GC-Global Capital Corp.

Management Discussion & Analysis Dated: April 29, 2008

The following information should be read in conjunction with the GC-Global Capital Corp. Audited Consolidated Financial Statements for the years ended December 31, 2007 and 2006, which are prepared in accordance with Canadian generally accepted accounting principles. All figures are expressed in Canadian dollars unless otherwise indicated.

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

Overall Performance

Year 2007 was the fourth full year that Global Capital operated as a merchant bank since the closing of its $11.5 million (gross) public offering in October, 2003. Company's loan and convertible debenture portfolio continued to grow in 2007 to $13.5 million, an increase of 16% as compared to $11.6 million in 2006. As at December 31, 2007 Global Capital had net assets totaling $25.1 million or $1.23 per share compared to $18.5 million or $1.19 per share as at December 31, 2006. The change in net asset value is primarily due to the net income of $0.15 per share for the year ended December 31, 2007 and due to the $5.5 million equity issue completed in March 2007 which was issued at a price of $1.15 per share less $0.11 in issue costs per share. Also associated with this change in net asset value per share was the $0.05 per share dividend paid on March 30, 2007 to all shareholders of record on February 9, 2007.

For the year ended December 31, 2007, Global Capital had net income of $3.0 million or $0.15 per share compared to a net income of $2.3 million or $0.15 per share for 2006. The above net income per share has been calculated using the weighted average number of multiple and subordinate voting shares during each year.

Total assets as at December 31, 2007 was $25.6 million compared to $20.0 million as at December 31, 2006. Included in total assets are $3.4 million in cash and short term investments (2006 - $1.5 million), $13.5 million in notes receivable, bridge loans and convertible debentures (2006 - $11.6 million), $5.0 million in portfolio investments (2006 - $4.6 million), $0.6 million in investment property (2006 - $nil) $1.9 million in other assets (2006 - $0.9 million) and $1.1 million in future income taxes (2006 - $1.4).

Selected Annual Information

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

For the years ended December 31	2007	2006	2005
Total Revenue	$ 5,818,091	$ 4,461,322	$ 5,147,449
Net income (loss) before taxes	3,188,391	2,362,069	3,527,301
Net income (loss) for the year	2,963,643	2,277,849	4,889,578
Net income (loss) per share(1)	0.15	0.15	0.35
Total assets	25,576,835	19,957,862	18,037,730
Total long-term financial liabilities	-	-	735,808
Cash dividends declared per share	0.05	0.04	0.033
Dividends accrued per preferred share	$ -	$ -	$ 0.028

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

(2) Effective December 31, 2005, Global (GMPC) Holdings Inc. ("GMPC") and E & E Capital Funding Inc. ("E & E") amalgamated ("the Amalgamation") to become GC-Global Capital Corp. Certain comparative figures of those previously issued audited financial statements have been reclassified to conform to the current year's basis of presentation.

For the year ended December 31, 2007, Global Capital had net income of $2,963,643 or $0.15 per share compared to a net income of $2,277,849 or $0.15 per share for 2006 and a net income of $4,889,578 or $0.35 per share in 2005. The decrease in net income from 2005 to 2006 is due to a non-recurring gain on the sale of an investment that was approximately $2.0 million in 2005 and the recording of a future tax gain of approximately $1.5 million which was recorded due to the Amalgamation. One significant factor for the revenue in the year ended December 31, 2007, was the adoption of Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855 Financial Instruments – Recognition and Measurement. Under this new guidance, the Company recorded unrealized gains on its derivative instruments which comprised $0.1 million in revenue on the valuation of share purchase warrants in client companies and $1.3 million in the valuation of convertible debentures.

As at December 31, 2007, Global Capital had $13.5 million invested in bridge loans, notes receivable and convertible debentures. These advances were made to companies in industries such as information technology, real estate, electronic manufacturing services and consumer goods. The bridge loans were provided to public companies, private companies and individuals. Trends in the economy are leading to fewer or delayed public financings and the Company will benefit from these trends as more and more companies will need bridge financings.

As at December 31, 2007, Global Capital had $5.0 million in portfolio investments in shares of emerging North American companies.

Operating Results

Revenues

Total revenue for the year 2007 was $5.8 million compared to $4.5 million for 2006 and $5.1 million in 2005.

