The dividend was paid on June 15, 2009, to shareholders on record on May 15, 2009.

On April 22, 2008, the Company declared a cash dividend of $1,221,320 or $0.06 per share payable to shareholders of the Company’s subordinate voting and multiple voting shares. The dividend was paid on May 30, 2008, to shareholders on record on April 30, 2008.

18. Sensitivity Analysis

The Company's portfolio investments, classified as available for sale, consist mainly of equity investments in publicly-listed entities that are listed on the TSX Venture Exchange. Changes in the fair value of investments, other than permanent impairments of these investments, are reported in other comprehensive income. Over the last five years, the S&P/TSX Venture Composite Index ("TSXV Index") had the following year over year changes:

Date	Index Value	Year Over Year % Change
January 4, 2005	1,787.62	-
December 31, 2005	2,236.55	25.1%
December 31, 2006	2,987.08	33.6%
December 31, 2007	2,839.66	(4.9%)
December 31, 2008	797.02	(71.9%)
December 31, 2009	1,520.72	90.8%
Five year average	-	(14.9%)

The following table depicts the effect on comprehensive income of various changes in the market value of these investments.

Change in Market Value of Portfolio Investments	Reason based on the TSXV Index		Value of Portfolio Investments		Effect on Comprehensive Income
Increase of 25 %	2005 increase	$	2,646,915	$	529,383
Increase of 35 %	2006 increase		2,858,668		741,136
Decrease of 15 %	Five year average		1,799,902		(317,630)
Decrease of 55 %	2009 over TSXV Index low from Dec 2008 of 684.31		952,889		(1,164,643)

The Company's convertible debentures consist mainly of financial investments in publicly-listed entities that are listed on the TSX Venture Exchange. The following table depicts the effect on net income of various changes in the market value of these investments.

Change in Market Value of Convertible Debentures	Reason based on the TSXV Index		Value of Convertible Debentures		Effect on Net Income
Increase of 25 %	2005 increase	$	1,998,791	$	314,826
Increase of 35 %	2006 increase		2,029,149		442,898
Decrease of 15 %	Five year average		1,883,345		(184,088)
Decrease of 55 %	2009 over TSXV Index low from Dec 2008 of 684.31		1,039,017		(644,948)

18. Sensitivity Analysis - continued

The Company's notes receivable, bridge loans and convertible debentures all carry a fixed interest rate. Bank of Canada interest rate changes historically have not had an effect on the interest rates charged by the Company on its notes receivable, bridge loans or convertible debentures and the Company does not anticipate any sensitivity due to interest rate changes in the future.

Notes receivable and bridge loans denominated in US dollars amounts to $3,598,161 as at December 31, 2009 (December 31, 2008 - $6,287,309). Over the last five years, the US/Canadian Dollar had the following year over year changes:

Date	Exchange Rate US to Canadian	Year Over Year % Change
December 31, 2004	1.2020	-
December 31, 2005	1.1630	(3.2%)
December 31, 2006	1.1654	0.2%
December 31, 2007	0.9913	(14.9%)
December 31, 2008	1.2180	22.9%
December 31, 2009	1.0510	(13.7%)
Five year average	-	(12.6%)

The following table depicts the effect on net income of various changes in exchange rates.

Change in Exchange Rate		Change in Value of US$ Denominated Loans		Effect on Interest Income		Effect on Net Income
Increase of 5 %	$	179,908	$	10,369	$	190,277
Increase of 10 %		359,816		20,738		380,554
Decrease of 5 %		(179,908)		(10,369)		(190,277)
Decrease of 15 %		(539,724)		(31,107)		(570,831)

19. Risk 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, and to maintain an appropriate risk/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.

Capital Management

The Company considers the items included in shareholders' equity as capital. The Company's capital management objectives are to maintain a strong and efficient capital structure to provide liquidity to support continued asset growth. A strong capital position also provides flexibility in considering accretive growth opportunities. It is the intention of the Company to pay out a portion of its future annual earnings to shareholders in the form of dividends.

