GC-Global Capital Corp.

Management Discussion & Analysis **Dated: April 24, 2012**

The following information should be read in conjunction with the GC-Global Capital Corp. ("GC" or the "Company") Consolidated Financial Statements for the years ended December 31, 2011 and 2010, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are expressed in Canadian dollars unless otherwise indicated.

GC 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. GC 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. GC also invests in emerging North American companies across all industries. GC's investments are made through equity financings and GC works with management of operating companies in order to create value for businesses in which GC 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.

The Company focuses on 3 main long-term, financial measurements:

1. Long-term/profitable investments
2. Maintaining strong capital and liquidity
3. Managing the success of its equity and investment portfolios

GC has 4 business activities or investments:

1. Structuring Deals/Bridge Loans ("Deals")
2. Market Investments ("Investments")
3. Equity stakes in private companies ("Private Companies")
4. Property/Land Investments ("Land")

Overall Performance

As noted above, GC's income is generated from 4 different business activities, some active (Deals, Investments and Private Companies) and some passive (Land). Correspondingly, revenues are presented to show the performance of each of these activities. As is common for all businesses, the performance of each of these business activities or investments will affect the Company's balance sheet and income statements in different ways which include the impact of non-operating activity, or adjusting the values to passive investments. As GC holds a significant portfolio of passive and equity investments, the presentation of the financial statements is greatly dependent on the valuation of these assets, due to market conditions in 2011 regardless of whether these investments are being held for the long term. With this in mind, it must be understood that the balance sheet presentation is greatly affected by the performance of the passive and equity investments and to a lesser extent the active investments. Going forward, the Company will be identifying opportunities to help the management of its equity investments improve the value of its active and equity investments through discussions on how they can improve their net income and corresponding asset value. As required for passive investments, they are valued according to IFRS requirements and any change in the value of these passive investments is recognized by adjustments to their value on the balance sheet and corresponding income statement impacts from these non-operating activities. These financial statements must be read with this perspective as accounting presentation does not always allow the flexibility to present forward looking values for long term equity and property investments. The Company anticipates that the valuation of the equity and property investments will reflect improvements in their respective sector opportunities and market conditions over the coming years.

As per the 2011 press releases, the Company is adjusting its equity investments in Private Companies in conjunction with the changing business cycle. New equity investments where added in 2011 which have no comparable in 2010. Business activities and investment valuations reflect significant changes to the economic climate of each market segment. To this end, the following discussion includes additional information for the sole purpose of simplifying year over year comparisons which may not be immediately evident when comparing the financial activities and portfolio investments common to both years.

As at December 31, 2011 GC's net assets were valued at $10.5 million or $0.58 per share compared to $15.6 million or $0.81 per share as at December 31, 2010. The $5.1 million dollar change in net assets is a combination of $4.1mm in net loss (mostly due to the valuation of equity and property investments and unrealized losses on fair value through profit or loss investments), $0.6mm in other comprehensive loss and $0.4mm in share buybacks through the Company's Normal Course Issuer Bid ("NCIB").

The net loss for the year ended December 31, 2011 was $4,110,050 (2010 – $46,751) and net comprehensive loss was $4,707,693 (2010 – $81,277). The bulk of the loss from the following 6 non-cash, valuation related sources may not be realized in the future: $1,338,569 due to unrealized losses on fair value through profit or loss investments (2010 – gain of $217,870), $969,619 provision for loan losses (2010 - $515,000), $745,176 loss on the valuation of investments using the equity method (2010 – loss of $51,153), $521,494 on write down of investment properties (2010 - $96,927), $450,976 for permanent impairment on portfolio investments (2010 - $143,318) and $600,000 write-down of a deferred income tax asset (2010 - $0). Net loss per share was $0.22 (2010 – $0.00). Excluding the 6 income statement items noted above, the adjusted net profit before tax per share was $0.03 (2010 – profit of $0.03) Also included in net loss for the year ended 2011 is a non-recurring settlement of contingency in the amount of $75,000 (2010 - $288,990). In 2012, the management team is focusing on reversing the impact of non-cash, valuation sources where possible. Efforts to reverse these non-cash expenses will focus on: 1) recovering capital from legacy bridge loans which have been written down, 2) identifying opportunities to reduce the provision for loan losses, 3) improving the valuation of equity investments through working with management to drive net profit, 4) capturing improvements in the United States real estate market.

As at December 31, 2011 GC loan and convertible debenture portfolio amounted to $2.2 million, a decrease of 44% as compared to $3.9 million as at December 31, 2010. The Company's portfolio investments amounted to $3.1 million, a decrease of 47% as compared to $5.9 million at December 31, 2010. 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 of its available-for-sale portfolio investments in 'accumulated other comprehensive income' on its balance sheet.

Total assets as at December 31, 2011 were $11.5 million compared to $17.1 million as at December 31, 2010. In 2011, cash and short term investments decreased by $2.7 million as the company made 2 equity investments (Tanenbaum Landscape & Design Inc. "TLD" and Marathon Mortgage Corporation "MMC") resulting in a $0.9 million year end balance (December 31, 2010 - $3.6 million). Bridge loans and notes receivable decreased by $1.7 million due to maturities, provisions for loan losses and reduced opportunities over the year end resulting in $2.2 million in notes receivable and bridge loans at year end (December 31, 2010 - $3.9 million). Portfolio investments decreased by $2.8 million as some of these assets were disposed of or written down resulting in a $3.1 million year end value (December 31, 2010 - $5.9 million). The investment property portfolio decreased by $0.6 million due to a write-down of $0.5mm and a disposition of land during the year resulting in a $1.9 million year end value (December 31, 2010 - $2.5 million). Equity method investments increased to $3.0 million as noted above (TLD and MMC) at year end (December 31, 2010 - $0.08 million). The balance of the changes are relatively minor with a $0.2 million reduction in other assets to $0.3 million (December 31, 2010 - $0.5 million) and a $0.6 million deferred income tax write down to $Nil at year end (December 31, 2010 - $0.6 million).

The majority of the losses for 2011 stem from write downs of legacy real estate holdings and the bridge loan related to the museum exhibition called the Las Vegas Mob Experience ("LVME"). Global Capital continues to pursue through the courts, the assets of the LVME as part of its recovery process, which it expects to be resolved in 2012. Regarding the state of the U.S. real estate recovery, we continue to monitor the markets of North Carolina, New Mexico and Georgia where the real estate holdings are located. We believe these markets are showing signs of healing and expect relative improvement in these markets this year and next. The combination of the sluggish U.S. real estate market along with the lengthy legal process of the U.S. courts required the company to take conservative measures and write down these assets with the goal of creating an asset base and net asset value per share to now grow from.

In the second half of 2011 and leading into 2012, Global Capital made the strategic decision to refocus its resources and management team to support its repositioning as a merchant bank. Over the past few months, three new directors joined the company's board enhancing the board's skills in securities law, public reporting and finance. The company's governance has been enhanced with modification to oversight committees. The recent appointment of Mr. Robert Parent as Chief Operating Officer demonstrates Global Capital's commitment to strengthening the management team by adding a focus on operations that is consistent with the Company's recent investments in Marathon Mortgage Corporation, Fletcher Business Park, Attorneys Title Guarantee Fund, Inc. and Tanenbaum Landscape & Design Inc. These investments are expected to drive a growing portion of

Global Capital's value in the second half of 2012. In addition the board and executive have made the strategic decision to co-locate Global Capital's head office with the Marathon Mortgage Corporation's head office to provide assistance as the business launches its operations.

An update on developments will be provided in the Q1 Financial Statements.

Selected Annual Information

The following annual selected information is prepared in accordance with International Financial Reporting Standards with the exception of 2009 which is prepared in accordance with generally accepted accounting principles in Canada.

For the years ended December 31	2011	2010	2009[2]
(per Financial Statements)			
Total Revenue [2]	$ 2,272,078	$ 2,098,123	$ 1,707,088
Net loss before taxes	(3,510,050)	(46,751)	(3,822,802)
Net loss for the year	(4,110,050)	(46,751)	(4,468,502)
Net loss per share [1]	(0.22)	(0.00)	(0.22)
Total assets	11,533,456	17,119,267	16,451,521
Total long-term financial liabilities	-	-	-
Cash dividends declared per share	-	-	0.025
Dividends accrued per preferred share	$ -	$ -	$ -

(1) Net 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.
(2) 2009 numbers have been reclassified to conform to the 2011 and 2010 presentation.

As noted earlier, the following adjusted net income is prepared based on adding back non-cash expenses to simplify the year over year comparison.

For the years ended December 31	2011	2010
Total Revenue (per financial statements)	$ 2,272,078	$ 2,098,123
Total Expenses (from financial statements)	4,995,922	1,802,153
Exclude Non-Cash Expense Items	3,280,658	542,375
Adjusted, Total Expenses	1,715,264	1,259,778
Other Expense Items	41,030	291,567
Adjusted Net Income Before Income Taxes	515,784	546,777
Adjusted Net Income Before Income Taxes Per Share [1]	0.03	0.03

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

Operating Results

Revenues

Total revenue for the year ended December 31, 2011 was $2,272,078 compared to $2,098,123 for the same period in 2010.

Interest and dividend income increased from $627,959 to $938,948 in 2011 as a result of a $532,400 distribution from one of the Company's private company investments. The expected trend is for interest and dividend income is to decrease in subsequent years. Structuring fees and bonuses increased slightly from $308,608 to $311,881 in 2011. 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 is for structuring fees to be consistent with the current year.

The sale of investments and securities have resulted in GC recording a realized gain of $546,136 for the year as compared to a realized gain of $764,902 in 2010. The amount includes a loss of $12,216 from available for sale investments and a gain of $558,352 from the sale of fair value through profit or loss investments (2010 – gain of $346,144 from available for sale investments and $418,758 from fair value through profit or loss investments). The current year gain is primarily due to the sale of GC's shares in Royal Coal Corp. and MBMI Resources Inc. during the year.

In September, 2010 the Company acted as the lead lender on a 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. For the year ended December 31, 2011 the Company recorded as accretion income $80,313 with respect to this debenture. This debenture was repaid in cash in the third quarter of 2011.

In January, 2011 the Company acted as the lead lender on a second convertible debenture in Bison Gold Resources Inc. in the amount of $400,000. The Company's portion of the loan was $320,000. 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 $320,000 was allocated $102,035 to the debenture and $217,965 to the conversion feature. For the year ended December 31, 2011 the Company recorded as accretion income $217,957 with respect to this debenture. This debenture was repaid in cash in the fourth quarter of 2011.

