

GC-Global Capital Corp.

Management Discussion & Analysis

Dated: April 29, 2011

The following information should be read in conjunction with the GC-Global Capital Corp. Audited Consolidated Financial Statements for the years ended December 31, 2010 and 2009, 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 2010 was the seventh full year that Global Capital operated as a merchant bank since the closing of its \$11.5 million (gross) public offering in October, 2003. As at December 31, 2010 Global Capital had net assets totaling \$15.6 million or \$0.81 per share compared to \$15.5 million or \$0.78 per share as at December 31, 2009. The change in net asset value is primarily due to the increase in the value of the Company's available for sale investments.

As at December 31, 2010 the Company's portfolio investments amounted to \$5.8 million, an increase of 175% as compared to \$2.1 million at December 31, 2009. The fair market value of the Company's portfolio investments include bonus shares received from the Company's bridge loan activities as well as investment in growth companies. The Company records the changes in fair market value in 'accumulated other comprehensive income on its balance sheet. For the year ended December 31, 2010 the Company recorded an impairment loss of \$148,319 (2009 - \$690,521) with respect to its portfolio investments deemed to be permanently impaired. Included in the impairment loss is a write-down of \$33,000 (2009 - \$367,214) related to one of the Company's private company investments.

The Company's loan and convertible debenture portfolio amounted to \$3.9 million, a decrease of 60% as compared to \$9.6 million in 2009. Due to a combination of non-repayment and underlying lower security valuations of its bridge loans, the Company recorded a provision for loan losses of \$515,000 on its loan portfolio.

Total assets as at December 31, 2010 were \$17.1 million compared to \$16.5 million as at December 31, 2009. Included in total assets are \$3.6 million in cash and short term investments (2009 - \$2.2 million), \$3.9 million in notes receivable, bridge loans and convertible debentures (2009 - \$9.6 million), \$5.8 million in portfolio investments (2009 - \$2.1 million), \$2.5 million in investment property (2009 - \$1.4 million), \$0.08 million in an investment in an associated company (2009 - \$Nil) \$0.5 million in other assets (2009 - \$0.5 million) and \$0.6 million in future income taxes (2009 - \$0.6 million).

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	2010	2009	2008
Total Revenue	\$ 2,264,840	\$ 2,214,140	\$ 2,656,868
Net loss before taxes	(46,751)	(3,822,802)	(4,264,535)
Net loss for the year	(46,751)	(4,468,502)	(4,157,542)
Net loss per share ⁽¹⁾	(0.00)	(0.22)	(0.20)
Total assets	17,062,672	16,451,521	20,106,958
Total long-term financial liabilities	-	-	-
Cash dividends declared per share	-	0.025	0.06
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, 2010, Global Capital had a net loss of \$46,751 or \$0.00 per share compared to a net loss of \$4,468,502 or \$0.22 per share for 2009 and a net loss of \$4,157,542 or \$0.20 per share in 2008. Included in net loss for the year ended 2010 is a non-recurring settlement of contingency in the amount of \$288,990.

As at December 31, 2010, Global Capital had \$3.9 million invested in bridge loans, notes receivable and convertible debentures. These advances were made to companies in industries such as information technology, real estate and financial services. The bridge loans were provided to public companies, private companies and individuals.

As at December 31, 2010, Global Capital had \$5.8 million in portfolio investments in shares of North American companies.

Operating Results

Revenues

Total revenue for the year ended December 31, 2010 was \$2.3 million compared to \$2.2 million for 2009 and \$2.7 million in 2008.

Interest income decreased from \$894,661 to \$627,959 in 2010 as a result of having funds deployed into higher yielding bridge loans in 2009 as compared to the current year. Structuring fees and bonuses decreased from \$406,005 to \$308,608 in 2010 as a result of the Company advancing a higher number of loans in 2009 than in 2010. 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 expected 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 \$764,902 for the year as compared to a realized gain of \$367,877 in 2009. The amount includes a gain of \$346,144 from available for sale investments and a gain of \$418,758 from the sale of held for trading investments (2009 – Gain of \$231,467 from available for sale investments and \$136,410 from held for trading investments). The 2010 gain is largely due to the sale of a portion of Global Capital's shares in MBMI Resources Inc. during the period.

In June, 2010 the Company's 56.5% owned subsidiary Somersby Park 2010 Limited Partnership purchased investment property in Laurel Park, North Carolina for US\$1,132,800. The Company capitalized costs of US\$39,152 during the year ended December 31, 2010. In 2010 the Company sold two lots for a gain on sale of \$52,307. 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.

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. In the fourth quarter of 2010 the Company converted the debenture in full into units consisting of one common share and one common share purchase warrant. Each warrant is convertible into common shares at a price of \$0.15 until September 3, 2011. For the year ended December 31, 2010 the Company recorded as accretion income \$24,487 with respect to this debenture.

In September, 2010 the Company acted as the lead lender on a second convertible debenture in Bison Gold Resources Inc. in the amount of \$350,000. The Company's portion of the loan was \$200,000. Using the Black-Scholes pricing model with an expected remaining life of 1.00 year, a risk-free interest rate of 1.50% and a volatility of 124%, the \$200,000 was allocated \$95,267 to the debenture and \$104,733 to the conversion feature. At December 31, 2010 the Company determined that the fair market value of the conversion feature was \$133,694. The fair market value was estimated using an expected remaining life of 0.73 years, a risk-free interest rate of 1.50% and a volatility of 124%. For the year ended December 31, 2010 the Company recorded as accretion income \$24,420 with respect to this debenture.

The Company received a convertible debenture in Cantronic Systems Inc. in May, 2010 in the amount of \$400,000. Using the Black-Scholes pricing model with an expected remaining life of 0.5 years, a risk-free interest rate of 1.63% and a volatility of 92%, the \$400,000 was allocated \$309,023 to the debenture and \$90,977 to the conversion feature. In the fourth quarter of 2010 the convertible debenture expired and the loan was repaid in full. For the year ended December 31, 2010 the Company recorded as accretion income \$90,977 with respect to this debenture.

The Company received a convertible debenture in Knightscope Media Corp. in April, 2010 in the amount of \$231,146. Using the Black-Scholes pricing model with an expected remaining life of 1.0 years, a risk-free interest rate of 1.72% and a volatility of 150%, the \$231,146 was allocated \$171,057 to the debenture and \$60,089 to the conversion feature. At December 31, 2010 the Company determined that the fair market value of the conversion feature was \$40,486. The fair market value was estimated using an expected remaining life of 0.25 years, a risk-free interest rate of 1.72% and a volatility of 150%. For the year ended December 31, 2010 the Company recorded as accretion income \$43,331 with respect to this debenture.

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. During the year ended December 31, 2010, the Company converted \$272,222 of the principal into common shares. At December 31, 2010, the Company determined that the fair market value of the conversion feature was \$219,483. The fair market value was estimated using an expected remaining life of 0.58 years, a risk-free interest rate of 1.41% and a volatility of 140.5%. In the year ended December 31, 2010 the Company recorded as accretion income \$99,874 with respect to this debenture.

In June, 2008 the Company received a convertible debenture in a private company in the amount of \$750,000. On August 23, 2010 when the outstanding principal was \$375,000, the private company completed a qualifying transaction and began operating as Royal Coal Corp. At the time of this transaction using the Black-Scholes pricing model with an expected remaining life of 1.36 years, a risk-free interest rate of 1.2% and a volatility of 124%, the \$375,000 was allocated \$175,327 to the debenture and \$199,673 to the conversion feature. In the fourth quarter of 2010, the Company converted \$75,000 of the principal into common shares. At December 31, 2010 the Company determined that the fair market value of the conversion feature was \$292,014. The fair market value was estimated using an expected life of 1.0 year, a risk-free interest rate of 1.20% and a volatility of 124%. For the year ended December 31, 2010 the Company recorded as accretion income \$26,961 with respect to this debenture.