Structuring fees and bonuses increased from $1.4 million to $2.7 million in 2007 and interest income increased from $1.0 million to $1.4 million in 2007. In March 2007, the Company completed a short form prospectus financing with Laurentian Bank and Research Capital and therefore deployed more funds into its bridge loan operations. 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.

Gains on sale of portfolio investments decreased from $1.0 million to $0.3 million in 2007. Throughout 2007, the Company had less funds invested in portfolio investments as compared to 2006.

Gains on the sale of development property decreased from $1.1 million to $nil in 2007. The Company sold a property in 2006 for a $1.1 million profit. Investing in development properties is not a significant business of the Company.

In 2007, the Company adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855 Financial Instruments – Recognition and Measurement. Due to the adoption of this policy the Company recorded unrealized gains on its derivative instruments, as held-for-trading investments, for 2007 of $1.4 million. Specifically, under this new policy, the Company recorded unrealized gains on its derivative instruments which included $0.1 million in revenue on the valuation of share purchase warrants in client companies and $1.3 million in the valuation of convertible debentures.

Expenses

Total expenses for the year 2007 were $2.6 million compared to $2.1 million in 2006. Overhead including management fees and salaries, audit and legal fees, office and general expenses and filing and listing fees remained consistent with 2006. Travel and promotion decreased from $137,177 to $68,606 in 2007, due to less promotion of the Company with the public. Rent increased from $38,975 in 2006 to $63,838 in 2007 due to a move the new offices on York Street in Toronto in the summer of 2006.

The Company provides bridge loans to US and Canadian companies. When the Company provides bridge loans to US companies, it mitigates its currency risk with the purchase of 30-day forward contracts. The Company does not hedge its profit on the bridge loans. As a result of the increase in value of the Canadian dollar in 2007, the Company recorded a foreign exchange loss of $610,013 for the year as compared to $59,678.

During 2007, the Company wrote off one bridge loan for $310,000 and wrote down two portfolio investments for a total of $145,780. The portfolio investments were bonuses received as shares on certain bridge loan financings. The value of these investments was permanently impaired and the Company wrote the costs down to their market value as at December 31, 2007.

Taxes

As at December 31, 2007, the Company had approximately $23.2 million in capital losses and $6.8 million in non-capital losses. In 2005, the Company recorded a $1.3 million future tax asset to account for its non-capital losses. During the year, the Company recorded a $0.2 million (2006-$0.1 million) future tax charge on its profits.

Summary of Quarterly Results

For the quarters ended		Dec 31/07		Sep 30/07		Jun 30/07		Mar 31/07
Total revenue	$	2,175,752	$	1,333,262	$	1,566,766	$	742,311
Net income before taxes		1,420,259		642,145		772,089		353,898
Net income		1,631,486		452,443		569,349		310,365
Net income per share (1)	$	0.08	$	0.02	$	0.03	$	0.02

For the quarters ended		Dec 31/06		Sep 30/06		Jun 30/06		Mar 31/06
Total revenue	$	1,411,893	$	909,767	$	1,044,401	$	1,095,261
Net income before taxes		713,564		470,944		576,312		601,249
Net income		817,276		407,006		480,594		572,973
Net income per share (1)	$	0.05	$	0.03	$	0.03	$	0.04

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

Liquidity

As at December 31, 2007, Global Capital had $1,159,960 in cash and $2,274,566 in short term investments. The majority of Global Capital's bridge loans and convertible debentures are payable within one year. The Company did not have any bank indebtedness.

Management is not aware of any trends or expected fluctuations that would create any liquidity deficiencies. The Company believes that cash flow from continuing operations and existing cash resources will be sufficient to meet the Company's short-term requirements, as well as ongoing operations, and will be able to generate sufficient capital to support the Company's business. However, the Company assumes short-term debt from time to time to fund its loan operations.

Subsequent Events

On April 1, 2008, the Company declared a cash dividend of $0.06 per share payable to shareholders of the Company's subordinate voting and multiple voting shares. The dividend will be payable on May 30, 2008, to shareholders on record on April 30, 2008.