The Company received a convertible debenture in Knightscove 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. The convertible debenture expired on April 1, 2011. For the year ended December 31, 2011 the Company recorded as accretion income $16,766 with respect to this debenture.

The Company received a convertible debenture in MBMI Resources Inc. in July, 2009 in the amount of $500,000. During the year ended December 31, 2010, the Company converted $272,222 of the principal into common shares. During the first quarter of 2011, the Company converted the remaining $227,778 of the principal into common shares.

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. In the third and fourth quarter of 2010, the Company received $50,000 in principal repayments and converted $75,000 of the principal into common shares. During the first quarter of 2011, the Company converted the remaining $250,000 of the principal into common shares.

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 during the year resulted in a decrease in net income, due to a decrease in their fair value, of $770,861 (2010 – increase of $285,982).

In the second quarter of 2011 the Company settled a US$294,761 note payable plus accrued interest for a payment of US$250,000 recording a gain on settlement of CDN$87,799.

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 $1,193,971. During the year ended December 31, 2011 the Company capitalized costs of $61,571 and sold one lot for a gain on sale of $14,618. On December 28, 2011 the Company sold its Maysville, Kentucky property for gross proceeds of $50,665 recording a loss on sale of $1,600.

Other revenue consisted of management fees in the amount of $7,865 (2010 - $14,297) and consulting fees in the amount of $101,000 (2010 - $20,000).

On July 20th, the Company announced it had entered into a joint venture called TGC Acquisition Corp. ("TGC") with Rossmore and Partners Investments Corp. ("Rossmore"). The Company and Rossmore have an equal interest in TGC. On July 20th, 2011, TGC completed the acquisition of Tanenbaum Landscape and Design Inc. ("TLD") (formerly DDR Landscaping Contractors Ltd.) for a purchase price of $2.5-million. The Company provided $1,000,000, Rossmore provided an additional $500,000 and the sellers provided a $1-million vendor take back loan for the balance of the purchase price. Based in Oakville, TLD is a commercial site contractor in the Ontario region. GC and Rossmore have joint control of TGC requiring all strategic and operating decisions to be approved by both joint venture partners. This arrangement requires this investment to be accounted using equity method investment valuation. Therefore, the Company's proportionate share of TGC's earnings or losses is reported in income. For the year ended December 31, 2011, the Company recorded a loss of $664,184 (2010 - $Nil) relating to this investment.

On November 24, 2011 the Company announced that it has subscribed for and purchased 2,750,000 Preferred Shares and 2,138,890 Common Shares of Marathon Mortgage Corporation ("MMC") representing 35.3% of the outstanding Preferred Shares and 24.3% of the outstanding Common Shares for a total subscription price of $2,750,213.89. The Company accounts for this investment using the equity method. MMC has been established to build a residential mortgage origination, sales and servicing business. The Company's acquisition of MMC Preferred and Common Shares was the lead order in a financing of MMC which raised $7,801,000. The Preferred Shares are expected to yield a cumulative annual dividend equal to 8% of the issue price and the Preferred Shares are also redeemable at a redemption price equal to the issue price. It is expected that MMC will redeem all of the Preferred Shares within four years. As consideration for being the lead order on the MMC financing, the Company negotiated and entered into a Put/Call arrangement pursuant to which the Company may purchase, or MMC may require the Company to purchase, an additional 1.2 million Preferred Shares and 933,333 Common Shares for an aggregate purchase price of $1,200,093. The Put/Call shall remain available for exercise for a period of five years; however, MMC cannot exercise their Call rights until after one year from the date of closing of the MMC financing. Gordon Ewart, Global Capital's Chairman, is the registered holder of 620,000 Common Shares of MMC which he acquired independently at the Common Share issue price. The Company's proportionate share of MMC's earnings or losses is reported in income. For the year ended December 31, 2011, MMC was just in its initial phase of operations and the Company recorded a loss of $36,423 (2010 - $Nil) relating to this investment.

As at January 1, 2011 the Company held approximately of 42.5% of the outstanding shares in GDV Resources Inc. ("GDV"). During the first quarter of 2011 the Company completed a shares-for-debt transaction with GDV whereby the Company received 1,500,000 common shares of GDV to cancel debt of $75,000. Subsequent to this transaction the Company's ownership increased to 49.9%. As a result, the Company had determined that it exercised significant influence over GDV and therefore accounted for this investment using the equity method. The Company's share of earnings or losses was reported in income. For the year ended December 31, 2011 the Company recorded a loss of $44,569 (2010 - $51,153) relating to this investment. On December 31, 2011 the Company sold 3,000,000 common shares of GDV in a private transaction for $75,000 recording a loss of $49,605.

Expenses

Total expenses for the year were $4,995,922 as compared to $1,802,153 in 2010. Excluding the non-cash expenses (unrealized losses or gains, write-downs and provisions for loan losses) total expenses were $1,715,264 as compared with $1,259,778 in 2010 which reflect higher audit, legal and management fees and reduced gain on foreign exchange in 2011.

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 $23,529 in 2011 as compared to a gain of

$237,447 in 2010. The gain during the year 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 to $187,516 in 2011 as compared to $130,881 in 2010 and is expected to decrease in 2012 with rationalization of expenses, overhead and review of supplier agreements. Management and consulting fees increased 11% from 2010 to 2011 and is expected to decrease in 2012 due to reduced consulting fees. Travel and promotion expenses increased from $100,058 to $124,764 in 2011 as a result of increased travel and promotional activities during the year and is expected to decrease in 2012. Audit and legal fees increased from $144,918 to $230,825. The increase is partly due to increased legal costs and loan recovery costs during the year. These expenses are expected to be lower in 2012 as legal costs should be lower. Rent increased from $89,929 to $94,396 in 2011. The future trend is expected to be decrease as compared with the current year. Interest expense decreased from $28,033 to $10,017 in 2011. Interest expense relates mainly to a 7% note on a property acquired in March, 2009. The note was settled in the second quarter of 2011 and as a result interest expense is expected to be minimal in future periods. The Company also recorded $28,719 (2010 – $45,499) in property taxes during the year as a result of investment property acquired in 2010. The Company plans to adjust the portfolio of investment properties based on market conditions and their long term investment potential as appropriate. Property tax increases or decreases will be based on the timing of future acquisitions and dispositions. The Company also recorded a settlement of a contingent liability in the amount of $75,000 during the year (2010 – $288,990).

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, 2011 of $392,144 (2010 – decrease of $143,471). Included in the value of convertible debentures is $Nil (December 31, 2010 - $685,677) which is the value of the conversion features at December 31, 2011. As at December 31, 2011 the Company no longer had convertible debentures outstanding.

For the year ended December 31, 2011 the Company recorded an impairment loss of $521,494 (2010 - $96,927) as a result of a decline in the fair value of certain investment properties. The write-down of investment properties relates primarily to properties that were acquired as settlement for bridge loans outstanding in 2009. A portion of the value of the investment property was permanently impaired and the Company wrote the costs down to their market value as at December 31, 2011. The future trend will depend upon real estate market conditions in the United States. The Company also recorded a provision for loan losses in the amount of $969,619 (2010 - $515,000) relating to loans that were past due or non-performing. Included in the provision for loan losses is a recovery of $79,421 from prior period provisions. For the year ended December 31, 2011 the Company recorded an impairment loss of $450,976 (2010 -$148,318) with respect to its portfolio investments and equity method investments. Included in the impairment loss is a write-down of $389,258 (2010 - $33,000) related to the Company's private company investments.

Net loss was $4,110,050 for the year ended December 31, 2011 as compared to a net loss of $46,751 in 2010. The adjusted net income for the year ended December 31, 2011 which excludes non-cash expenses was $515,784 as compared to adjusted net income of $546,777 in 2010.

Taxes

As at December 31, 2011, the Company had approximately $24.8 million in capital losses and $31.1 million in non-capital losses. During the year, the Company recorded a charge of $0.6 million (2010 –$Nil) against its deferred tax asset due to the uncertainty of utilizing the losses going forward.

Summary of Quarterly Results

For the quarters ended		Dec 31/11		Sep 30/11		Jun 30/11		Mar 31/11
Total revenue	$	19,467	$	372,235	$	918,646	$	961,730
Net income (loss) before taxes		(1,690,447)		(1,589,897)		(599,949)		370,242
Net income (loss)		(2,290,447)		(1,589,897)		(599,949)		370,242
Net income (loss) per share – basic and diluted (1)	$	(0.12)	$	(0.09)	$	(0.03)	$	0.02

For the quarters ended		Dec 31/10		Sep 30/10		Jun 30/10		Mar 31/10
Total revenue	$	717,999	$	610,797	$	508,401	$	617,933
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

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

Fourth Quarter

Total revenue for the quarter ended December 31, 2011 was $19,467 compared to $717,999 for the same period in 2010. Included in fourth quarter revenue was $61,820 (2010 - $0.2 million) in interest income, $60,500 in consulting fees (2010 - $Nil), $0.2 million (2010 – gain of $0.2 million) in losses on sale of investments and $25,220 (2010 - $0.1 million) in structuring fees.

Total expenses for the fourth quarter were $1.4 million compared to $0.7 million from the corresponding period in 2010. Included in the fourth quarter was a provision for losses on bridge loans, investment properties and portfolio investments of $0.5 million (2010 - $0.4 million) and a $0.2 million unrealized loss (2010 - $0.4 million unrealized gain) on fair value through profit or loss investments

The Company also had $568,590 in equity method investment losses and $49,605 in losses on sale of equity method investments (2010 - $Nil).

Net loss for the fourth quarter of 2010 was $2,290,447 compared to a net loss of $112,597 for the corresponding period in 2010. The decrease was primarily due to equity method investment losses in the quarter and additional write-downs of assets in 2011 as a result of market conditions. The future trend will depend on market conditions in 2012.

Liquidity

As at December 31, 2011, Global Capital had $948,360 in cash and short-term investments. The Company had $1,146,845 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 may procure debt or equity financing from time to time to fund its 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 interim financial statements.

Subsequent Events

a) On January 9, 2012 the Company announced that it had received TSX Venture Exchange approval for a non-brokered private placement of 1,333,332 subordinate voting shares at a price of $0.30 per share for total gross proceeds of $400,000. The proceeds of the financing will be used for general working capital purposes. The subordinate voting shares issued are subject to a four-month hold period.

b) On April 4, 2012 the Company announced that it 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 the Company considers advisable, up to a maximum of 924,402 subordinate voting shares out of the total 18,483,045 issued and outstanding on April 2, 2012. 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 10, 2012, and end on April 9, 2013. The shares will be purchased in the open market through the facilities of the TSX-V. The purchased shares are to be cancelled. All purchases are to be settled in accordance with normal settlement procedures of the TSX-V. Purchases pursuant to the bid will be made by Canaccord Wealth Management on behalf of the Company. The Company has a policy of maintaining a normal course issuer bid on its subordinate voting shares. Through a normal course issuer bid during the period April 3, 2011, to April 2, 2012, the Company purchased 846,900 subordinate voting shares at an average cost of 35 cents. This includes 50,000 subordinate voting shares at an average cost of $0.23 purchased between January 1, 2012 and April 2, 2012.