As the conversion features of the convertible debentures are derivative instruments, the change in their fair value resulted in a decrease in net income, due to a decrease in their fair value, for the year ended December 31, 2010 of \$143,471 (2009 – increase of \$441,116). Included in the value of convertible debentures is \$685,677 (December 31, 2009 - \$1,001,680) which is the value of the conversion features at December 31, 2010. The trend of the Company is to deploy more funds into convertible debentures. The fair value of these investments will depend on several factors including market conditions and the impact on net income is difficult to predict.

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, of \$285,982 for year ended December 31, 2010 (2009 – an increase of \$4,481).

As at December 31, 2010 the Company owned 42.5% of the outstanding common shares of GDV Resources Inc. (formerly Global Development Resources, Inc.) (“GDV”). As a result of this ownership the Company has determined that it exercises significant influence over GDV and therefore accounts for this investment using the equity method. The Company’s share of earnings or losses is reported in income. For the year ended December 31, 2010 the Company recorded a loss of \$51,153 (2009 - \$Nil) relating to this investment. In addition the Company determined that the investment in the associated company was impaired and as a result recorded an impairment in the amount of \$95,494.

Expenses

Total expenses for the year were \$2,020,024 as compared to \$6,036,942 in 2009.

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. The Company recorded a foreign exchange gain of \$237,447 for the year as compared to a loss of \$731,939 in 2009. The gain in 2010 is partially offset by the decline in the value of its US investment properties which is included in write-down of investment properties.

Overhead including office and general expenses and filing and listing fees increased 16% from 2009 to 2010. This trend is expected to continue in 2011. Management and consulting fees decreased 9% from 2010 to 2009. Management’s annual incentive plan is based on realized profits. As the Company did not meet its targets in 2009 or 2010, no annual incentive plan cash awards were recorded. Travel and promotion expenses increased 23% from \$81,500 to \$100,058 as a result of increased promotional activities during the year. Audit and legal fees increased 31% from \$110,795 to \$144,918 as a result of increased legal and audit costs in 2010. 2011 is expected to be consistent with 2010. Rent increased 6% from \$84,848 to \$89,929 in 2010. The trend in 2011 is expected to be consistent with 2010. Interest expense increased 18% from \$23,750 to \$28,033 as a result of a 7% note on a property acquired in March, 2009. The note is due in 2011 and as a result 2011 interest expense is expected to decrease once the note is repaid. The Company also recorded \$45,499 (2009 – \$47,493) in property taxes during the year as a result of investment property acquired. The Company plans to dispose of these investment properties in 2011 and 2012. Property tax increases or decreases will be based on the timing of future dispositions and acquisitions.

During the year the Company recorded a provision for loan losses of \$515,000, wrote down portfolio investments for a total of \$148,319 and wrote down investment properties in the amount of \$96,927. Included in the 2010 provision for loan losses are specific allowances of \$75,000. The write-down of investment properties relates to properties that 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, 2010. The future trend will depend upon real estate market conditions in the United States.

Taxes

As at December 31, 2010, the Company had approximately \$23.5 million in capital losses and \$2.1 million in non-capital losses. During the year, the Company recorded a charge of \$Nil (2009 –\$0.6 million) against its future tax asset as a result of losses expiring during the year.

Summary of Quarterly Results

For the quarters ended	Dec 31/10	Sep 30/10	Jun 30/10	Mar 31/10
Total revenue	\$ 911,780	\$ 418,876	\$ 232,773	\$ 701,411
Net income (loss) before taxes	(123,430)	36,977	(385,866)	425,568
Net income (loss)	(112,597)	36,977	(396,856)	425,725
Net income (loss) per share – basic and diluted ⁽¹⁾	\$ (0.00)	\$ 0.00	\$ (0.02)	\$ 0.02

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 (loss)	(4,977,119)	842,886	(697,362)	363,094
Net income (loss) per share – basic and diluted ⁽¹⁾	\$ (0.25)	\$ 0.04	\$ (0.03)	\$ 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 income per share is calculated in a similar manner, except that the weighted average number of multiple and subordinate voting shares outstanding is increased to include potentially issuable subordinate voting shares from the assumed exercise of stock options, if dilutive.

Liquidity

As at December 31, 2010, Global Capital had \$3,630,264 in cash and short-term investments. The Company had \$3,177,214 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

- a) On January 17th, the Company announced it had completed a one-year, \$400,000 secured convertible loan to Bison Gold Resources Inc., a related party as a result of share ownership. The Loan bears interest at a rate of 12 per cent per annum, compounded and payable monthly. The Company acted as lead lender for the transaction, providing \$320,000 of the loan. The remaining \$80,000 was provided by a related party, the GC-Global Capital Lending Partners Limited Partnership. The loan is convertible into 1,702,128 units at a conversion price of \$0.235 per unit. Each unit comprises one common share of Bison Gold and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.30 for a period of 12 months from the closing date. The loan is secured by a general security agreement on all property and assets of Bison. The funds are to be used as general working capital.
- b) On February 7th, 2011 the Company announced that it had completed a secured loan in the principal amount of \$1.5-million with Synchronica PLC. The loan matures Dec. 30, 2011, and bears interest at 12 per cent per year, compounded and

payable monthly. As additional consideration for providing the loan, the Company and its syndicate of co-lenders were issued 450,000 common shares of Synchronica and paid a \$15,000 structuring fee. The common shares issued pursuant to the loan will be subject to resale restrictions for a period of four months from the closing date under applicable securities legislation. The Company acted as lead lender in the transaction providing \$800,000 of the loan along with a syndicate of lenders for the remaining \$700,000. The syndicate of lenders includes a related party, the GC-Global Capital Lending Partners Limited Partnership fund for \$200,000.

- c) On March 29th, 2011 the Company announced that it has been authorized by the TSX Venture Exchange to make a normal course issuer bid. The Company intends to purchase from time to time, if and to the extent it considers advisable, up to a maximum 899,831 subordinate voting shares out of the total 17,996,613 issued and outstanding on March 29, 2011. The number of shares proposed to be acquired represents approximately 5 per cent of the total number of the issued and outstanding subordinate voting shares. The bid will commence on April 3, 2011, and end on April 2, 2012. The purchased shares are to be cancelled. The Company has a policy of maintaining a normal course issuer bid on its subordinate voting shares.