19. Risk Management - continued

Financial Instruments

Effective January 1, 2008, the Company adopted the CICA Handbook Section 3862, “Financial Instruments – Disclosures”. As permitted by the standard, the disclosures required under this section can be found in the Company’s MD&A section “risks and uncertainties”. The following table provides a cross referencing of those disclosures from the MD&A.

<table>
<tr><th>Description</th><th>Section</th></tr>
<tr><td rowspan="5">For each type of risk arising from financial instruments, an entity shall disclose: the exposure to risk and how they arise; objectives, policies and processes used for managing the risks; methods used to measure the risk; and description of collateral</td><td>Risk management</td></tr>
<tr><td>Credit risk management</td></tr>
<tr><td>Market risk</td></tr>
<tr><td>Liquidity risk</td></tr>
<tr><td>Currency risk</td></tr>
<tr><td>Credit risk- gross exposure to credit risk, credit quality and concentration of exposures</td><td>Credit risk management</td></tr>
<tr><td>Market risk- value-at-risk, interest rate risk, price risk and equity risk</td><td>Market risk</td></tr>
<tr><td>Liquidity risk- liquid assets, maturity of financial liabilities and credit and liquidity commitments</td><td>Liquidity risk</td></tr>
<tr><td>Currency risk- exchange rate risk</td><td>Currency risk</td></tr>
</table>

20. Commitments

The Company has entered into an operating lease for office premises expiring in 2013. Minimum annual lease payments, exclusive of taxes and other operating costs, for each the next four years are approximately:

2010	$	47,365
2011	$	49,501
2012	$	51,638
2013	$	26,353

21. Contingencies

a) In March 2004, the Company and a director were named in an action of which the plaintiff has claimed $130,000, or in the alternative, the return of shares. The Company and the Director have defended and counterclaimed rescission of the agreement by which the Company agreed to purchase shares from the plaintiff. Affidavits of Documents have yet to be exchanged and the plaintiff has taken no steps to move the action forward. Management is of the opinion that this claim is without merit. Accordingly, no provision has been made for this claim in the accompanying consolidated financial statements.

The outcome of these claims are not determinable at the time of issue of these consolidated financial statements and the costs, if any, will be charged to income in the period(s) in which they are reasonably determinable.

b) In 1997, the Company's wholly-owned subsidiary, Global Benefit Plan Consultants Inc. ("GBPC"), had two divisions. The Company sold the assets of one of the divisions ("GBPC Division") to companies controlled by the then current management of that specific division (the "Former Management"). Pursuant to the sale agreement, the Company received an indemnity from the Former Management in respect of any reassessments by Revenue Canada for taxes related to the GBPC Division.

During fiscal 2006, Revenue Canada reassessed the tax returns for GBPC for the tax years 1996 and 1997. The reassessment concluded that the GBPC reported false travel and promotion expenses for two former members of GBPC's management in the amounts of $206,814 and $19,641. The reassessment further concluded that GBPC made false investment tax credit claims in the amounts of $14,083 and $1,370 attributed to the false travel and promotion expenses. Total taxes payable on the reassessment amounted to $101,409 plus interest and penalties of approximately $215,000.

Since 2005, the Company has paid $143,054 of the total liability of $316,000, in relation to the contingency. The Company has not recorded a liability with respect to this contingency as at December 31, 2009.

c) The Company is the parent company of the general partner of GC-Global Capital Lending Partners Limited Partnership (the "Partnership"). The General Partner has unlimited liability for the liabilities and obligations of the Partnership in excess of the contributions of the limited partners. As at December 31, 2009 there were no outstanding liabilities or obligations for which the Company was contingently liable.

22 . Subsequent Events

At the time of issue of these consolidated financial statements there were no subsequent events that would have a material impact on the operations of the Company.