Off-balance Sheet Arrangements

In September 2006, the Company began a forward contract hedging program with a Canadian banking institution. As at December 31, 2011 the Company had purchased for settlement from its banker, forward contracts to sell US$300,000 at $1.017 maturing January 5, 2012, US$1,250,000 at $1.012 maturing February 7, 2012 and US$250,000 at $1.025 maturing February 7, 2012. 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 $508,500 (December 31, 2010 - $1,008,254) and balances due from companies with a former common director with a carrying value of $153,784 (December 31, 2010 - $Nil). 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. In the third quarter of 2011 the Company and the Director negotiated a payment plan which consists of five principal payments of US$100,000 beginning on March 31, 2012 with the final payment due on March 31, 2016. Interest on the unpaid balance accrues at the prime rate and is payable semi-annually. The Company often syndicates a portion

of its bridge loans and convertible debentures to other co-lenders. During the year ended December 31, 2011 co-lenders invested $2,677,650 (2010 - $735,722) into bridge loans and convertible debentures structured by the Company. Of the total syndicated amount, $558,608 (2010 - $499,639) was provided by GC-Global Capital Lending Partners Limited Partnership (the "Partnership") and $4,042 (2010 - $136,082) was provided by officers and directors of the Company. Portfolio investments include $1,144,676 (December 31, 2010 - $1,033,450) of shares and warrants of companies and partnerships having a current director or officer in common with the Company and $12,107 (December 31, 2010 - $Nil) of shares of companies having a former common director 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 $111,336 (December 31, 2010 - $243,396). These amounts are subject to normal creditor terms. During the first quarter of 2011 the Company completed a shares-for-debt transaction with GDV Resources Inc., whereby the Company received 1,500,000 common shares of GDV Resources Inc. to cancel debt of $75,000. Further to the disposal of shares described in Note 8, the Company is no longer a related party to GDV. 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 $72,121 (2010 - $112,388) and $40,371 (2010 - $Nil) to entities with former common directors with the Company. As of April, 2011 the Company no longer has common directors with Knightscove Media Corp. Interest receivable includes interest earned on loans to entities with directors and officers in common with the Company, in the amount of $3,845 (December 31, 2010 - $20,186) and interest earned on loans to entities with former common directors in the amount of $1,681 (December 31, 2010 - $Nil). Structuring fees revenue includes $21,508 (2010 - $52,575) earned from companies with current and former directors and officers in common with the Company. Consulting fee revenue includes $81,000 (2010 - $Nil) earned from a company jointly controlled by the Company and $20,000 (2010 - $Nil) earned from a company with former common directors with the Company. Management and consulting fees and travel and promotion expenses include $854,470 (2010 - $475,427) paid to current directors and officers and companies controlled by current directors and officers of the Company, $Nil (2010 - $27,301) paid to a company with common officers and directors and $108,292 (2010 - $136,650) 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 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 the year ended December 31, 2011, the Company earned management and performance fees from the Partnership of $7,865 (2010 - $14,297). The Company was also reimbursed by the Partnership for accounting and legal fees provided in the amount of $8,475 (2010 - $11,300). The Company is currently in the process of dissolving the Partnership.

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.

Compensation of key management personnel

The remuneration expense of directors and other members of key management personnel during the year was as follows:

	2011	2010
Management, consulting fees and benefits	$ 798,535	$ 601,757

Proposed Transactions

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

Critical Accounting Estimates

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

- Provision for loan losses – Management exercises judgement to determine whether indicators of loan impairment exist, and if so, management must estimate the timing and amount of future cash flows from loans receivable.

- Valuation of deferred income tax assets – The valuation of deferred income tax assets requires judgement on their recoverability. Such judgements are made based on management's estimate on the timing and amount of the Company's future taxable earnings.

- Valuation of warrants and convertible debentures – Inputs to the Black-Scholes option pricing model require estimates of future share price volatility.

- Impairment of assets – Management exercises judgement to determine whether indicators of impairment exist, and if so, management must estimate the timing and amount of future cash flows from sales.

- Fair value of portfolio investments not quoted in an active market or private company investments – Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

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

Changes in Accounting Policies

Adoption of International Financial Reporting Standards

The accompanying financial statements for the year ended December 31, 2011 have been prepared to reflect the Company's adoption of International Financial Reporting Standards ("IFRS"), with effect from January 1, 2010. Periods prior to January 1, 2010 have not been restated. The financial statements subsequent to this report will be prepared in accordance with IFRS. Prior to adopting IFRS, the Company reported its financial results using Canadian generally accepted accounting principles ("GAAP").

Note 24 of the Company's financial statements contains a description of the transition to IFRS, including a line-by-line reconciliation of the financial statements previously prepared under GAAP to those under IFRS for the year ended December 31, 2010.

The post-implementation phase will involve continuous monitoring of changes in IFRS in future periods. The Company notes that the standard-setting bodies that determine IFRS have significant ongoing projects that could impact the IFRS accounting policies that have been selected. In particular, there may be additional new or revised IFRSs or IFRICs in relation to consolidation, joint ventures, financial assets, hedge accounting, discontinued operations, leases, employee benefits and revenue recognition. The Company has processes in place to ensure that potential changes are monitored and evaluated. The impact of any new IFRSs and IFRIC Interpretations will be evaluated as they are drafted and published.

Financial Assets

Financial assets must be classified into one of four categories: fair value through profit or loss, held-to-maturity, loans and receivables and available for sale; financial liabilities must be classified into one of two categories: fair value through profit or loss and other financial liabilities. All derivative instruments, including those that are embedded in, but not closely related to, another

contract must be classified as fair value through profit or loss with changes in their fair value reported in net income for the period. All financial assets, 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: fair value through profit or loss 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 fair value through profit or loss. 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 condensed balance sheets at fair value. Fair value is determined directly by reference to quoted market prices in active markets. In instances where securities are escrowed or subject to restrictions on sale or transfer, the securities are recorded at amounts discounted from market value to a maximum of 20%. In determining the discount for such investments, the Company considers the nature and length of the restriction.

Portfolio investments in private companies have been designated as available for sale. If a market for an investment is not active, the Company establishes fair value by using a valuation technique that makes maximum use of market inputs and includes recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and option pricing models. If there is no active market for a portfolio investment and the range of reasonable fair values is significant and the probabilities of the various estimates cannot be made reliably, then the Company measures the portfolio investment at cost less 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 fair value through profit or loss, 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 fair value through profit or loss. 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 fair value through profit or loss.

Financial assets measured at fair value must be classified 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 asset in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. Additional disclosure relating to the liquidity risk associated with financial assets is disclosed below.

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 assets will significantly fluctuate due to changes in market prices. The value of the financial assets can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments, and unfavourable market conditions could result in dispositions of investments at less than favourable prices. Additionally, the Company is required to mark to market its fair value through profit or loss investments at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on the Company's financial position. The Company manages market risk by having a portfolio which is not singularly exposed to any one issuer or class of issuers. The Board monitors changes in the market on an ongoing basis and adjusts the Company's lending 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, 2011, Global Capital had $948,359 in cash and short-term investments. The Company had $1,146,845 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 may procure debt or equity financing from time to time to fund its 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, 2011 the Company had purchased for settlement from its banker, forward contracts to sell US$300,000 at $1.017 maturing January 5, 2012, US$1,250,000 at $1.012 maturing February 7, 2012 and US$250,000 at $1.025 maturing February 7, 2012. 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

On June 6, 2011, the Company's 56.5% controlled subsidiary Somersby Park 2010 Limited Partnership paid out $2,119 of its 2010 income distribution to its non-controlling limited partners.

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	18,483,045
Multiple Voting Shares	1,035,719
	19,518,764

Outstanding Options

Type	Amount Outstanding	Exercise Price	Expiry Date
Stock option	120,000	$1.15	November 9, 2012
Stock option	1,110,000	$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.

Consolidated Financial Statements

December 31, 2011 and 2010

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards. 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"***	Signed: ***"Andrew Hilton"***
Chief Executive Officer	Chief Financial Officer

Toronto, Ontario
April 24, 2012

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 statements of financial position as at December 31, 2011 and 2010 and January 1, 2010, and the consolidated statements of changes in equity, comprehensive income (loss) and cash flows for the years ended December 31, 2011 and 2010, 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 International Financial Reporting Standards ("IFRS"), 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, 2011 and 2010, and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and 2010 in accordance with International Financial Reporting Standards.

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

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
April 24, 2012

GC-Global Capital Corp.
Consolidated Statements of Financial Position

	December 31 2011	December 31 2010	January 1 2010
Assets			
Cash	$ 645,325	$ 3,329,029	$ 1,889,181
Short-term investments (note 5)	303,035	301,235	300,370
Accounts receivable and sundry assets (note 17)	192,925	420,152	312,697
Prepaid expenses	12,560	12,320	12,743
Interest and dividends receivable (note 17)	32,952	55,865	112,217
Bridge loans, notes receivable and letters of credit (notes 6 and 17)	2,118,871	2,659,279	7,956,592
Convertible debentures (notes 6 and17)	-	1,227,371	1,683,966
Portfolio investments in publicly-traded companies (notes 5 and 17)	1,104,636	3,661,535	784,837
Portfolio investments in private companies (notes 5 and 17)	2,006,067	2,214,187	1,896,614
Equity method investments (note 8)	3,049,608	76,251	-
Investment properties (note 9)	1,949,569	2,519,000	1,424,631
Property and equipment (note 10)	47,908	43,043	41,592
Deferred income taxes	-	600,000	600,000
	$ 11,533,456	$ 17,119,267	$ 17,015,440
Liabilities			
Accounts payable and accrued liabilities (note 22(b))	$ 400,846	$ 539,260	$ 367,051
Note payable (note 11)	-	293,169	309,794
Customer advances and deferred revenue	102,467	134,619	241,077
	503,313	967,048	917,922
Shareholders' equity			
Share capital (note 12)	16,489,172	17,326,516	17,978,236
Contributed surplus	4,451,009	3,991,959	3,726,026
Accumulated other comprehensive (loss) income	(19,604)	578,039	612,515
Deficit	(10,376,060)	(6,266,010)	(6,219,259)
Total GC-Global Capital Corp. shareholders' equity	10,544,517	15,630,504	16,097,518
Non-controlling interest	485,626	521,715	-
Total Equity	11,030,143	16,152,219	16,097,518
	$ 11,533,456	$ 17,119,267	$ 17,015,440