Off-balance Sheet Arrangements

In September 2006, the Company began a forward contract hedging program with a Canadian banking institution. As at December 31, 2010 the Company had purchased for settlement from its banker, forward contracts to sell US\$500,000 at \$1.0095 maturing January 4, 2011, US\$300,000 at \$1.0091 maturing January 11, 2011, US\$500,000 at \$1.0032 maturing January 18, 2011, US\$750,000 at \$1.0061 maturing January 18, 2011 and US\$250,000 at \$1.0171 maturing January 21, 2011. 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 \$1,008,254 (2009 - \$642,855). Notes receivable, bridge loans and convertible debentures include a note to a director of the Company for \$Nil (2009 - \$Nil). This note, which had an original value of US\$500,000, was fully allowed for in fiscal 2009. The Company and Director are currently in the process of negotiating a payment plan. The Company often syndicates a portion of its bridge loans and convertible debentures to other co-lenders. During the year co-lenders invested \$735,722 (2009 - \$2,150,000) into bridge loans and convertible debentures structured by the Company. Of the total syndicated amount, \$499,639 (2009 - \$650,000) was provided by GC-Global Capital Lending Partners Limited Partnership and \$136,083 (2009 - \$250,000) was provided by officers and directors of the Company. In the first quarter of 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 \$1,033,450 (December 31, 2009 - \$418,858) of shares and warrants 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 \$243,396 (2009 - \$269,990). 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 \$112,388 (2009 - \$113,260). Interest receivable includes interest earned on loans to entities with directors and officers in common with the Company, in the amount of \$20,186 (2009 - \$18,834). Structuring fees revenue includes \$52,575 (2009 - \$77,114) 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 \$475,427 (2009 - \$296,975) paid to companies controlled by current directors and officers of the Company, \$27,301 (2009 - \$119,574) paid to a company with common officers and directors and \$136,650 (2009 - \$120,750) paid to a relative of a 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 as well as a performance fee based on the profitability of the Partnership. In fiscal 2010 the Company

earned management and performance fees from the Partnership of \$14,297 (2009 - \$8,561). The Company was also reimbursed by the Partnership for accounting and legal fees provided in the amount of \$11,300 (2009 - \$2,250).

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 2010, the Company had revenue of \$0.9 million compared to negative revenue of \$0.5 million for the corresponding period in 2009. Included in the fourth quarter revenue was a \$0.4 million unrealized gain (2009 - \$1.6 million unrealized loss) on held-for-trading investments, \$0.2 million (2009 - \$0.2) in interest income, \$0.2 million (2009 - \$0.7) in gains on sale of investments and \$0.1 million (2009 - \$0.2) in structuring fees. The increase was mainly due to the unrealized gains on held-for-trading investments. In the fourth quarter of 2009 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 \$0.7 million compared to \$3.9 million from the corresponding period in 2009. Included in the fourth quarter was a provision for losses on bridge loans, investment properties and portfolio investments of \$0.4 million (2009 - \$3.2 million).

Net loss for the fourth quarter of 2010 was \$112,597 compared to a net loss of \$4,977,119 for the corresponding period in 2009. The increase was primarily due to additional write-down of assets in 2009 as a result of market conditions. Due to poor market conditions the Company saw increased losses on its investment portfolio 2009. The future trend will depend on market conditions in 2011.

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

Future accounting pronouncements

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 2009, the Company 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. Also in 2009 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. Management and employee education and training are also ongoing and will continue throughout the transition process.

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 unaudited January 1, 2010 transition date balance sheet 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.

Unaudited Reconciliation of January 1, 2010 Balance Sheet between Canadian GAAP and IFRS

	Canadian GAAP \$	IFRS Adjustments \$	IFRS \$
Assets			
Cash	1,889,181	-	1,889,181
Short-term investments	300,370	-	300,370
Accounts receivable and sundry assets	312,697	-	312,697
Prepaid expenses	12,743	-	12,743
Interest and dividends receivable	112,217	-	112,217
Bridge loans, notes receivable and letters of credit	7,956,592	-	7,956,592
Convertible debentures	1,683,966	-	1,683,966
Portfolio investments (i)	2,117,532	563,919	2,681,451
Investment properties	1,424,631	-	1,424,631
Property and equipment	41,592	-	41,592
Future income taxes	600,000	-	600,000
	<u>16,451,521</u>	<u>563,919</u>	<u>17,015,440</u>
Liabilities			
Accounts payable and accrued liabilities	367,051	-	367,051
Note payable	309,794	-	309,794
Customer advances and deferred revenue	241,077	-	241,077
	<u>917,922</u>	<u>-</u>	<u>917,922</u>
Shareholders' equity			
Share capital	17,978,236	-	17,978,236
Contributed surplus	3,726,026	-	3,726,026
Accumulated other comprehensive income (i)	48,596	563,919	612,514
Deficit	(6,219,259)	-	(6,219,259)
	<u>15,533,599</u>	<u>563,919</u>	<u>16,097,518</u>
	<u>16,451,521</u>	<u>563,919</u>	<u>17,015,440</u>

- (i) IAS 39 "Portfolio Investments" – Under Canadian GAAP where an active market did not exist the Company measured its investment in private companies at cost, unless evidence of impairment existed. Under IFRS, the investments are measured at fair value regardless of the absence of an active market, but are measured at cost if their fair value cannot be reliably measured.

Other anticipated differences between Canadian GAAP and IFRS that could result in accounting policy differences other than those effecting the January 1, 2010 balance sheet are summarized 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.
- IAS 18 "Revenue" – Under current Canadian GAAP, the Company ceases to record interest and deferred fee revenue on all loans when they become impaired or 90 days past due. Under IFRS, when the a loan is impaired, the Company will be required to revise its forecast of future loan cash flows, and carry the loan at the discounted present value of these future impaired cash flows. Interest income will be recognized on the accretion of the discount cash flows to their fair values. If further impairments are required after impairing future cash flows, additional loan loss provisions may also be recorded. Management has determined that all additional interest income that could have been recorded prior to January 1, 2010 under IFRS would have been written off through additional loan loss provisions. As a result, there was no impact on the January 1, 2010 balance sheet under IFRS. However, management expects that additional interest income recorded during 2010 under IFRS will exceed any additional loan losses required, so these differences may result in a higher net income for 2010 under IFRS as compared to Canadian GAAP.
- IAS 39 "Financial Instruments: Recognition and Measurement" – When recording an impairment to loans receivable, the Company determines specific loan loss provisions by comparing the discounted present value of future cash flows, when such cash flows can be reasonably estimated, and records a loan loss provision for any excess in the carrying value of the loan over the total discounted cash flows. When future cash flows cannot be reasonably estimated the Company uses the value of collateral. Under IFRS, the Company is required to determine the loan loss provision using estimated discounted future cash flows for all loans for which indicators of impairment exist. Management has determined that all existing loan loss provisions under Canadian GAAP were determined using future cash flows, so no differences are expected for these provisions under IFRS. However, more judgement may be required for using future cash flows to determine loan loss provisions under IFRS.

In the case of syndicated loans, the Company has derecognized the syndicated positions of all loans syndicated on a par passu basis. As such, only the Company's positions in these loans and related interest are reported in the Company's financial statements. Management has determined that the terms of its loan syndication agreements do not qualify the Company from derecognizing portions of loans held by syndicate partners. As a result, no presentation differences are expected under IFRS.

- IAS 40 "Investment property" – The Company currently holds investment properties which are measured on the cost basis. Under IFRS, the Company expects to continue to carry these investments at cost, but will be required to disclose the fair value in its financial statements.

Subsequent Disclosures

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.

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, 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. As the expected repayment date is approached the value of the debenture is accreted to its face value. In addition warrants of other companies are 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.

Under CICA Handbook Section 3862, Financial Instrument - Disclosures, all financial instruments measured at fair value be presented into one of the three hierarchy levels set forth below for disclosure purposes. 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.