Off-balance Sheet Arrangements

In September 2006, the Company began a forward contract hedging program with a Canadian banking institution. At December 31, 2007 the Company had mitigated the risk of its United States based currency exposure with the purchase of short term forward contracts amounting to US$6.74 million.

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 a balance due from companies having a current Director or Officer in common with the Company, with a cost of $7,120,670 (2006 - $1,050,003). Notes receivable, bridge loans and convertible debentures include syndicated loans through Global Development Resources, Inc., a company with common directors and officers of the Company. Syndicated loans outstanding at December 31, 2007 from the Company are $nil (2006 - $5,409,303). Notes receivable, bridge loans and convertible debentures include notes to two Directors of the Company for US$1,000,000 (2006 – US$2,128,000) due on December 29, 2008. The notes relate to certain real estate property that was sold to the two Directors. In 2005, the Company provided a bridge loan of which 3.9% was syndicated to a Director and 7.8% was syndicated to the spouse of a Director. The total interest and principal payable to the Director and to spouse of a Director at December 31, 2007 was $nil (2006 - $224,139). Portfolio investments include $1,946,992 (December 31, 2006 - $1,644,297) of shares of companies and partnerships having a current Director or Officer in common with the Company.

Interest and dividend revenue includes interest earned on loans with current Directors and Officers in common with the Company in the amount of $512,608 (2006 - $134,700). Interest and dividend income includes interest earned on loans with a former Director in common with the Company in the amount of $17,427 (2006 - $25,905). Interest receivable includes interest earned on loans with current Directors and Officers in common with the Company, in the amount of $214,260 (2006 - $44,953). Structuring fees income includes$1,016,656 (2006 - $88,679) received from companies with current Directors and Officers in common with the Company. Structuring fees receivable includes a balance due from companies having a current Director or Officer in Common with Company in the amount of $803,779 (2006 - $nil). Other income includes the forgiveness of a note payable for $nil (2006 - $195,029) from a company controlled by a shareholder of the Company. Management and consulting fees and travel and promotion expenses include $332,010 (2006 - $402,863) paid to companies controlled by current Directors and Officers of the Company. Management and consulting fees and travel and promotion expenses include $100,000 (2006 - $nil) paid to companies controlled by a former Director of the Company.

Included in investment properties at December 31, 2007 is a lot held on behalf of the Company by Global Development Resources, Inc. This property is valued at $294,695. Participation fees included in revenue for the year ended December 31, 2007 under structuring fees and bonuses include $1,122,186 (2006 - $723,582) received from Global Development Resources, Inc.

Fourth Quarter

During the fourth quarter of 2007, total revenue was $2.2 million compared to $1.4 million for the corresponding period in 2006. The increase was due to the increase of unrealized gains on held-for-trading investments and from increased interest and structuring fees due to the increased amount of bridge loans. In the fourth quarter the value of the Company's convertible debentures increased significantly and the company recorded $1.3 million in unrealized gains on its convertible debentures.

Total expenses for the fourth quarter were $0.8 million compared to $0.7 million from the corresponding period in 2006. Include in the fourth quarter was a writedown of portfolio investments of $145,780.

Net income for the fourth quarter of 2007 was $1,631,486 compared to $817,276 for the corresponding period in 2006. The increase was due to the increased revenue from unrealized gains on held for trading investments and from increased interest and structuring fees due to the increased amount of bridge loans.

Changes in Accounting Policies

a) Recently adopted pronouncements

(i) Financial instruments

On January 1, 2007, the Company adopted CICA Handbook Sections 1530, *Comprehensive Income* ('Section 1530'); Section 3251, *Equity* ('Section 3251'); Section 3855, *Financial Instruments - Recognition and Measurement* ('Section 3855'), Section 3861, *Financial Instruments - Disclosure and Presentation* ('Section 3861') and Section 3865, *Hedges* ('Section 3865').

Section 1530 establishes standards for reporting and presenting comprehensive income, which is the change in equity from transactions and other events during a period from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with GAAP. As a result of adopting Section 1530, the value of the Company's portfolio investments decreased by an aggregate amount of $613,281 for the year ended December 31, 2007. This amount included an aggregate amount of unrealized losses on available-for-sale financial assets of $446,529.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and specifies the information that should be disclosed about them. Section 3865 describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from derivative financial instruments in the same periods as those related to the hedged items. The adoption of Sections 3861, 3865 and 3251 did not have a material effect on the Company's financial position and results of operations for the fiscal years ended December 31, 2007 and 2006.