Commitments, contingencies and subsequent events (notes 21, 22 and 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 Changes in Equity
For the years ended December 31, 2011 and 2010

	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Non-controlling Interest	Total
	$	$	$	$	$	$
Balance, January 1, 2010	17,978,236	3,726,026	(6,219,259)	612,515	-	16,097,518
Net income	-	-	(46,751)	-	-	(46,751)
Issuance of partnership units	-	-	-	-	519,137	519,137
Income attributable to non-controlling interests	-	-	-	-	2,577	2,577
Purchase of treasury shares	(651,720)	265,933	-	-	-	(385,787)
Unrealized gains on available for sale financial assets	-	-	-	142,818	-	142,818
Reclassification adjustment for permanent impairment recognized in net income				52,825		52,825
Reclassification adjustment for realized (gains) recognized in net income	-	-	-	(230,119)	-	(230,119)
Balance, December 31, 2010	17,326,516	3,991,959	(6,266,010)	578,039	521,715	16,152,219
Balance, January 1, 2011	17,326,516	3,991,959	(6,266,010)	578,039	521,715	16,152,219
Net loss	-	-	(4,110,050)	-	-	(4,110,050)
Loss attributable to non-controlling interests	-	-	-	-	(33,970)	(33,970)
Purchase of treasury shares	(837,344)	459,050	-	-	-	(378,294)
Dividends (note 16)	-	-	-	-	(2,119)	(2,119)
Unrealized losses on available for sale financial assets	-	-	-	(1,014,991)	-	(1,014,991)
Reclassification adjustment for permanent impairment recognized in net income	-	-	-	450,976	-	450,976
Reclassification adjustment for realized (gains) recognized in net income	-	-	-	(33,628)	-	(33,628)
Balance, December 31, 2011	16,489,172	4,451,009	(10,376,060)	(19,604)	485,626	11,030,143

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

GC-Global Capital Corp.
Consolidated Statements of Comprehensive Income (Loss)
For the years ended December 31, 2011 and 2010

	2011	2010
Revenue		
Structuring fees and bonuses (note 17)	$ 311,881	$ 308,608
Interest and dividend income (note 17)	938,948	627,959
Management fees (note 17)	7,865	14,297
Accretion of convertible debentures (note 6)	315,036	310,050
Gain on sale of fair value through profit or loss portfolio investments	558,352	418,758
Gain on sale of portfolio investments available for sale	(12,216)	346,144
Loss on sale of equity method investments (note 8)	(49,605)	-
Gain on sale of investment property (note 9)	13,018	52,307
Gain on settlement of note (note 11)	87,799	-
Consulting fees (note 17)	101,000	20,000
	2,272,078	2,098,123
Expenses		
Management and consulting fees (note 17)	1,048,086	945,829
Filing and listing fees	49,761	45,348
Audit and legal fees	230,825	144,918
Office and general	137,755	85,533
Travel and promotion (note 17)	124,764	100,058
Rent	94,396	89,929
Property tax	28,719	45,499
Interest	10,017	28,033
Depreciation	14,470	12,078
Unrealized loss (gain) on fair value through profit or loss investments (notes 5 and 6)	1,338,569	(217,870)
Provision for loan losses, net of recoveries (note 6)	969,619	515,000
Permanent impairment write-down on portfolio investments available for sale and equity method investments (note 5)	450,976	148,318
Write-down of investment properties (note 9)	521,494	96,927
Foreign exchange loss (gain)	(23,529)	(237,447)
	4,995,922	1,802,153
	(2,723,844)	295,969
Equity method investment (loss) (note 8)	(745,176)	(51,153)
Settlement of contingency (note 22(b))	(75,000)	(288,990)
Non-controlling interest	33,970	(2,577)
Loss before income tax	(3,510,050)	(46,751)
Income taxes provision (note 18)		
Deferred	600,000	-
	600,000	-
Net loss for the year	$ (4,110,050)	$ (46,751)
Other comprehensive loss		
Unrealized (losses) gains on available for sale financial assets	(1,014,991)	142,818
Reclassification adjustment for permanent impairment recognized in net income	450,976	52,825
Reclassification adjustment for unrealized gains recognized in net income	(33,628)	(230,119)
Net comprehensive (loss) income	$ (4,707,693)	$ (81,227)
Net income (loss) per share – basic and diluted (note 14)	$ (0.22)	$ (0.00)
Weighted average number of shares outstanding – basic and diluted	18,723,567	19,717,334

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, 2011 and 2010

	2011	2010
Operating activities		
Net income (loss) for the year	$ (4,110,050)	$ (46,751)
Items not affecting cash:		
Gain on sale of fair value through profit or loss portfolio investments	(558,352)	(418,758)
(Gain) loss on sale of portfolio investments available for sale	12,216	(346,144)
Gain on sale of investment property	(13,018)	(52,307)
Gain on settlement of note	(87,799)	-
Loss on sale of equity method investments	49,605	-
Accretion of convertible debentures	(315,036)	(310,050)
Unrealized loss (gain) on fair value through profit or loss investments	1,338,569	(217,870)
Equity method investment loss	745,176	51,153
Non-controlling interest	(33,970)	2,577
Non cash structuring fees and bonuses received as shares	(240,256)	(233,585)
Depreciation	14,470	12,079
Deferred income tax provision	600,000	-
Provision for loan losses, net of recoveries	969,619	515,000
Permanent impairment write-down on portfolio investments available for sale	450,976	148,319
Write-down on investment properties	521,494	96,927
	(656,356)	(799,410)
Net changes in non-cash working capital balances (note 15)	111,487	121,527
	(544,869)	(677,883)
Investing activities		
Issuance of notes receivable, bridge loans and convertible debentures	(3,904,859)	(1,876,524)
Repayment of notes receivable, bridge loans and convertible debentures	3,790,309	5,019,332
Purchase of equity method investments	(3,750,215)	-
Purchase of portfolio investments	(8,725,120)	(3,768,271)
Proceeds from sale of portfolio investments	11,030,311	3,761,131
Proceeds from sale of investment property	61,071	97,481
Purchase of investment property	(959)	(716,101)
Additions to property and equipment	(19,335)	(13,530)
	(1,518,797)	2,503,518
Financing activities		
Repayment of note payable	(239,625)	-
Dividends paid by subsidiary	(2,119)	-
Purchase of treasury shares	(378,294)	(385,787)
	(620,038)	(385,787)
Increase (decrease) in cash	(2,683,704)	1,439,848
Cash, beginning of year	3,329,029	1,889,181
Cash, end of year	$ 645,325	$ 3,329,029

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.

GC-Global Capital Corp. is a publicly traded company incorporated and domiciled in Canada. The Company's registered office is as follows: 1400-55 York Street, Toronto, ON M5J 1R7. The Company's subordinate voting shares are listed on the TSX Venture Exchange ("TSXV") under the symbol GDE.A.

2. Basis of Presentation

Statement of Compliance

These consolidated financial statements, including comparative periods, have been prepared using International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The Company adopted IFRS in accordance with IFRS 1, First-Time Adoption of IFRS. The first date at which IFRS was applied was January 1, 2010. As these consolidated financial statements are prepared using IFRS, certain disclosures, and the recognition and measurement of certain balances and transactions may differ from the financial statements previously reported under Canadian generally accepted accounting principles ("Canadian GAAP").

Reconciliations from Canadian GAAP to IFRS for certain comparative periods, with explanations for significant differences, are included in Note 24.

These consolidated financial statements are prepared using IFRSs in effect at April 24, 2012 the date of the Board of Directors approving the financial statements. Significant accounting policies used in the preparation of the financial statements are described in Note 3.

3. Summary of Significant Accounting Policies

These consolidated financial statements have been prepared by management in accordance with IFRS. 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

Joint Ventures

When joint approval is required from third parties to enable the implementation of the strategic, operating, investing or financing matters governing affiliated entities of the Company, the affiliated entities are considered to be joint ventures. Joint Ventures are accounted for using the equity method, whereby the Company records its proportionate share of an affiliate's net assets as an equity method investment and its proportionate share of an affiliate's net income (loss) as equity method investment income.

Investment in Associated Company

Investments in associated companies over which the Company has 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 (loss) of such investments is included in the consolidated statements of income as equity method investment income.

Use of Estimates

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

- Provision for loan losses – Management exercises judgement to determine whether indicators of loan impairment exist, and if so, management must estimate the timing and amount of future cash flows from loans receivable.

- Valuation of deferred income tax assets – The valuation of deferred income tax assets requires judgement on their recoverability. Such judgements are made based on management's estimate on the timing and amount of the Company's future taxable earnings.

- Valuation of warrants and convertible debentures – Inputs to the Black-Scholes option pricing model require estimates of future share price volatility.

- Impairment of assets – Management exercises judgement to determine whether indicators of impairment exist, and if so, management must estimate the timing and amount of future cash flows from sales.

- Fair value of portfolio investments not quoted in an active market or private company investments – Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values.

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

3. Summary of Significant Accounting Policies - continued

Provisions

The Company recognizes provisions, typically for asset retirement obligations and employee benefits, when a legal or constructive obligation exists as a result of past events, when it is probable that there will be an outflow of economic benefits from the entity, and a reliable estimate of the amount of the obligation can be made. When a provision is expected to settle beyond the immediate term, the provision is measured at the present value of future cash flows, discounted at prevailing market interest rates. With the passage of time, additional expenses are recorded as the provision accretes.

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 and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These include accounts receivable and loans receivable.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment.

Loans receivable are recorded at amortized cost, net of specific loan loss provisions.

Impairment of Loans and Provision for Loan Losses

Loans are considered to be impaired when there is objective evidence that, as a result of one or more events that have occurred after the initial recognition of the loan; the estimated future cash flows of the loan have been affected. Objective evidence of impairment of a loan could include: significant financial difficulty of the borrower, breach of contract such as a default or delinquency in interest or principal payments; or it becomes probable that the borrower will enter bankruptcy or other financial reorganization.