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, 2010, Global Capital had \$3,630,264 in cash and short-term investments. The Company had \$3,177,214 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, 2010 the Company had purchased for settlement from its banker, forward contracts to sell US\$500,000 at \$1.0095 maturing January 4, 2011, US\$300,000 at \$1.0091 maturing January 11, 2011, US\$500,000 at \$1.0032 maturing January 18, 2011, US\$750,000 at \$1.0061 maturing January 18, 2011 and US\$250,000 at \$1.0171 maturing January 21, 2011. 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	18,186,113
Multiple Voting Shares	<u>1,035,719</u>
	<u>19,221,832</u>

Outstanding Options

Type	Amount Outstanding	Exercise Price	Expiry Date
Stock option	120,000	\$1.15	September 11, 2012
Stock option	1,310,000	\$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, 2010 & 2009

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 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***"
Chief Executive Officer

Signed: "***Andrew Hilton***"
Chief Financial Officer

Toronto, Ontario
April 26, 2011

Independent Auditors' Report

To the Shareholders of
GC-Global Capital Corp.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of GC-Global Capital Corp., which comprise the consolidated balance sheets as at December 31, 2010 and 2009, and the consolidated statements of deficit, income, comprehensive income (loss) and accumulated other comprehensive income and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of GC-Global Capital Corp. as at December 31, 2010 and 2009, 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 26, 2011

GC-Global Capital Corp.
Consolidated Balance Sheets
As at December 31, 2010 and 2009

	2010	2009
Assets		
Cash	\$ 3,329,029	\$ 1,889,181
Short-term investments (note 4)	301,235	300,370
Accounts receivable and sundry assets (note 17)	420,152	312,697
Prepaid expenses	12,320	12,743
Interest and dividends receivable (note 17)	55,865	112,217
Bridge loans, notes receivable and letters of credit (notes 5 & 17)	2,659,279	7,956,592
Convertible debentures (notes 5 & 17)	1,227,371	1,683,966
Portfolio investments (notes 4 & 17)	5,819,127	2,117,532
Investment in associated company (note 7)	76,251	-
Investment properties (notes 8 and 17)	2,519,000	1,424,631
Property and equipment (note 9)	43,043	41,592
Future income taxes (note 16)	600,000	600,000
	<u>\$ 17,062,672</u>	<u>\$ 16,451,521</u>
Liabilities		
Accounts payable and accrued liabilities (note 22(b))	\$ 539,260	\$ 367,051
Note payable (note 10)	293,169	309,794
Customer advances and deferred revenue	134,619	241,077
	<u>967,049</u>	<u>917,922</u>
Non-controlling interest	<u>521,715</u>	<u>-</u>
Shareholders' equity		
Share capital (note 11)	17,326,516	17,978,236
Contributed surplus (notes 12 & 13)	3,991,959	3,726,026
Accumulated other comprehensive income	521,444	48,596
Deficit	<u>(6,266,010)</u>	<u>(6,219,259)</u>
	<u>15,573,909</u>	<u>15,533,599</u>
	<u>\$ 17,062,672</u>	<u>\$ 16,451,521</u>

Commitments, contingencies and subsequent events (notes 21, 22 & 23)

On Behalf of the Board

"Jason Ewart" _____ Director

"William 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, 2010 and 2009

	2010	2009
Deficit – beginning of year	\$ (6,219,259)	\$ (1,247,874)
Net loss for the year	(46,751)	(4,468,502)
Dividends paid (note 18)	<u>-</u>	<u>(502,883)</u>
Deficit – end of year	<u>\$ (6,266,010)</u>	<u>\$ (6,219,259)</u>

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, 2010 and 2009

Revenue	2010	2009
Structuring fees and bonuses (note 17)	\$ 308,608	\$ 406,005
Interest and dividend income (note 17)	627,959	894,661
Management fees (note 17)	14,297	8,561
Accretion of convertible debentures (note 5)	310,050	42,850
Gain on sale of portfolio investments held-for-trading	418,758	136,410
Gain on sale of portfolio investments available for sale	346,144	231,467
Equity loss in significantly influenced company (note 7)	(51,153)	-
Consulting fees	20,000	-
Gain (loss) on sale of investment property (note 8)	52,307	(12,866)
Unrealized gain on held-for-trading investments (notes 4 and 5)	<u>217,870</u>	<u>507,052</u>
	<u>2,264,840</u>	<u>2,214,140</u>
Expenses		
Management and consulting fees (note 17)	945,829	1,039,880
Filing and listing fees	45,348	43,150
Audit and legal fees	144,918	110,795
Office and general	85,533	69,448
Travel and promotion (note 17)	100,058	81,500
Rent	89,929	84,848
Property tax	45,499	47,493
Interest	28,033	23,750
Amortization	12,078	15,262
Bad debt expense	-	143,054
Share compensation expense (note 12)	-	373,782
Permanent impairment write-down on portfolio investments available for sale and investment in associated company (notes 4 and 7)	148,319	690,521
Provision for loan losses (note 5)	515,000	1,506,118
Write-down of investment properties (note 8)	96,927	1,075,402
Foreign exchange (gain) loss	<u>(237,447)</u>	<u>731,939</u>
	<u>2,020,024</u>	<u>6,036,942</u>
Income (loss) before the following	244,816	(3,822,802)
Settlement of contingency tax assessments (note 22(a))	(288,990)	-
Non-controlling interest	<u>(2,577)</u>	<u>-</u>
Loss before income tax	(46,751)	(3,822,802)
Income taxes provision (note 16)		
Future	-	645,700
	<u>-</u>	<u>645,700</u>
Net loss for the year	\$ <u>(46,751)</u>	\$ <u>(4,468,502)</u>
Net loss per share – basic and diluted (note 14)	\$ <u>(0.00)</u>	\$ <u>(0.22)</u>
Weighted average number of shares outstanding – basic and diluted	<u>19,717,334</u>	<u>20,006,545</u>

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

GC-Global Capital Corp.

Consolidated Statements of Comprehensive Income (Loss) and Accumulated Other Comprehensive Income

For the years ended December 31, 2010 and 2009

	2010	2009
Net loss for the year	\$ (46,751)	\$ (4,468,502)
Other comprehensive income (loss)		
Unrealized gains on available for sale financial assets	650,142	48,596
Reclassification adjustment for realized (gains) losses recognized in net income	(230,119)	140,161
Reclassification adjustment for permanent impairment recognized in net income	<u>52,825</u>	<u>323,307</u>
Comprehensive income (loss) for the year	\$ <u>426,097</u>	\$ <u>(3,956,438)</u>
Accumulated other comprehensive income		
Accumulated other comprehensive income (loss), beginning of year	\$ 48,596	\$ (463,468)
Unrealized gains on available for sale financial assets	650,142	48,596
Reclassification adjustment for realized (gains) losses recognized in net income	(230,119)	140,161
Reclassification adjustment for permanent impairment recognized in net income	<u>52,825</u>	<u>323,307</u>
Accumulated other comprehensive income, end of year	\$ <u>521,444</u>	\$ <u>48,596</u>