Section 3855 applies on a prospective basis and defines the terms 'financial instrument,' 'financial asset' and 'financial liability.' Under Section 3855, financial assets must be classified into one of four categories: held-for-trading, held to-maturity, loans and receivables and available-for-sale; financial liabilities must be classified into one of two categories: held-for-trading and other financial liabilities. All derivative instruments, including those that are embedded in, but not closely related to, another contract must be classified as held-for-trading with changes in their fair value reported in net income for the period. All financial instruments, including derivatives, are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost, using the effective interest method where applicable. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments 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 earnings.

Prior to January 1, 2007, the principal accounting policies affecting the Company's financial instruments were: marketable securities were valued at the lower of average cost and market value, investments were valued at cost or at cost less amounts written off to reflect any impairment in value that is considered to be other than temporary, loans were stated net of an allowance for credit losses on impaired loans and other assets were valued at their net realizable value.

Under the adoption of these new standards, the Company designated accounts receivable and loans and notes receivable as loans and receivables which are measured at amortized cost, subject to impairment reviews, and accounts payable and accrued liabilities as other financial liabilities which are measured at amortized cost. Fees received for originating the Company's loans are netted against the corresponding costs of the loans and are recognized in net earnings using the effective interest rate method. Portfolio investments have been designated as available-for-sale and are recorded in the consolidated balance sheets at fair value. Fair value is determined directly by reference to quoted market prices in active markets. Changes in fair value of portfolio investments have been reported in other comprehensive income, except for changes in fair value of the Company's derivative investments (which, during the 2007 fiscal year, comprised warrants and the convertible portion of convertible debentures) which have been reported as net income.

The transitional adjustments in respect of these standards have been made to opening portfolio investment and loan and notes balances and adjusted through retained earnings and accumulated other comprehensive income as at January 1, 2007. As a consequence of adopting Section 3855 at January 1, 2007, accumulated other comprehensive loss increased by $166,752 and retained earnings increased by $75,927. These adjustments represented the net loss upon measuring the fair value of the Company available-for-sale portfolio investments and derivative portfolio investments, respectively.

(ii) Non-monetary transactions

Effective January 1, 2007, the Company adopted CICA Handbook Section 3831, *Non-monetary Transactions*. This standard requires all non-monetary transactions to be measured at fair value unless they meet one of four very specific criteria. Commercial substance replaces culmination of the earnings process as the test for fair value measurement. A transaction has commercial substance if it causes an identifiable and measurable change in the economic circumstances of the entity. Commercial substance is a function of the cash flows expected by the reporting entity. The adoption of this standard did not have a material effect on the Company's financial position and results of operations for the fiscal years ended December 31, 2007 and 2006.

(iii) Cash flow statements

In March 2007, the CICA amended Handbook Section 1540, *Cash Flow Statements* ('Section 1540'). Paragraph 1540.55 was amended such that cash distributions on financial instruments classified as equity, and the distributions are determined in accordance with contractual agreements or relevant constating documents, now require disclosure of the extent to which cash distributions are nondiscretionary. The adoption of this amended standard did not have a material effect on the Company's financial position and results of operations for the fiscal years ended December 31, 2007 and 2006.

(iv) General standards of financial statement presentation

In June 2007, the CICA added paragraphs to Handbook Section 1400, *General Standards of Financial Statement Presentation* ('Section 1400') to include new requirements regarding an entity's ability to continue as a going concern. The additions to Section 1400 apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. Earlier adoption is encouraged. The adoption of this standard did not have a material effect on the Company's financial position and results of operations for the fiscal years ended December 31, 2007 and 2006.

b) Future accounting pronouncements

(i) Inventories

In June 2007, the CICA issued Handbook Section 3031 *Inventories* ('Section 3031'). This section supersedes CICA Handbook Section 3030 *Inventories*, and is based on International Financial Reporting Standard IAS 2, 'Inventories.' This Section prescribes the accounting treatment for inventories and applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. Earlier adoption is encouraged. The Company does not anticipate that the application of Section 3031 will have a material impact on its financial position and results of operations.