Specific Provision for Loan Losses

At a minimum of each reporting period, management assesses whether there are indicators that loan loss provisions are required for each loan in the Company's loan portfolio based on economic and market trends, the impairment status of loans, market value of the asset, and appraisals, if any, of the security underlying loans receivable. If these factors indicate that the carrying value of loans may not be recoverable, or the repayment of contractual amounts due may be delayed, management compares the carrying value of the affected loans with the discounted present value of their estimated future cash flows. To the extent that discounted estimated future cash flows are less than the loan carrying value, a specific loan loss provision is recorded. Any subsequent recognition of interest income on a loan for which a specific loan loss provision exists is calculated at the discount rate used in determining the provision, which may differ from the contracted loan interest rate.

Should the cash flow assumptions used to determine the original loan loss provision change, the loan loss provision may be reversed. A loan loss provision is reversed only to the extent that the revised carrying value of the loan does not exceed its amortized cost that would have been recorded had no loan loss provision been recognized.

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.

3. Summary of Significant Accounting Policies - continued

Investment Properties

The Company currently owns five (2010 – six) investment properties which are measured using the cost model. After initial recognition, the properties are recorded at cost less accumulated impairment losses. 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. The fair value of each property at the end of the reporting period is disclosed in note 9. To determine fair value, the properties are compared to current prices in an active market for similar properties in the same location and condition and subject to similar contracts. In the absence of such information, the Company may consider current prices of properties of a different nature or in less active markets with adjustments to reflect changes in economic conditions. If the fair value of the property cannot be reasonably determined using the above criteria, the fair value of the property is assumed to be equal to its cost less accumulated impairment losses.

Revenue Recognition

Interest income is recorded on an accrual basis using the effective interest method. Under the effective interest method, the interest realized is not necessarily the same as the stated loan interest rate. When a loan is classified as impaired, the original expected timing and amount of future cash flows may be revised to reflect new loan circumstances. These revised cash flows are discounted using the original effective interest rate to determine the impaired carrying value of the loan. Interest income is thereafter recognized on this impaired carrying value using the effective interest rate. Additional changes to the amount or timing of future cash flows could result in further loan losses, or the reversal of prior loan losses, which would also impact the amount of subsequent interest income recognized. 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 depreciation, and are amortized over their estimated useful lives at the following rates and methods:

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

Impairment of Property and Equipment

The Company assesses, each reporting period, whether there are any indicators that the carrying value of property and equipment may exceed their fair values. Such indicators may include, but are not limited to declines in market prices, changes in use of the assets, or deterioration of asset condition. If such indicators are identified, the Company determines the value in use of property and equipment based on the estimated future discounted cash flows generated by the assets, including disposals. In estimating future cash flows, the Company considers operating plans, market conditions, appraisal values and management's best estimate of the most probable set of conditions to occur. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The recoverable amount is determined as the higher of the fair value less costs to sell the asset or cash-generating unit ("CGU") and its value in use. This is determined for an individual asset unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets. If this is the case, individual assets are grouped together into CGU's for impairment purposes. Such CGU's represent the lowest level for which there are separately identifiable cash flows from other assets or asset groups. An impairment loss equal to the excess amount of asset carrying values over their recoverable amount is recognized in the period in which the impairment has occurred.

3. Summary of Significant Accounting Policies - continued

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 statement of financial position 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 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 statement of financial position 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.

Income Taxes

Income tax expense comprises current and deferred components.

Current income tax expense is the expected tax payable for the current year's taxable income based on rates enacted or substantively enacted at the period end and any adjustments to previous estimates.

Deferred income taxes are calculated using the asset and liability method. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in expected future tax rates is recognized in net (loss) income in the period that includes the date of substantive enactment of the revised tax rates. Deferred tax assets are only recognized to the extent that it is probable that they will be realized.

Stock-Based Compensation

The Company grants stock options to employees, officers and directors. The Board of Directors grant such options with lives up to 5 years, with vesting periods determined at its discretion and at exercise prices equal to or greater than the Company's closing common share price on the date preceding that of the grant date.

The Company determines the fair value of options granted using the Black-Scholes option pricing model. The fair value of options granted incorporates an assumption for expected option forfeitures and is determined on the grant date. The fair value of options on each vesting date is recognized as stock-based compensation expense over the vesting period.

3. Summary of Significant Accounting Policies - continued

Financial Assets

Financial assets must be classified into one of four categories: fair value through profit or loss, held-to-maturity, loans and receivables and available-for-sale; financial liabilities must be classified into one of two categories: fair value through profit or loss and other financial liabilities. All derivative instruments, including those that are embedded in, but not closely related to, another contract must be classified as fair value through profit or loss with changes in their fair value reported in net income for the period. All financial assets, 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: fair value through profit or loss 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 fair value through profit or loss. 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 statements of financial position at fair value. Fair value is determined directly by reference to quoted market prices in active markets. In instances where securities are escrowed or subject to restrictions on sale or transfer, the securities are recorded at amounts discounted from market value to a maximum of 20%. In determining the discount for such investments, the Company considers the nature and length of the restriction.

Portfolio investments in private companies have been designated as available-for-sale. If a market for an investment is not active, the Company establishes fair value by using a valuation technique that makes maximum use of market inputs and includes recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and option pricing models. If there is no active market for a portfolio investment and the range of reasonable fair values is significant and the probabilities of the various estimates cannot be made reliably, then the Company measures the portfolio investment at cost less 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 fair value through profit or loss, 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 fair value through profit or loss. 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 fair value through profit or loss.

Financial assets measured at fair value must be classified 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; and
- Level 3: Valuation models which utilize predominately non-observable market inputs.

The classification of a financial asset in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. Additional disclosure relating to the liquidity risk associated with financial assets is included in note 20.

3. Summary of Significant Accounting Policies - continued

Earnings (Loss) Per Share

Basic earnings (loss) per share are calculated using the weighted average number of multiple and subordinate voting shares outstanding during the period.

Diluted earnings per share is calculated by dividing net earnings available to shareholders for the period by the diluted weighted average number of multiple and subordinate shares outstanding during the period. The diluted weighted average number of shares includes the potential dilution from shares issuable through stock options, if dilutive, using the treasury stock method. The treasury stock method assumes that the proceeds from any shares issued on the exercise of stock options are used by the Company to repurchase and cancel shares at the average market price of the Company's share price for the period. As such, where the strike price of stock options exceeds the average market price of the Company's shares for the reporting period, the inclusion of these shares under the treasury stock method would be anti-dilutive, so these shares are excluded from the calculation of the weighted average number of diluted shares outstanding.

In periods that the Company reports a net loss, loss per share is not presented on a diluted basis, as the result would be anti-dilutive.

Operating Leases

Leases in which substantially all of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including pre-payments made under operating leases are charged to the consolidated statement of (loss) income on a straight-line basis over the period of the lease.

4. New and Revised IFRS'S in Issue but Not Yet Effective

A number of new standards and issued amendments to standards and interpretations which may affect the Company are not yet effective for the year ending December 31, 2011, and have not been applied when preparing these consolidated financial statements. Management is currently assessing the impact of these standards and amendments on its financial statements.

IFRS 9 - Financial instruments

IFRS 9, "Financial instruments" ["IFRS 9"] was issued by the IASB on November 12, 2009 and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ["IAS 39"]. IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

IFRS 10 - Consolidated Financial Statements

IFRS 10, "Consolidated Financial Statements" (IFRS 10) was issued by the IASB on May 12, 2011 and will replace portions of IAS 27 Consolidated and Separate Financial Statements and interpretation SIC-12 Consolidated - Special Purpose Entities. IFRS 10 incorporates a single model for consolidating all entities that are controlled and revises the definition of control to be "An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee". Along with control, the new standard also focuses on the concept of power, both of which will include a use of judgement and continuous reassessment as facts and circumstances change. IFRS 10 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

4. New and Revised IFRS'S in Issue but Not Yet Effective - continued

IFRS 11 – Joint Arrangements

IFRS 11, "Joint Arrangements" (IFRS 11) was issued by the IASB on May 12, 2011 and will replace IAS31, Interest in Joint Ventures. The new standard will apply to the accounting for interest in joint arrangements where there is joint control. Joint arrangements will be separated into joint ventures and joint operations. The structure of the joint arrangement will no longer be the most significant factor on classifying a joint arrangement as either a joint operation or a joint venture. Proportionate consolidations will be removed and replaced with equity accounting. IFRS 11 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IFRS 12 – Disclosure of Interest in Other Entities

IFRS 12, Disclosure of Interest in Other Entities was issued by the IASB on May 12, 2011. The new standard includes disclosure requirements about subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IFRS 13 – Fair Value Measurement

IFRS 13, Fair Value Measurement was issued by the IASB on May 12, 2011. The new standard converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IAS 1 - Amendments to Other Standards

In addition, there have been amendments to IAS 1, *Presentation of Items of Other Comprehensive Income ("OCI").* IAS 1 is amended to change the disclosure of items presented in OCI, including a requirement to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future.

5. Short-term and Portfolio Investments

	2011 Carrying Value	2011 Fair Value	2010 Carrying Value	2010 Fair Value
Short-term investments (a)	$ 303,035	$ 303,035	$ 301,235	$ 301,235
Portfolio investments in publicly traded companies – available for sale (b)(d)	$ 703,689	$ 703,689	$ 2,854,039	$ 2,854,039
Portfolio investments in publicly traded companies – fair value through profit or loss (b)(d)	399,450	399,450	178,489	178,489
Portfolio investments in share purchase warrants of publicly traded companies – fair value through profit or loss (c)	1,497	1,497	629,007	629,007
Portfolio investments in publicly - traded companies	$ 1,104,636	$ 1,104,636	$ 3,661,535	$ 3,661,535
Portfolio investments in private companies – available for sale (b)(d)	$ 1,975,263	$ 1,975,263	$ 2,189,461	$ 2,189,461
Portfolio investments in share purchase warrants of private companies – fair value through profit or loss (c)	34,549	34,549	-	-
Foreign currency forward contracts	(3,745)	(3,745)	24,725	24,725
Portfolio investments in private companies	$ 2,006,067	$ 2,006,067	$ 2,214,187	$ 2,214,187

(a) The Company has outstanding $303,035 (December 31, 2010 - $301,235) in short-term guaranteed investment certificates 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, 2011 and 2010. Private companies are measured at fair value. If a market for an investment is not active, the Company establishes fair value by using a valuation technique that makes maximum use of market inputs and includes recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and option pricing models. If there is no active market for a portfolio investment and the range of reasonable fair values are significant and the probabilities of the various estimates cannot be made reliably, then the Company measures the portfolio investment at cost less impairment. Portfolio investments in the amount of $1,498,572 are measured at cost less impairment as at December 31, 2011 (December 31, 2010 - $1,528,901).