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, 2010 and 2009

	2010	2009
Operating activities		
Net loss for the year	\$ (46,751)	\$ (4,468,502)
<i>Items not affecting cash:</i>		
Gain on sale of portfolio investments held-for-trading	(418,758)	(136,410)
Gain on sale of portfolio investments available for sale	(346,144)	(231,467)
Accretion of convertible debentures	(310,050)	(42,850)
(Gain) loss on sale of investment property	(52,307)	12,866
Unrealized gain on held-for-trading investments	(217,870)	(507,052)
Equity loss in significantly influenced company	51,153	-
Non-controlling interest	2,577	-
Non cash structuring fees and bonuses received as shares	(233,585)	(339,575)
Amortization	12,079	15,262
Share compensation expense	-	373,782
Permanent impairment write-down on portfolio investments available for sale	148,319	690,521
Provision for loan losses	515,000	1,506,118
Write-down on investment properties	96,927	1,075,402
Future income taxes	-	645,700
	<u>(799,410)</u>	<u>(1,406,205)</u>
Net changes in non-cash working capital balances (note 15)	<u>121,527</u>	<u>558,289</u>
	<u>(677,883)</u>	<u>(847,916)</u>
Investing activities		
Issuance of notes receivable, bridge loans and convertible debentures	(1,876,524)	(3,370,000)
Proceeds from notes receivable, bridge loans and convertible debentures	5,019,332	2,284,783
Purchase of portfolio investments	(3,768,271)	(777,605)
Proceeds from sale of portfolio investments	3,761,131	2,039,229
Purchase of investment property	(716,101)	(259,186)
Proceeds from sale of investment property	97,481	318,222
Purchase of short-term investments	-	(300,370)
Additions to property and equipment	(13,530)	(6,158)
	<u>2,503,518</u>	<u>(71,085)</u>
Financing activities		
Purchase of treasury shares	(385,787)	(76,790)
Dividends paid	-	(502,883)
	<u>(385,787)</u>	<u>(579,673)</u>
Increase (decrease) in cash	1,439,848	(1,498,674)
Cash, beginning of year	<u>1,889,181</u>	<u>3,387,855</u>
Cash, end of year	<u>\$ 3,329,029</u>	<u>\$ 1,889,181</u>

Supplemental cash flow information (note 15)

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

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, 2010.

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., its 56.5% controlled subsidiary Somersby Park 2010 Limited Partnership and its wholly-owned subsidiaries Somersby Park 2010 General Partner Inc. and 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") and its 51% controlled subsidiary Robith, LLC. All significant intercompany transactions and balances have been eliminated.

3. Summary of Significant Accounting Policies - continued

Use of Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the 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 initially recorded at cost. The Company currently owns six 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.

Investment in Associated Company

Investment in associated company over which the Company has or is deemed to have significant influence, but does not control, are accounted for using the equity method. Under the equity method, the investment is initially recorded at cost and the carrying value is adjusted thereafter, to reflect the Company's pro-rata share of income or loss of the equity accounted investment and any dividends received from the investment. The Company's share of net income or losses of such investments is included in the consolidated statements of 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.

Management and consulting fees are recognized over the period in which the services are provided.

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 asset and 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.

3. Summary of Significant Accounting Policies - continued

Stock-Based Compensation Plan

The Company has a stock option plan for its directors, officers and key employees as described in Note 12. 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.

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 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. As the expected repayment date is approached the value of the debenture is accreted to its face value. In addition, warrants of other companies, which are included in portfolio investments, are 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.

Under CICA Handbook Section 3862, Financial Instrument - Disclosures, all financial instruments measured at fair value must be classified 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 20). The amendments improve disclosure of financial instruments specifically as it relates to fair value measurements and liquidity risk.

3. Summary of Significant Accounting Policies - continued

Earnings (loss) per Share

Basic earnings (loss) 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 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

	2010 Carrying Value	2010 Fair Value	2009 Carrying Value	2009 Fair Value
Short-term investments (a)	\$ 301,235	\$ 301,235	\$ 300,370	\$ 300,370
Portfolio investments in publicly traded companies – available for sale (b)(d)	\$ 2,854,039	\$ 2,854,039	\$ 749,179	\$ 749,179
Portfolio investments in private companies – available for sale (b)(d)	2,132,866	2,132,866	1,353,370	1,353,370
Portfolio investments in publicly traded companies – held for trading (b)(d)	178,489	178,489	-	-
Portfolio investments in share purchase warrants of a publicly traded companies – held for trading (c)	629,008	629,008	355,658	35,658
Foreign currency forward contracts	24,725	24,725	(20,675)	(20,675)
Portfolio investments	\$ 5,819,127	\$ 5,819,127	\$ 2,117,532	\$ 2,117,532

(a) The Company has outstanding \$301,235 (2009 - \$300,370) 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, 2010 and 2009. Private companies are measured at cost, absent evidence of impairment.

4. Short-term and Portfolio Investments - continued

- (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, 2010 of \$285,982 (2009 – \$4,481).
- (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, 2010 the Company recorded an impairment loss of \$148,319 (2009 - \$690,521) with respect to its portfolio investments. Included in the impairment loss is a write-down of \$33,000 (2009 - \$367,214) related to one of the Company's private company investments.

GC-Global Capital Corp.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

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, 2010

	Due Date	Interest Rate	Gross Amount	Specific Allowance	Net Amount
<u>Notes Receivable (i)</u>					
Private company	12/6/2011	12%	\$ 200,000	\$ -	\$ 200,000
Private company (US\$213,288)	11/8/2012	6%	212,136	-	212,136
Individual (US\$500,000) (note 17a)	12/31/2008	Nil	525,500	(525,500)	-
			<u>937,636</u>	<u>(525,500)</u>	<u>412,136</u>
<u>Bridge Loans (ii)</u>					
Knightscope Media Corp.	6/10/2011	12%	200,000	-	200,000
MBMI Resources Inc.	7/31/2011	10%	500,000	-	500,000
MBMI Resources Inc.	10/21/2011	10%	430,000	-	430,000
Private company (US\$115,467)	On demand	5%	114,843	-	114,843
Private company	2/21/2011	12%	300,000	-	300,000
Private company (US\$500,000)	n/a	Nil	497,300	-	497,300
Individual	4/19/2010	24%	75,000	(75,000)	-
Individual	8/31/2011	12%	50,000	-	50,000
Individual	3/31/2011	18%	155,000	-	155,000
			<u>2,322,143</u>	<u>(75,000)</u>	<u>2,247,143</u>
Total			<u>\$ 3,259,779</u>	<u>\$ (600,500)</u>	<u>\$ 2,659,279</u>
<u>Convertible Debentures (iii)</u>					
Bison Gold Resources Inc.	9/20/2011	12%	\$ 253,381	\$ -	\$ 253,381
Knightscope Media Corp.	4/1/2011	12%	254,873	-	254,873
MBMI Resources Inc.	7/31/2011	10%	282,407	-	282,407
Royal Coal Corp.	12/31/2011	12%	436,710	-	436,710
			<u>\$ 1,227,371</u>	<u>\$ -</u>	<u>\$ 1,227,371</u>

GC-Global Capital Corp.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

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, 2009					
	Due Date	Interest Rate	Gross Amount	Specific Allowance	Net Amount
<u>Notes Receivable (i)</u>					
Private company	12/31/2013	7%	\$ 1,313,750	\$ (263,750)	\$ 1,050,000
Individual (US\$500,000) (note 17a)	12/31/2008	Nil	525,500	(525,500)	-
			1,839,250	(789,250)	1,050,000
 <u>Bridge Loans (ii)</u>					
Cantronic Systems Inc.	5/13/2010	12%	800,000	-	800,000
Iseemedia Inc.	6/22/2010	12%	700,000	-	700,000
Knightscope 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 (US\$500,000)	n/a	Nil	525,500	-	525,500
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
			6,034,227	(177,635)	5,856,592
 <u>Letters of Credit/Property Discount</u>					
Private company	12/31/2011	Nil	1,313,750	(263,750)	1,050,000
 Total					
			\$ 9,187,227	\$ (1,230,635)	\$ 7,956,592
 <u>Convertible Debentures (iii)</u>					
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

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 non-interest bearing bridge loan has no fixed date of maturity. The face value of the receivable is US\$600,000 which has been discounted to US\$500,000.
- iii) 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. In the fourth quarter of 2010 the Company converted the debenture in full into units consisting of one common share and one common share purchase warrant. Each warrant is convertible into common shares at a price of \$0.15 until September 3, 2011. For the year ended December 31, 2010 the Company recorded as accretion income \$24,487 with respect to this debenture.