(ii) Financial instruments – disclosures and presentation

In December 2006, the CICA issued Handbook Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*. These two new sections replace Section 3861, *Financial Instruments – Disclosure and Presentation*, which was adopted by the Company in fiscal 2007. Section 3862 includes a complete set of disclosure requirements for financial instruments that revise and enhance the disclosure requirements in Section 3861. Section 3863 contains the standards for presentation of financial instruments and non-financial derivatives and is essentially consistent with the presentation requirements currently found in Section 3861. These two new sections apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The Company does not anticipate that the application of Section 3862 will have a material impact on its financial position and results of operations.

(iii) Capital disclosures

In December 2006, the CICA issued Handbook Section 1535, *Capital Disclosures* ("Section 1535"). This new guidance establishes standards for disclosing information about an entity's capital and how it is managed. This section requires the disclosure of an entity's objectives, policies and processes for managing capital and information regarding an entity's compliance or non-compliance with any capital requirements. Section 1535 applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. This standard affects disclosure only.

(vi) Goodwill and intangible assets

In January 2008, the CICA issued Handbook section 3064, *Goodwill and Intangible Assets*, which will replace Section 3062, *Goodwill and Other Intangible Assets.* The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition as well as clarifying the application of the concept of matching revenues and expenses, whether these assets are separately acquired or internally developed. This standard will apply to the Company's interim and annual financial statements beginning January 1, 2009. The Company has not yet determined what the impact of adopting this standard will have on the Company's consolidated financial statements.

Financial Instruments

a) 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. From time to time, the Company takes advantage of foreign exchange contracts to mitigate the risk of currency fluctuations. As at December 31, 2007, the Company had purchased for settlement from its banker US $2,000,000 at $0.9929 maturing January 2, 2008, US $1,950,000 at $1.0045 maturing January 7, 2008, US $1,790,000 at $0.9975 maturing January 11, 2008 and US $1,000,000 at $1.0061 maturing January 16, 2008. These contracts were settled in January 2008. These gains and losses on foreign exchange contracts are included in net income in the corresponding reporting period.

b) 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.

c) Market Risk

The Company is exposed to certain market risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to an individual security or its issuer or factors affecting all securities traded in the market.

d) Interest Rate Risk

The Company is exposed to interest rate risk arising from fluctuations in interest rates on its short-term investments. The Company's notes receivable and bridge loans bear interest at fixed rates. Management is of the opinion that the Company is not exposed to significant interest rate risks in respect of these instruments due to their short maturities. The Company's portfolio investments are in equity instruments that are not exposed to interest rate risk.

e) Fair Values

The Company's financial instruments consist of cash, short-term investments, accounts receivable, interest and dividends receivable, bridge loans and notes receivable, convertible debentures, portfolio investments and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

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	19,351,865
Multiple Voting Shares	1,054,937
	20,406,802

Outstanding Options and Warrants

Type	Amount Outstanding	Exercise Price	Expiry Date
Stock option	840,000	$0.87	May 5, 2009
Stock option	150,000	$0.87	November 24, 2009
Stock option	20,000	$0.87	February 7, 2011
Stock option	120,000	$1.15	September 11, 2012
Common share purchase warrant	347,826	$1.15	September 16, 2008
Common share purchase warrant	2,391,304	$1.50	September 16, 2008

Internal Disclosure Controls and Procedures

Disclosure Controls and Procedures

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining adequate disclosure controls and procedures. Disclosure controls and procedures are designed to ensure that information required to be disclosed in the Company's filings under securities legislation is accumulated and communicated to management, including the CEO and CFO as appropriate, to allow timely decisions regarding public disclosure. They are designed to provide reasonable assurance that all information required to be disclosed in these filings is recorded, processed, summarized and reported within the time periods specified in securities legislation. The Company reviews its disclosure controls and procedures;

however, it cannot provide an absolute level of assurance because of the inherent limitations in control systems to prevent or detect all misstatements due to error or fraud.

The Company's management, including the CEO and CFO, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2007. Based on this evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures are effective.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements. The Company's management has evaluated the effectiveness of internal control over financial reporting. Based on this evaluation, management has concluded that internal control over financial reporting was effective as of December 31, 2007.