5. 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 a decrease in net income, due to a decrease in their fair value, at December 31, 2011 of $770,861 (2010 – increase of $285,982).

(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 investee company; and
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, 2011 the Company recorded an impairment loss of $450,976 (2010 - $52,825) with respect to its portfolio investments. Included in the impairment loss is a write-down of $389,258 (2010 - $33,000) related to the Company's private company investments.

6. 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, 2011		
	Due Date	**Interest Rate**	**Gross Amount**	**Specific Allowance**	**Net Amount**
Notes Receivable					
Private company (US$213,288)	11/8/2012	6%	$ 216,913	$ -	$ 216,913
Individual (US$500,000) (note 17a)	3/31/2012 to 3/31/2016	prime	508,500	-	508,500
			725,413	-	725,413
Bridge Loans (ii)					
Knightscove Media Corp.	4/1/2011	12%	164,974	(11,190)	153,784
Private company (US$165,292)	On demand	5%	168,102	-	168,102
Private company	6/12/2011 to 3/13/2012	10%	1,785,000	(1,278,654)	506,346
Private company (US$500,000)	n/a	Nil	508,500	(263,274)	245,226
Private company	5/17/2013	6%	390,000	-	390,000
			3,016,576	(1,553,119)	1,463,457
Total			$ 3,741,989	$ (1,553,119)	$ 2,188,871

6. 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, 2010		
	Due Date	**Interest Rate**	**Gross Amount**	**Specific Allowance**	**Net Amount**
Notes Receivable (i)					
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)	-
			937,636	(525,500)	412,136
Bridge Loans (ii)					
Knightscove 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
			2,322,143	(75,000)	2,247,143
Total			$ 3,259,779	$ (600,500)	$ 2,659,279
Convertible Debentures (iii)					
Bison Gold Resources Inc.	9/20/2011	12%	$ 253,381	$ -	$ 253,381
Knightscove 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
			$ 1,227,371	$ -	$ 1,227,371

6. 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. In 2011 a specific provision for loan losses of $263,274 was recorded.

iii) In September, 2010 the Company acted as the lead lender on a 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. For the year ended December 31, 2011 the Company recorded as accretion income $80,313 with respect to this debenture. This debenture was repaid in cash in the third quarter of 2011.

In January, 2011 the Company acted as the lead lender on a second convertible debenture in Bison Gold Resources Inc. in the amount of $400,000. The Company's portion of the loan was $320,000. 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 $320,000 was allocated $102,035 to the debenture and $217,965 to the conversion feature. For the year ended December 31, 2011 the Company recorded as accretion income $217,957 with respect to this debenture. This debenture was repaid in cash in the fourth quarter of 2011.

The Company received a convertible debenture in Knightscove Media Corp. in April, 2010 in the amount of $231,146. Using the Black-Scholes pricing model with an expected remaining life of 1.00 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. The convertible debenture expired on April 1, 2011. For the year ended December 31, 2011 the Company recorded as accretion income $16,766 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 2.00 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. During the first quarter of 2011, the Company converted the remaining $227,778 of the principal into common shares.

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 third and fourth quarter of 2010, the Company received $50,000 in principal repayments and converted $75,000 of the principal into common shares. During the first quarter of 2011, the Company converted the remaining $250,000 of the principal into common shares.

6. 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

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, 2011 of $392,144 (2010 – decrease of $143,471). Included in the value of convertible debentures is $Nil (December 31, 2010 - $685,677) which is the value of the conversion features at December 31, 2011.

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.

All past due loans at December 31, 2011 were classified as impaired.

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. Certain 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, 2011, loans with an outstanding principal of $898,500 (see note 17(a)) were renegotiated or renewed as compared to $991,146 in 2010. Based on a comparison of collateral value and/or expected future cash flows with the outstanding carrying value of the loans, there were no renegotiated loans assessed by management as requiring changes to specific loan loss provisions as at December 31, 2011.

d) Loans settled for non-cash assets

There were no loans settled for non-cash assets in the year ended December 31, 2011. 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.

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

e) Impaired loans and allowances for loan losses

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

	December 31, 2011			December 31, 2010		
	Number of Loans		Face Value	Number of Loans		Face Value
Impaired loans with specific allowances	3	$	2,458,474	2	$	600,500
Specific allowances			(1,553,119)			(600,500)
			903,355			-
Impaired loans without specific allowances	-		-	-		-
Total impaired loans, net of specific allowances	3	$	903,355	2	$	-

At December 31, 2011, the total estimated fair value of the collateral of impaired loans with specific allowances is $1,988,750 (December 31, 2010 - $Nil) and for impaired without specific allowances is $Nil (December 31 2010 - $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.

When a loan is classified as impaired, the original expected timing and amount of future cash flows may be revised to reflect new loan circumstances. These revised cash flows are discounted using the original effective interest rate to determine the impaired carrying value of the loan. Interest income is thereafter recognized on this impaired carrying value using the effective interest rate. Additional changes to the amount or timing of future cash flows could result in further loan losses, or the reversal of previous loan losses, which would also impact the amount of subsequent interest income recognized. During the year ended December 31, 2011, $604,922 in specific allowances on impaired loans was reversed.

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

		December 31, 2011		December 31, 2010
Balance – beginning of year	$	600,500	$	1,230,635
Provision for loan losses		1,557,540		515,000
Recoveries		(587,921)		-
Foreign exchange adjustment		(17,000)		-
Direct write-offs		-		(1,145,135)
Balance – end of year	$	1,553,119	$	600,500

As at December 31, 2011 the Company performed a comprehensive review of its loan portfolio for the purposes of determining any specific allowances for each loan.

7. Financial Assets Hierarchy

The following table presents the Company's financial assets, measured at fair value on the consolidated statement of financial position as at December 31, 2011, categorized into levels of the fair value hierarchy 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	$ 948,360	$ -	$ -
Portfolio investments	$ 1,103,139	$ -	$ 508,992

A reconciliation of the changes during the year for the fair value of Level 3 financial assets is as follows:

	December 31, 2010
Balance, beginning of year	$ -
Fair value on acquisition or receipt	1,093,209
Fair valuation loss recorded in net loss	(257,460)
Permanent impairment recognized in net loss	(389,256)
Realized gain on available for sale investments	6,666
Proceeds received on sale of available for sale investments	(20,000)
Unrealized gain on available for sale investments	75,833
Balance, end of year	$ 508,992

8. Equity Method Investments

Equity method investments consist of the following:

	December 31, 2011	December 31, 2010
TGC Acquisition Corp. (a)	$ 335,816	$ -
Marathon Mortgage Corp. (b)	2,713,792	-
GDV Resources, Inc. (c)	-	76,251
Total	$ 3,049,608	$ 76,251

8. Equity Method Investments - continued

a) On July 20th, the Company announced it had entered into a joint venture called TGC Acquisition Corp. ("TGC") with Rossmore and Partners Investments Corp. ("Rossmore"), under which the parties have completed the acquisition of Tanenbaum Landscape and Design Inc. ("TLD") (formerly DDR Landscaping Contractors Ltd.) for a purchase price of $2.5-million. The Company and Rossmore will have an equal interest in TGC. The Company has provided a $1-million non-interest-bearing demand promissory note to TGC to finance the acquisition. Rossmore provided an additional $500,000 and the sellers have provided a $1-million vendor take back for the balance of the purchase price. The promissory note to TGC is guaranteed by TLD. Based in Oakville, TLD is a commercial site contractor in the Ontario region. Joint control of TGC is established as all strategic and operating decisions require approval by both joint venture partners. The Company's proportionate share of TGC's earnings or losses is reported in income. For the year ended December 31, 2011, the Company recorded a loss of $664,184 (2010 - $Nil) relating to this investment.

b) On November 24, 2011 the Company announced that it has subscribed for and purchased 2,750,000 Preferred Shares and 2,138,890 Common Shares of Marathon Mortgage Corporation ("MMC") representing 35.3% of the outstanding Preferred Shares and 24.3% of the outstanding Common Shares for a total subscription price of $2,750,214. MMC has been established to build a residential mortgage origination, sales and servicing business. The Company's acquisition of MMC Preferred and Common Shares was the lead order in a financing of MMC which raised $7,801,000. The Preferred Shares are expected to yield a cumulative annual dividend equal to 8% of the issue price and the Preferred Shares are also redeemable at a redemption price equal to the issue price. As consideration for being the lead order on the MMC financing, the Company negotiated and entered into a Put/Call arrangement pursuant to which the Company may purchase, or MMC may require the Company to purchase, an additional 1.2 million Preferred Shares and 933,333 Common Shares for an aggregate purchase price of $1,200,093. The Put/Call shall remain available for exercise for a period of five years; however, MMC cannot exercise their Call rights until after one year from the date of closing of the MMC financing. Gordon Ewart, Global Capital's Chairman, is the registered holder of 620,000 Common Shares of MMC which he acquired independently at the Common Share issue price. The Company's proportionate share of MMC's earnings or losses is reported in income. For the year ended December 31, 2011, the Company recorded a loss of $36,423 (2010 - $Nil) relating to this investment.

c) As at December 31, 2010 the Company held approximately of 42.5% of the outstanding shares in GDV Resources Inc. ("GDV"). During the first quarter of 2011 the Company completed a shares-for-debt transaction with GDV whereby the Company received 1,500,000 common shares of GDV to cancel debt of $75,000. Subsequent to this transaction the Company's ownership increased to 49.9%. As a result, the Company had determined that it exercised significant influence over GDV and therefore accounted for this investment using the equity method. The Company's share of earnings or losses was reported in income. For the year ended December 31, 2011 the Company recorded a loss of $44,569 (2010 - $51,153) relating to this investment. On December 31, 2011 the Company sold 3,000,000 common shares of GDV in a private transaction for $75,000 recording a loss of $49,605.

Summarized financial information of the associated companies included in equity method investments for the period from initial acquisition to December 31, 2011 is disclosed below:

For the years ended December 31, 2011	TGC	MMC
Total Revenue	$ 1,151,326	$ 637
Net loss	(1,328,368)	(149,968)
Total assets	2,619,988	7,759,258
Total liabilities	2,448,355	108,395

9. Investment Properties

The Company currently owns five investment properties which are measured using the cost model. After initial recognition, the properties are recorded at cost less accumulated impairment losses.