In September, 2010 the Company acted as the lead lender on a second convertible debenture in Bison Gold Resources Inc. in the amount of \$350,000. The Company's portion of the loan was \$200,000. Using the Black-Scholes pricing model with an expected remaining life of 1.00 year, a risk-free interest rate of 1.50% and a volatility of 124%, the \$200,000 was allocated \$95,267 to the debenture and \$104,733 to the conversion feature. At December 31, 2010 the Company determined that the fair market value of the conversion feature was \$133,694. The fair market value was estimated using an expected remaining life of 0.73 years, a risk-free interest rate of 1.50% and a volatility of 124%. For the year ended December 31, 2010 the Company recorded as accretion income \$24,420 with respect to this debenture.

The Company received a convertible debenture in Cantronic Systems Inc. in May, 2010 in the amount of \$400,000. Using the Black-Scholes pricing model with an expected remaining life of 0.5 years, a risk-free interest rate of 1.63% and a volatility of 92%, the \$400,000 was allocated \$309,023 to the debenture and \$90,977 to the conversion feature. In the fourth quarter of 2010 the convertible debenture expired and the loan was repaid in full. For the year ended December 31, 2010 the Company recorded as accretion income \$90,977 with respect to this debenture.

The Company received a convertible debenture in Knightscope Media Corp. in April, 2010 in the amount of \$231,146. Using the Black-Scholes pricing model with an expected remaining life of 1.0 years, a risk-free interest rate of 1.72% and a volatility of 150%, the \$231,146 was allocated \$171,057 to the debenture and \$60,089 to the conversion feature. At December 31, 2010 the Company determined that the fair market value of the conversion feature was \$40,486. The fair market value was estimated using an expected remaining life of 0.25 years, a risk-free interest rate of 1.72% and a volatility of 150%. For the year ended December 31, 2010 the Company recorded as accretion income \$43,331 with respect to this debenture.

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 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. During the year ended December 31, 2010, the Company converted \$272,222 of the principal into common shares. At December 31, 2010, the Company determined that the fair market value of the conversion feature was \$219,483. The fair market value was estimated using an expected remaining life of 0.58 years, a risk-free interest rate of 1.41% and a volatility of 140.5%. In the year ended December 31, 2010 the Company recorded as accretion income \$99,874 with respect to this debenture.

In June, 2008 the Company received a convertible debenture in a private company in the amount of \$750,000. On August 23, 2010 when the outstanding principal was \$375,000, the private company completed a qualifying transaction and began operating as Royal Coal Corp. At the time of this transaction using the Black-Scholes pricing model with an expected remaining life of 1.36 years, a risk-free interest rate of 1.2% and a volatility of 124%, the \$375,000 was allocated \$175,327 to the debenture and \$199,673 to the conversion feature. In the fourth quarter of 2010, the Company converted \$75,000 of the principal into common shares. At December 31, 2010 the Company determined that the fair market value of the conversion feature was \$292,014. The fair market value was estimated using an expected life of 1.0 year, a risk-free interest rate of 1.20% and a volatility of 124%. For the year ended December 31, 2010 the Company recorded as accretion income \$26,961 with respect to this debenture.

As the conversion features of the convertible debentures are derivative instruments, the change in their fair value resulted in a decrease in net income, due to a decrease in their fair value, for the year ended December 31, 2010 of \$143,471 (2009 – increase of \$441,116). Included in the value of convertible debentures is \$685,677 (December 31, 2009 - \$1,001,680) which is the value of the conversion features at December 31, 2010.

- 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.

<u>Days outstanding past maturity date</u>	Number of Loans	December 31, 2010	Number of Loans	December 31, 2009
1-30 days	-	\$ -	1	\$ 231,146
31-60 days	-	-	-	-
61-90 days	-	-	-	-
Greater than 90 days	-	-	1	1,154,167
	-	\$ -	2	\$ 1,385,313

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, 2010, loans with an outstanding principal of \$991,146 (2009 – \$5,908,992) were renegotiated or renewed. None of the loans were assessed by management as requiring a specific loan loss provision as at December 31, 2010 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 July 2010 the Company settled a bridge loan with an outstanding principal of \$1,154,167 for an ownership interest in the private company to which the bridge loan was advanced. 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, 2010		December 31, 2009	
	Number of Loans	Face Value	Number of Loans	Face Value
Impaired loans with specific allowances	2	\$ 600,500	4	\$ 3,403,000
Specific allowances		(600,500)		(1,230,635)
				2,172,365
Impaired loans without specific allowances	-	-	-	-
Total impaired loans, net of specific allowances	2	\$ -	4	\$ 2,172,365

At December 31, 2010, the total estimated fair value of the collateral of impaired loans with specific allowances is \$Nil (December 31, 2009 - \$2,172,365) and for impaired without specific allowances is \$Nil (December 31 2009 - \$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.

GC-Global Capital Corp.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

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, 2010	December 31, 2009
Balance – beginning of year	\$ 1,230,635	\$ 377,635
Provision for loan losses	515,000	1,506,118
Recoveries	-	-
Direct write-offs	(1,145,135)	(653,118)
Balance – end of year	<u>\$ 600,500</u>	<u>\$ 1,230,635</u>

As at December 31, 2010 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, 2010, categorized into levels of the fair value hierarchy in accordance with Section 3862 of the CICA Handbook and as described in note 3:

	Level 1 Quoted Market Price	Level 2 Observable Market Inputs	Level 3 Non-Observable Market Inputs
Cash and short-term investments	\$ 3,630,264	\$ -	\$ -
Portfolio investments	\$ 3,032,527	\$ 629,009	\$ -
Conversion feature of convertible debentures	\$ -	\$ 685,677	\$ -

During the year ended December 31, 2010, the Company converted a portion of its outstanding convertible debentures into common shares as described in Note 5 (a)(iii).

GC-Global Capital Corp.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

7. Investment in Associated Company

The investment in associated company consists of the following:

	December 31, 2010	December 31, 2009
GDV Resources, Inc.	\$ 76,251	\$ -

As at December 31, 2009 the Company held approximately of 15% of the outstanding shares in GDV Resources Inc. ("GDV"). The Company classified this investment as a portfolio investment, which had a cost of \$222,898 and was measured at its fair value of \$96,168. In fiscal 2010, as a result of approximately 20,450,000 GDV common shares being cancelled, the Company's ownership increased to 42.5% of the outstanding common shares of GDV. As a result, the Company has determined that it exercises significant influence over GDV and therefore accounts for this investment using the equity method. The Company's share of earnings or losses is reported in income. For the year ended December 31, 2010 the Company recorded a loss of \$51,153 (2009 - \$Nil) relating to this investment. In addition the Company determined that the investment was impaired and, as a result, recorded impairment in the amount of \$95,494.

8. Investment Properties

The Company owns investment properties which are recorded at cost.