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, estimated asset retirement obligations, 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, the sufficiency of cost estimates for remaining reclamation obligations as well as those factors discussed in the Company's documents filed from time to time with the TSX Venture Exchange, Canadian securities regulators and other regulatory authorities. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice.

GLOBAL CAPITAL CORP.

Consolidated Financial Statements

December 31, 2007 & 2006

Management's Responsibility for Financial Reporting

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

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

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

"signed Jason Ewart"	"signed Chris Carmichael"
Jason Ewart CEO	Chris Carmichael Chief Financial Officer

Toronto, Ontario
April 23, 2008

DANZIGER HOCHMAN
PARTNERS LLP

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
GC-Global Capital Corp.

We have audited the consolidated balance sheets of **GC-Global Capital Corp.** at December 31, 2007 and 2006 and the consolidated statements of retained earnings, income, comprehensive income and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Danziger Hochman Partners LLP

Danziger Hochman Partners LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Canada
April 23, 2008

GC-Global Capital Corp.
Consolidated Balance Sheets
As at December 31, 2007 and 2006

		2007		2006
Assets				
Cash	$	1,159,960	$	457,002
Short-term investments (note 4)		2,274,566		1,075,996
Accounts receivable and sundry assets		1,644,537		581,977
Prepaid expenses		5,192		10,144
Interest and dividends receivable		255,216		258,848
Bridge loans and notes receivable (notes 4, 6 & 14)		9,984,318		11,621,283
Convertible debentures (notes 4, 6 & 14)		3,486,360		-
Portfolio investments (notes 4 & 14)		5,009,440		4,559,540
Investment property		593,135		-
Property and equipment (note 7)		25,402		29,615
Future income taxes (note 13)		1,138,709		1,363,457
	$	25,576,835	$	19,957,862
Liabilities				
Bank indebtedness (note 5)	$	-	$	600,000
Accounts payable and accrued liabilities		113,857		568,690
Customer advances and deferred revenue		375,243		290,685
		489,100		1,459,375
Shareholders' equity				
Share capital (notes 8 & 9)		18,331,298		14,075,646
Contributed surplus (notes 8, 9 & 10)		2,493,847		2,552,362
Warrants (note 8 (b))		744,883		-
Accumulated other comprehensive income (loss)		(613,281)		-
Retained earnings		4,130,988		1,870,479
		25,087,735		18,498,487
	$	25,576,835	$	19,957,862

Commitments, contingent liabilities and subsequent events (notes 17, 18 & 19)

On Behalf of the Board

“signed Gordon Ewart” ,Director

“signed Jason Ewart” ,Director

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

GC-Global Capital Corp.
Consolidated Statements of Retained Earnings
For the years ended December 31, 2007 and 2006

		2007		2006
Retained earnings – beginning of year	$	1,870,479	$	222,467
Effect of remeasuring held-for-trading instruments on January 1, 2007 (notes 2 & 4)		75,927		-
Net income		2,963,643		2,277,849
Dividends paid (note 15)		(779,061)		(629,837)
Retained earnings – end of year	$	4,130,988	$	1,870,479

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

GC-Global Capital Corp.
Consolidated Statements of Income
For the years ended December 31, 2007 and 2006

	2007	2006
Revenue		
Structuring fees and bonuses (note 14)	$ 2,731,526	$ 1,378,064
Interest and dividend income (note 14)	1,397,478	1,007,171
Gain on sale of portfolio investments	305,167	1,024,523
Gain on sale of development property	-	1,051,564
Unrealized gain on derivative investments (note 4)	1,383,920	-
	5,818,091	4,461,322
Expenses		
Management and consulting fees (note 14)	1,110,287	1,115,659
Filing and listing fees	76,316	54,780
Audit and legal fees	90,052	94,909
Interest	21,296	216,947
Office and general	90,096	103,482
Travel and promotion (note 14)	68,606	137,177
Rent	63,838	38,975
Amortization	9,447	8,297
Write-down on bridge loans and investments	455,780	398,230
Share compensation expense (notes 9 & 10)	33,969	66,148
Foreign exchange	610,013	59,678
Forgiveness of debt (note 14)	-	(195,029)
	2,629,700	2,099,253
Income before income taxes	3,188,391	2,362,069
Income taxes (recovered) (note 13)		
Current	-	(21,640)
Future	224,748	105,860
	224,748	84,220
Net income for the year	$ 2,963,643	$ 2,277,849
Net income per share (note 11)	$ 0.15	$ 0.15
Weighted average number of shares outstanding	19,458,023	15,647,573