	December 31 2011 Carrying Value	December 31 2011 Fair Value	December 31 2010 Carrying Value	December 31 2010 Fair Value
Laurel Park, North Carolina	$ 1,195,769	$ 2,301,873	$ 1,191,296	$ 2,521,510
Canyon Ridge, New Mexico	476,369	476,368	541,791	681,377
Asheville, North Carolina	273,573	273,573	662,130	662,130
Maysville, Kentucky	-	-	64,107	64,107
White Plains, Georgia (2 properties)	3,858	3,858	59,676	59,676
	$ 1,949,569	$ 3,055,672	$ 2,519,000	$ 3,988,800

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 $1,193,971. During the year ended December 31, 2011 the Company capitalized costs of $61,571 and sold one lot for a gain on sale of $14,618.

On December 28, 2011 the Company sold its Maysville, Kentucky property for gross proceeds of $50,665 recording a loss on sale of $1,600.

To determine fair value, the properties are compared to current prices in an active market for similar properties in the same location and condition and subject to similar contracts. In the absence of such information, the Company may consider current prices of properties of a different nature or in less active markets with adjustments to reflect changes in economic conditions. If the fair value of the property cannot be reasonably determined using the above criteria, the fair value of the property is assumed to be equal to its cost less accumulated impairment losses. As at December 31, 2011 Investment properties in the amount of $753,799 (December 31, 2010 - $1,203,921) are measured at cost less accumulated impairment losses since no comparable information was available to determine their fair value. For the year ended December 31, 2011 the Company recorded an impairment loss of $521,494 (2010 - $96,927) as a result of a decline in the fair value of certain investment properties.

10. Property and Equipment

	Computer Equipment	Leasehold Improvements	Furniture	Equipment	Total
	$	$	$	$	$
Cost					
At January 1, 2010	31,809	33,836	21,121	14,006	100,772
Additions	14,173	-	725	-	14,898
Disposals	-	(1,368)	-	-	(1,368)
At December 31, 2010	45,982	32,468	21,846	14,006	114,302
Additions	3,692	-	10,533	5,110	19,335
Disposals	-	-	-	-	-
At December 31, 2011	49,674	32,468	32,379	19,116	133,637

	Computer Equipment	Leasehold Improvements	Furniture	Equipment	Total
	$	$	$	$	$
Accumulated depreciation					
At January 1, 2010	25,222	12,954	10,721	10,283	59,180
Depreciation expense	3,039	5,854	2,069	1,117	12,079
At December 31, 2010	28,261	18,808	12,790	11,400	71,259
Depreciation expense	6,147	4,098	2,677	1,548	14,470
At December 31, 2011	34,408	22,906	15,467	12,948	85,729
Net carrying values					
At January 1, 2010	6,587	20,882	10,400	3,723	41,592
At December 31, 2010	17,721	13,660	9,056	2,606	43,043
At December 31, 2011	15,265	9,562	16,912	6,169	47,908

11. Note Payable

At December 31, 2011 the outstanding principal on the note payable was $Nil (December 31, 2010 - US$294,761 or CDN$293,169). The note bore interest at 7% compounded annually and was secured by the Canyon Ridge property in New Mexico. Interest and principal were due March 13, 2011. In the second quarter of 2011 the Company settled the note including outstanding interest for a payment of US$250,000 recording a gain on settlement of CDN$87,799.

12. Share Capital

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

b) Shares issued and outstanding

	December 31, 2011	December 31, 2010
Issued and outstanding:		
1,035,719 (2010 - 1,035,719) multiple voting shares	$ 1,888,523	$ 1,888,523
17,199,713 (2010 - 18,186,113) subordinate voting shares	14,600,649	15,437,993
	$ 16,489,172	$ 17,326,516

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

	Number of Shares	Amount
Multiple voting shares		
Balance, January 1, 2010	1,053,572	$ 1,921,076
Conversion of MVS to SVS	(17,853)	(32,553)
Balance, December 31, 2010	1,035,719	1,888,523
Balance, December 31, 2011	1,035,719	$ 1,888,523
Subordinate voting shares		
Balance, January 1, 2010	18,936,860	$ 16,057,160
Convert MVS to SVS	17,853	32,553
Shares cancelled – normal course issuer bids	(768,600)	(651,720)
Balance, December 31, 2010	18,186,113	15,437,993
Shares cancelled – normal course issuer bid	(986,400)	(837,344)
Balance, December 31, 2011	17,199,713	$ 14,600,649

In the year ended December 31, 2011, the Company completed treasury purchases for cancellation under a normal course issuer bid of 986,400 (2010 – 768,600) subordinate voting shares with a stated capital of $837,344 (2010 - $651,720) for $378,294 (2010 - $385,787) resulting in an increase in contributed surplus of $459,050 (2010 - $265,933) (see note 23(b)).

12. Share Capital - continued

c) Stock options outstanding

	Number of options	Weighted Average exercise price per share	Expiry dates
Subordinate voting share options			
Balance, January 1, 2010	1,510,000	$ 0.56	February 7, 2011 to August 28, 2014
Expired in 2010	(80,000)	0.55	December 17, 2010
Balance, December 31, 2010	1,430,000	$ 0.55	November 9, 2012 to August 28, 2014
Forfeited in 2011	(200,000)	0.50	August 28, 2014
Balance, December 31, 2011	1,230,000	$ 0.55	November 9, 2012 to August 28, 2014

13. 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 who 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 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.

As at December 31, 2011, the Company had outstanding and exercisable 1,230,000 stock options. These include 120,000 options with an exercise price of $1.15 expiring November 9, 2012 and 1,110,000 options with an exercise price of $0.50 expiring August 28, 2014.

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 (loss) 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 the net loss for the years ended December 31, 2011 and 2010, the potential effect of the exercise of stock options was anti-dilutive.

15. Supplementary Cash Flow Information

		2011		2010
Net change in non-cash working capital balances				
Accounts receivable and sundry assets	$	227,227	$	(107,455)
Prepaid expenses		(240)		423
Interest and dividends receivable		22,914		56,351
Accounts payable and accrued liabilities		(138,414)		172,208
	$	111,487	$	121,527
Interest received	$	303,471	$	684,310
Interest paid	$	822	$	8,177
Income taxes paid	$	-	$	-
<u>Non-cash Transactions:</u>				
Portfolio investments				
Structuring fees and bonuses received as shares	$	240,255	$	233,586
Loan repayments received as portfolio investments		-		1,154,167
Accounts receivable received as portfolio investments		100,000		-
	$	340,255	$	1,387,753

16. Dividends

On June 6, 2011, the Company's 56.5% controlled subsidiary Somersby Park 2010 Limited Partnership paid out $2,119 of its 2010 income distribution to its non-controlling limited partners.

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 $508,500 (December 31, 2010 - $1,008,254) and balances due from companies with a former common director with a carrying value of $153,784 (December 31, 2010 - $Nil). 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. In the third quarter of 2011 the Company and the Director negotiated a payment plan which consists of five principal payments of US$100,000 beginning on March 31, 2012 with the final payment due on March 31, 2016. Interest on the unpaid balance accrues at the prime rate and is payable semi-annually.

b) The Company often syndicates a portion of its bridge loans and convertible debentures to other co-lenders. During the year ended December 31, 2011 co-lenders invested $2,677,650 (2010 - $735,722) into bridge loans and convertible debentures structured by the Company. Of the total syndicated amount, $558,608 (2010 - $499,639) was provided by GC-Global Capital Lending Partners Limited Partnership (the “Partnership”) and $4,042 (2010 - $136,082) was provided by officers and directors of the Company.

c) Portfolio investments include $1,144,676 (December 31, 2010 - $1,033,450) of shares and warrants of companies and partnerships having a current director or officer in common with the Company and $12,107 (December 31, 2010 - $Nil) of shares of companies having a former common director in common with the Company.

d) Accounts receivable includes balances due from companies having a current director or officer in common with the Company in the amount of $111,336 (December 31, 2010 - $243,396). These amounts are subject to normal creditor terms. During the first quarter of 2011 the Company completed a shares-for-debt transaction with GDV Resources Inc., whereby the Company received 1,500,000 common shares of GDV Resources Inc. to cancel debt of $75,000. Further to the disposal of shares described in Note 8, the Company is no longer a related party to GDV.

e) Interest and dividend income includes interest earned on loans to entities with current directors and officers in common with the Company in the amount of $72,121 (2010 - $112,388) and $40,371 (2010 - $Nil) to entities with former common directors with the Company. As of April, 2011 the Company no longer has common directors with Knightscove Media Corp. Interest receivable includes interest earned on loans to entities with directors and officers in common with the Company, in the amount of $3,845 (December 31, 2010 - $20,186) and interest earned on loans to entities with former common directors in the amount of $1,681 (December 31, 2010 - $Nil).

f) Structuring fees revenue includes $21,508 (2010 - $52,575) earned from companies with current and former directors and officers in common with the Company.

g) Consulting fee revenue includes $81,000 (2010 - $Nil) earned from a company jointly controlled by the Company and $20,000 (2010 - $Nil) earned from a company with former common directors with the Company.

h) Management and consulting fees and travel and promotion expenses include $854,470 (2010 - $475,427) paid to current directors and officers and companies controlled by current directors and officers of the Company, $Nil (2010 - $27,301) paid to a company with common officers and directors and $108,292 (2010 - $136,650) paid to a relative of a director of the Company.

17. Related Party Transactions - continued

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 the year ended December 31, 2011, the Company earned management and performance fees from the Partnership of $7,865 (2010 - $14,297). The Company was also reimbursed by the Partnership for accounting and legal fees provided in the amount of $8,475 (2010 - $11,300). The Company is currently in the process of dissolving the Partnership.

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.