	December 31, 2010	December 31, 2009
Laurel Park, North Carolina	\$ 1,191,296	\$ -
Asheville, North Carolina	662,130	662,130
Canyon Ridge, New Mexico (note 9)	541,791	541,791
White Plains, Georgia (2 properties)	59,676	115,610
Maysville, Kentucky	64,107	105,100
	<u>\$ 2,519,000</u>	<u>\$ 1,424,631</u>

In June, 2010 the Company's 56.5% owned subsidiary Somersby Park 2010 Limited Partnership purchased an investment property in Laurel Park, North Carolina for US\$1,132,800. The Company capitalized costs of US\$39,152 during the year ended December 31, 2010 resulting in a value of \$1,191,296 CDN. In 2010 the Company sold two lots with a cost of US\$45,250 for a gain on sale of US\$50,781 (\$52,307 CDN).

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 17). 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, 2010 the Company recorded an impairment loss of \$96,927 (2009 - \$1,075,402) as a result of a decline in the fair value of certain investment properties.

GC-Global Capital Corp.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

9. Property and Equipment

	Cost	Accumulated Amortization	2010 Net Book Value
Computer equipment	\$ 45,982	\$ 28,261	\$ 17,721
Leasehold improvements	32,468	18,808	13,660
Furniture	21,846	12,790	9,056
Equipment	14,006	11,400	2,606
	\$ 114,302	\$ 71,259	\$ 43,043

	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

10. Note Payable

At December 31, 2010 the outstanding principal on the note payable was US\$294,761 or CDN \$293,169 (December 31, 2009 - US\$294,761 or CDN\$309,794). 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 outstanding principle and interest remained unpaid on this date as the Company is in the process of renegotiating this note. The accrued interest at December 31, 2010 was US\$37,770 or CDN \$37,566 (December 31, 2009 – US \$16,851 or CDN\$17,427).

GC-Global Capital Corp.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

11. Share Capital

- a) Authorized:
Unlimited multiple voting shares ("MVS")
Unlimited subordinate voting shares ("SVS")
Unlimited preferred shares
- b) Shares issued and outstanding

	December 31, 2010	December 31, 2009
Issued and outstanding:		
1,035,719 (2009 - 1,053,572) multiple voting shares	\$ 1,888,523	\$ 1,921,076
18,186,113 (2009 - 18,936,860) subordinate voting	15,437,993	16,057,160
	<u>\$ 17,326,516</u>	<u>\$ 17,978,236</u>

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

	2010 Number of Shares	2010 Amount	2009 Number of Shares	2009 Amount
Multiple voting shares				
Opening balance	1,053,572	\$ 1,921,076	1,053,572	\$ 1,921,076
Convert MVS to SVS	(17,853)	(32,553)	-	-
	<u>1,035,719</u>	<u>\$ 1,888,523</u>	<u>1,053,572</u>	<u>\$ 1,921,076</u>
Subordinate voting shares				
Opening balance	18,936,860	\$ 16,057,160	19,109,260	\$ 16,203,344
Convert MVS to SVS	17,853	32,553	-	-
Shares cancelled	(768,600)	(651,720)	(172,400)	(146,184)
	<u>18,186,113</u>	<u>\$ 15,437,993</u>	<u>18,936,860</u>	<u>\$ 16,057,160</u>

During 2010, the Company completed treasury purchases for cancellation under a normal course issuer bid of 768,600 (2009 - 172,400) subordinate voting shares with a stated capital of \$651,720 (2009 - \$146,184) for \$385,787 (2009 - \$76,791) resulting in an increase in contributed surplus of \$265,933 (2009 - \$69,393).

GC-Global Capital Corp.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

11. 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, 2009	1,130,000	\$ 0.90	May 5, 2009 to September 11, 2012
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
Expired in 2010	(80,000)	0.59	December 17, 2010
Closing Balance, December 31, 2010	1,430,000	\$ 0.55	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.

12. 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.

GC-Global Capital Corp.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

12. Stock-Based Compensation Plan - continued

As at December 31, 2010, the Company had outstanding and exercisable 1,430,000 stock options. These include 120,000 options with an exercise price of \$1.15 expiring September 11, 2012 and 1,310,000 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 were a risk-free interest rate of 3%, expected life of options of 5 years and an expected stock price volatility of 72%.

13. Contributed Surplus

Balance January 1, 2009	\$ 3,282,851
Cancellation of shares under normal course issuers bid (note 11b)	69,393
Fair value of options issued (note 12)	<u>373,782</u>
Balance December 31, 2009	3,726,026
Cancellation of shares under normal course issuers bid (note 11b)	<u>265,933</u>
Balance December 31, 2010	<u>\$ 3,991,959</u>

14. Net Income (Loss) per Share

Net income (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 a net loss for the years ended December 31, 2010 and 2009, the potential effect of the exercise of stock options was anti-dilutive.

15. Supplementary Cash Flow Information

	December 31, 2010	December 31, 2009
Net change in non-cash working capital balances		
Accounts receivable and sundry assets	\$ (107,455)	\$ 277,306
Prepaid expenses	423	(1,010)
Interest and dividends receivable	56,351	249,126
Accounts payable and accrued liabilities	<u>172,208</u>	<u>32,867</u>
	<u>\$ 121,527</u>	<u>\$ 558,289</u>

GC-Global Capital Corp.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

15. Supplementary Cash Flow Information - continued

	December 31, 2010	December 31, 2009
Interest received	\$ 684,310	\$ 1,143,787
Interest paid	\$ 8,177	\$ 6,040
Income taxes paid	\$ -	\$ -
<u>Non-cash Transactions:</u>		
Portfolio investments		
Structuring fees and bonuses received as shares	\$ 233,586	\$ 339,575
Loan repayments received as portfolio investments	1,154,167	-
	<u>\$ 1,387,753</u>	<u>\$ -</u>
Investment property		
Loan repayments received as investment property	\$ -	\$ 1,556,563

16. Income Taxes

- a) The following table reconciles the expected income tax recovery (provision) at the Canadian federal and provincial statutory rate of 31% (2009 – 33%) to the amounts recognized in the statements of income:

	December 31, 2010	December 31, 2009
Loss before recovery of income taxes	\$ (46,751)	\$ (3,822,802)
Basic tax amount at 31% (2009 - 33%)	(14,500)	(1,250,800)
Permanent differences	(129,500)	160,500
Tax rate changes and other adjustments	599,000	190,000
Effects of changes in temporary differences not recognized	(208,200)	(10,600)
Expiry of non-capital losses	442,400	162,700
Increase in valuation allowance	(689,200)	1,393,900
Income tax recovery	<u>\$ -</u>	<u>\$ 645,700</u>
Current income tax provision	\$ -	\$ -
Future income tax provision	-	645,700
	<u>\$ -</u>	<u>\$ 645,700</u>

GC-Global Capital Corp.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

16. Income Taxes - continued

- b) The significant components of the future income tax assets as at December 31, 2010 and 2009 are as follows:

	December 31, 2010	December 31, 2009
Loss carry forwards – Canada	\$ 923,900	\$ 896,300
Loss carry forwards – U.S.	812,200	737,400
Capital losses - Canada	2,942,000	2,896,000
Bridge loans, notes receivable, convertible debentures and portfolio investments	141,200	799,800
Investment property, equipment and other	257,900	436,900
	<u>5,077,200</u>	<u>5,766,400</u>
Less: allocated against future income tax liabilities	-	-
Less: valuation allowance	(4,477,200)	(5,166,400)
Future tax asset	<u>\$ 600,000</u>	<u>\$ 600,000</u>

- c) The Company has approximately \$23,535,000 of capital losses available which can be carried forward indefinitely to reduce future capital gains income. In addition the company has non-capital losses carried-forward for income tax purposes in the amount of \$3,695,000 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:

2014	\$ 502,000
2025	209,000
2028	589,000
2029	864,000
2030	<u>1,531,000</u>
	<u>\$ 3,695,000</u>

17. 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 \$1,008,254 (2009 - \$642,855). Notes receivable, bridge loans and convertible debentures include a note due from a director which had an original value of US\$500,000 and was fully allowed for in fiscal 2009. The Company and the Director are currently in the process of negotiating a payment plan.
- b) The Company often syndicates a portion of its bridge loans and convertible debentures to other co-lenders. During the year co-lenders invested \$735,722 (2009 - \$2,150,000) into bridge loans and convertible debentures structured by the Company. Of the total syndicated amount, \$499,639 (2009 - \$650,000) was provided by GC-Global Capital Lending Partners Limited Partnership (the "Partnership") and \$136,083 (2009 - \$250,000) was provided by officers and directors of the Company.
- c) In the first quarter of 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, from a company with common directors and officers.
- d) Portfolio investments include \$1,033,450 (December 31, 2009 - \$418,858) of shares and warrants of companies and partnerships having a current director or officer in common with the Company.
- e) Accounts receivable includes balances due from companies having a current director or officer in common with the Company in the amount of \$243,396 (2009 - \$269,990). These amounts are subject to normal creditor terms.
- f) 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 \$112,388 (2009 - \$113,260). Interest receivable includes interest earned on loans to entities with directors and officers in common with the Company, in the amount of \$20,186 (2009 - \$18,834).
- g) Structuring fees revenue includes \$52,575 (2009 - \$77,114) earned from companies with current and former directors and officers in common with the Company.
- h) Management and consulting fees and travel and promotion expenses include \$475,427 (2009 - \$975) paid \$296,975 to companies controlled by current directors and officers of the Company, \$27,301 (2009 - \$119,574) paid to a company with common officers and directors and \$136,650 (2009 - \$120,750) paid to a relative of a director of the Company.
- i) The Company is the parent company of the general partner of GC-Global Capital Lending Partners Limited Partnership. The general partner is entitled to a management fee equal to 2% per annum of the net asset value of the Partnership portfolio as well as a performance fee based on the profitability of the Partnership. In fiscal 2010, the Company earned management and performance fees from the Partnership of \$14,297 (2009 - \$8,561). The Company was also reimbursed by the Partnership for accounting and legal fees provided in the amount of \$11,300 (2009 - \$2,250).

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.

18. 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.

19. Sensitivity Analysis

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

Date	Index Value	Year Over Year % Change
December 31, 2005	11,272.26	
December 31, 2006	12,908.39	14.5%
December 31, 2007	13,833.06	7.2%
December 31, 2008	8,987.70	(35.0%)
December 31, 2009	11,746.11	30.7%
December 31, 2010	13,443.22	14.4%
Five year average	-	3.9%

The following table depicts the potential effect on comprehensive income of various changes in the market value of the Company's portfolio investments.

Change in Market Value of Portfolio Investments	Reason based on the TSX Index	Value of Portfolio Investments	Effect on Comprehensive Income
Increase of 14 %	2010 increase	\$ 6,633,805	\$ 814,678
Increase of 4 %	Five year average	\$ 6,051,892	\$ 232,765
Decrease of 35 %	2008 decrease	\$ 3,782,433	\$ (2,036,694)

The Company's convertible debentures consist mainly of financial investments in publicly-listed entities that are listed on a Canadian Stock Exchange. The following table depicts the potential 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 TSX Index	Value of Convertible Debentures	Effect on Net Income
Increase of 14 %	2010 increase	\$ 1,377,190	\$ 149,820
Increase of 4 %	Five year average	\$ 1,269,567	\$ 42,197
Decrease of 35 %	2008 decrease	\$ 885,863	\$ (341,507)

19. 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 \$828,755 as at December 31, 2010 (December 31, 2009 - \$3,598,161). 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, 2005	1.1630	-
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%)
December 31, 2010	0.9946	(5.4%)
Five year average	-	(2.9%)

The following table depicts the potential 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 %	\$ 41,214	\$ 451	\$ 41,665
Increase of 10 %	\$ 82,428	\$ 902	\$ 83,330
Decrease of 5 %	\$ (41,214)	\$ (451)	\$ (41,665)
Decrease of 15 %	\$ (123,642)	\$ (1,353)	\$ (124,995)

20. 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.

20. 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.

Description	Section
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	Risk management
	Credit risk management
	Market risk
	Liquidity risk
	Currency risk
Credit risk- gross exposure to credit risk, credit quality and concentration of exposures	Credit risk management
Market risk- value-at-risk, interest rate risk, price risk and equity risk	Market risk
Liquidity risk- liquid assets, maturity of financial liabilities and credit and liquidity commitments	Liquidity risk
Currency risk- exchange rate risk	Currency risk

21. 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 three years are approximately:

2011	\$	49,501
2012	\$	51,638
2013	\$	26,353

22. Contingencies

- a) (i) In March 2004, the Company and a director were named in an action under 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.
- (ii) In 2010 the Company received a statement of claim from the government of Canada requesting payment of an estimated US\$75,000. These funds were received by the Company as part of a repayment from a bridge loan client in 2004. The plaintiff claims that these funds should have been withheld by the client as per the provisions of the Income Tax Act.

The outcomes 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 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 2006 an additional \$115,635 in fees, penalties and interest has accrued.

As at December 31, 2010 the Company has paid \$143,054 of the total liability of \$432,044, in relation to the contingency. The Company has recorded a liability in the amount of \$288,990 with respect to this reassessment as at December 31, 2010.

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

23. Subsequent Events

- a) On January 17th, the Company announced it had completed a one-year, \$400,000 secured convertible loan to Bison Gold Resources Inc., a related party as a result of share ownership. The Loan bears interest at a rate of 12 per cent per annum, compounded and payable monthly. The Company acted as lead lender for the transaction, providing \$320,000 of the loan. The remaining \$80,000 was provided by a related party, the GC-Global Capital Lending Partners Limited Partnership. The loan is convertible into 1,702,128 units at a conversion price of \$0.235 per unit. Each unit comprises one common share of Bison Gold and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.30 for a period of 12 months from the closing date. The loan is secured by a general security agreement on all property and assets of Bison. The funds are to be used as general working capital.
- b) On February 7th, 2011 the Company announced that it had completed a secured loan in the principal amount of \$1.5 million with Synchronica PLC. The loan matures December 30, 2011, and bears interest at 12 per cent per year, compounded and payable monthly. As additional consideration for providing the loan, the Company and its syndicate of co-lenders were issued 450,000 common shares of Synchronica and paid a \$15,000 structuring fee. The common shares issued pursuant to the loan will be subject to resale restrictions for a period of four months from the closing date under applicable securities legislation. The Company acted as lead lender in the transaction providing \$800,000 of the loan along with a syndicate of lenders for the remaining \$700,000. The syndicate of lenders includes a related party, the GC-Global Capital Lending Partners Limited Partnership for \$200,000.
- c) On March 29th, 2011 the Company announced that it has been authorized by the TSX Venture Exchange to make a normal course issuer bid. The Company intends to purchase from time to time, if and to the extent it considers advisable, up to a maximum 899,831 subordinate voting shares out of the total 17,996,613 issued and outstanding on March 29, 2011. The number of shares proposed to be acquired represents approximately 5 per cent of the total number of the issued and outstanding subordinate voting shares. The bid will commence on April 3, 2011, and end on April 2, 2012. The purchased shares are to be cancelled. The Company has a policy of maintaining a normal course issuer bid on its subordinate voting shares.

24. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation adopted for the current period.