Compensation of key management personnel

The remuneration expense of directors and other members of key management personnel during the year was as follows:

		2011		2010
Management, consulting fees and benefits	$	798,535	$	601,757

18. Income Taxes

a) The following table reconciles the expected income tax recovery (provision) at the Canadian federal and provincial statutory rate of 28% (2010 – 31%) to the amounts recognized in the statements of income:

		December 31, 2011		December 31, 2010
Loss before recovery of income taxes	$	(3,510,050)	$	(46,751)
Basic tax amount at 28% (2010 - 31%)		(991,700)		(14,500)
Permanent differences		148,200		(129,500)
Tax rate changes and other adjustments		5,100		599,000
Effects of changes in temporary differences not recognized		(14,000)		(208,200)
Expiry of non-capital losses		408,900		442,400
Temporary differences not recognized		1,043,500		(689,200)
Income tax provision	$	600,000	$	-
Current income tax provision	$	-	$	-
Deferred income tax provision		600,000		-
	$	600,000	$	-

18. Income Taxes - continued

b) Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and carrying values of assets and liabilities. Deferred income tax assets have not been recognized in respect of the following items:

		December 31, 2011		December 31, 2010
Non-capital loss carry forwards – Canada	$	3,136,000	$	3,695,600
Non-capital loss carry forwards – U.S.		1,714,900		2,388,700
Capital losses - Canada		24,781,300		23,535,800
Bridge loans, notes receivable, convertible debentures and portfolio investments		2,712,400		1,889,600
Investment property, equipment and other		2,183,000		1,764,200

The non-capital losses expire as noted in the table below. The capital losses carry forward indefinitely. The other deductible temporary differences do not expire under the current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

c) The Company's non-capital Canadian tax losses expire as follows:

2014	$	502,000
2025		209,000
2028		589,000
2029		864,000
2030		312,000
2031		660,000
	$	3,136,000

19. Sensitivity Analysis

Many of the Company's portfolio investments include 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, 2006	12,908.39	-
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%
December 31, 2011	11,955.09	(10.4%)
Five year average	-	(1.5%)

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	$ 3,546,201	$ 435,498
Decrease of 1.5 %	Five year average	$ 3,064,042	$ (46,661)
Decrease of 35 %	2008 decrease	$ 2,021,957	$ (1,088,746)

The majority of 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 $1,478,580 as at December 31, 2011 (December 31, 2010 - $828,755). 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, 2006	1.1654	-
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%)
December 31, 2011	1.0170	2.3%
Five year average	-	(2.7%)

19. Sensitivity Analysis - continued

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 %	$ 75,186	$ 1,508	$ 76,694
Increase of 10 %	$ 150,372	$ 3,016	$ 153,378
Decrease of 5 %	$ (75,186)	$ (1,508)	$ (76,694)
Decrease of 15 %	$ (225,557)	$ (4,524)	$ (230,081)

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.

Financial Assets

Risk disclosures relating to financial assets can be found in the "risks and uncertainties" section of the Company's MD&A dated April 24, 2012. The following table provides a cross referencing of those disclosures from the MD&A.

Description	Section
For each type of risk arising from financial assets, 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 of the next two years are approximately:

2012	$	51,638
2013	$	26,353

22. Contingencies

a) 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.

The outcome of this claim is 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 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. As at December 31, 2011, the Company had paid $25,000 of the provision leaving a balance due of $50,000 which is included in accounts payable and accrued liabilities.

c) 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 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, 2011 the Company has paid $432,044 which is the total estimated liability in relation to the contingency.

d) 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, 2011 there were no outstanding liabilities or obligations for which the Company was contingently liable.

23. Subsequent Events

a) On January 9, 2012 the Company announced that it had received TSX Venture Exchange approval for a non-brokered private placement of 1,333,332 subordinate voting shares at a price of $0.30 per share for total gross proceeds of $400,000. The proceeds of the financing will be used for general working capital purposes. The subordinate voting shares issued are subject to a four-month hold period.

b) On April 4, 2012 the Company announced that it 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 the Company considers advisable, up to a maximum of 924,402 subordinate voting shares out of the total 18,483,045 issued and outstanding on April 2, 2012. 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 10, 2012, and end on April 9, 2013. The shares will be purchased in the open market through the facilities of the TSX-V. The purchased shares are to be cancelled. All purchases are to be settled in accordance with normal settlement procedures of the TSX-V. Purchases pursuant to the bid will be made by Canaccord Wealth Management on behalf of the Company. The Company has a policy of maintaining a normal course issuer bid on its subordinate voting shares. Through a normal course issuer bid during the period April 3, 2011, to April 2, 2012, the Company purchased 846,900 subordinate voting shares at an average cost of 35 cents. This includes 50,000 subordinate voting shares at an average cost of $0.23 purchased between January 1, 2012 and April 2, 2012.

24. Transition to IFRS

The Company has adopted IFRS effective January 1, 2011 and the financial statements for the year ending December 31, 2011 are the first annual consolidated financial statements reported under IFRS, with an IFRS transition date of January 1, 2010. Prior to January 1, 2011, the Company prepared its financial statements under Canadian generally accepted accounting principles (“Canadian GAAP”).

These consolidated financial statements have been prepared in accordance with the IFRS and accounting policies effective on December 31, 2011. However, the presentation of future reporting periods as reported in these consolidated financial statements may differ as new IFRS and accounting policies become effective.

a) Exceptions and exemptions from retrospective application of IFRS

Generally, IFRS 1, *First Time Adoption of International Reporting Standards*, requires retrospective application of IFRS with all cumulative adjustments to the previous Canadian GAAP balances reflected in the transition date statement of financial position as at January 1, 2010. However, IFRS 1 provides certain mandatory exemptions and optional exemptions to retrospective application of IFRS of which the Company has applied the following:

i) Stock-based compensation - IFRS 1 encourages, but does not require, early application of IFRS 2, *Share-based Payment*, to stock options granted after November 7, 2002, and which vested before the IFRS transition date. The Company has elected not to apply IFRS 2 to stock options vested prior to January 1, 2010.

ii) Business Combinations – In accordance with IFRS transitional provisions, the Company elected to apply IFRS relating to business combinations prospectively from January 1, 2010. As such, Canadian GAAP balances relating to business combinations entered into before that date have been carried forward without adjustment.

iii) Estimates – IFRS 1 does not permit retrospective application of other reporting standards with the benefit of hindsight. Consequently, all retrospective changes have been made using estimates consistent with those used in prior financial statements under Canadian GAAP.

24. Transition to IFRS - continued

b) Reconciliations from Canadian GAAP to IFRS

Recognition and measurement differences exist between Canadian GAAP and IFRS in certain areas. To illustrate the effects of these differences, certain financial statements previously reported under Canadian GAAP have been reconciled to the equivalent IFRS statements, and reconciling differences explained. The adoption of IFRS has had no material impact on the cash flows of the Company, and as such, no reconciliation of prior period cash flow statements has been presented.

Consolidated Statement of Financial Position as at January 1, 2010:

	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 in publicly-traded companies	784,837	-	784,837
Portfolio investments in private companies (i)	1,332,695	563,919	1,896,614
Investment properties	1,424,631	-	1,424,631
Property and equipment	41,592	-	41,592
Deferred income taxes	600,000	-	600,000
	16,451,521	563,919	17,015,440
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
	917,922	-	917,922
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	612,515
Deficit	(6,219,259)	-	(6,219,259)
	15,533,599	563,919	16,097,518
	16,451,521	563,919	17,015,440

24. Transition to IFRS - continued

Consolidated Statement of Financial Position as at December 31, 2010:

	Canadian GAAP	IFRS Adjustments	IFRS
	$	$	$
Assets			
Cash	3,329,029	-	3,329,029
Short-term investments	301,235	-	301,235
Accounts receivable and sundry assets	420,152	-	420,152
Prepaid expenses	12,320	-	12,320
Interest and dividends receivable	55,865	-	55,865
Bridge loans, notes receivable and letters of credit	2,659,279	-	2,659,279
Convertible debentures	1,227,371	-	1,227,371
Portfolio investments in publicly-traded companies	3,661,535		3,661,535
Portfolio investments (i)	2,157,591	56,595	2,214,186
Investment in associated company	76,251	-	76,251
Investment properties	2,519,000	-	2,519,000
Property and equipment	43,043	-	43,043
Deferred income taxes	600,000	-	600,000
	17,062,672	56,595	17,119,267
Liabilities			
Accounts payable and accrued liabilities	539,260	-	539,260
Note payable	293,169	-	293,169
Customer advances and deferred revenue	134,619	-	134,619
	967,048	-	967,048
Non-controlling interest (ii)	521,715	(521,715)	-
Shareholders' equity			
Share capital	17,326,516	-	17,326,516
Contributed surplus	3,991,959	-	3,991,959
Accumulated other comprehensive income (i)	521,444	56,595	578,039
Deficit	(6,266,010)	-	(6,266,010)
Total GC-Global Capital Corp. Shareholder's Equity	15,573,909	56,595	15,630,504
Non-controlling interest (ii)	-	521,715	521,715
Total Equity	15,573,909	578,310	16,152,219
	17,062,672	56,595	17,119,267

24. Transition to IFRS - continued

Consolidated Statement of Comprehensive Income for the Year Ended December 31, 2010

	Canadian GAAP	IFRS Adjustments	IFRS
	$	$	$
Revenue			
Structuring fees and bonuses	308,608	-	308,608
Interest and dividend income	627,959	-	627,959
Management fees	14,297	-	14,297
Accretion of convertible debentures	310,050	-	310,050
Gain (loss) on sale of fair value through profit or loss portfolio investments	418,758	-	418,758
Gain (loss) on sale of portfolio investments available- for-sale	346,144	-	346,144
Equity loss in significantly influenced company	(51,153)	-	(51,153)
Consulting fees	20,000	-	20,000
Gain (loss) on sale of investment property	52,307	-	52,307
Unrealized gain on derivative investments	217,870	-	217,870
	2,264,840	-	2,264,840
Expenses			
Management and consulting fees	945,829	-	945,829
Filing and listing fees	45,348	-	45,348
Audit and legal fees	144,918	-	144,918
Office and general	85,533	-	85,533
Travel and promotion	100,058	-	100,058
Rent	89,929	-	89,929
Property tax	45,499	-	45,499
Interest	28,033	-	28,033
Depreciation	12,078	-	12,078
Bad debt expense	-	-	-
Share compensation expense	-	-	-
Permanent impairment write-down on portfolio investments available for sale and investment in associated company	148,319	-	148,319
Provision for loan losses	515,000	-	515,000
Write-down of investment properties	96,927	-	96,927
Foreign exchange (gain)	(237,447)	-	(237,447)
	2,020,024	-	2,020,024

24. Transition to IFRS - continued

Consolidated Statement of Comprehensive Income for the Year Ended December 31, 2010 - continued

Income before the following	244,816	-	244,816
Settlement of contingency tax assessments	(288,990)	-	(288,990)
Non-controlling interest	(2,577)	-	(2,577)
Loss before income tax	(46,751)	-	(46,751)
Income taxes provision (recovery)			
Deferred	-	-	-
Net loss for the year	(46,751)	-	(46,751)
Other comprehensive income			
Unrealized gains on available-for-sale financial assets	650,142	(507,324)	142,818
Reclassification adjustment for permanent impairment recognized in net income	52,825	-	52,825
Reclassification adjustment for unrealized gains recognized in net income	(230,119)	-	(230,119)
	472,848	(507,324)	(34,476)
Comprehensive income for the period	426,097	(507,324)	(81,227)

(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. For the year ended December 31, 2010, portfolio investments decreased $507,324 due to changes in the fair value of private company investments.

(ii) Non-controlling interest – Under IFRS non-controlling interest is reclassified as equity whereas under Canadian GAAP it was presented separately as neither a liability nor as equity.