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

GC-Global Capital Corp.
Consolidated Statement of Comprehensive Income (Loss)
For the year ended December 31, 2007

		2007
Net income for the year	$	2,963,643
Other comprehensive income		
Unrealized losses on available-for-sale financial assets (note 12)		(446,529)
Comprehensive income for the year	$	2,517,114
Accumulated other comprehensive income		
Accumulated other comprehensive income, December 31, 2006	$	-
Effect of remeasuring available-for-sale instruments on January 1, 2007 (notes 2 & 12)		(166,752)
Unrealized losses on available-for-sale financial assets		(446,529)
Accumulated and other comprehensive income (loss) – end of year	$	(613,281)

GC-Global Capital Corp.
Consolidated Statements of Cash Flows
For the years ended December 31, 2007 and 2006

	2007	2006
Operating activities		
Net income for the year	$ 2,963,643	$ 2,277,849
Items not affecting cash:		
Gain on sale of portfolio investments	(305,167)	(1,024,523)
Gain on sale of development property	-	(1,051,564)
Unrealized gain on held-for-trading investments	(1,383,920)	-
Non cash structuring fees and bonuses	(490,940)	(160,490)
Amortization	9,447	8,297
Share compensation expense	33,969	66,148
Write-down on bridge loans and investments	455,780	398,230
Forgiveness of debt	-	(195,029)
Future income taxes	224,748	105,860
	1,507,560	424,778
Net changes in non-cash working capital balances (note 12)	(1,718,946)	96,070
	(211,386)	520,848
Investing activities		
Issuance of notes receivable, bridge loans and convertible debentures	(10,672,750)	(9,015,375)
Proceeds from notes receivable, bridge loans and convertible debentures	9,767,115	14,251,590
Purchase of portfolio investments	(2,502,148)	(3,600,951)
Proceeds from sale of investments	1,996,941	5,498,690
Proceeds from sale of development property	-	2,214,564
Additions to property and equipment	(5,234)	(28,420)
	(1,416,076)	(1,152,332)
Financing activities		
Repayment (increase) of loans and interest payable	-	(540,779)
Increase in (repayment of) bank indebtedness - net	(600,000)	600,000
Proceeds from shares issued through public offering	5,500,000	-
Proceeds from shares issued on exercise of warrants	156,600	-
Share issue costs	(586,145)	-
Purchase of treasury shares	(162,404)	(41,716)
Dividends paid	(779,061)	(629,837)
	3,528,990	(612,332)
Increase (decrease) in cash and cash equivalents	1,901,528	(1,243,816)
Cash and cash equivalents, beginning of year	1,532,998	2,776,813
Cash and cash equivalents, end of year	$ 3,434,526	$ 1,532,998
Cash and cash equivalents comprise:		
Cash	$ 1,159,960	$ 457,002
Short term investments	2,274,566	1,075,996
	$ 3,434,526	$ 1,532,998

Supplemental cash flow information (note 12)

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

1. Nature of Business

GC-Global Capital Corp. (the "Company") is 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 cap 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 also has a diversified investment division engaged in investing in emerging growth companies.

2. Changes in accounting policies

a) Recently adopted pronouncements

(i) Financial instruments

On January 1, 2007, the Company adopted CICA Handbook Sections 1530, *Comprehensive Income* ('Section 1530'); Section 3251, *Equity* ('Section 3251'); Section 3855, *Financial Instruments - Recognition and Measurement* ('Section 3855'), Section 3861, *Financial Instruments - Disclosure and Presentation* ('Section 3861') and Section 3865, *Hedges* ('Section 3865').

Section 1530 establishes standards for reporting and presenting comprehensive income, which is the change in equity from transactions and other events during a period from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with GAAP. As a result of adopting Section 1530, the value of the Company's portfolio investments decreased by an aggregate amount of $613,281 for the year ended December 31, 2007. This amount included an aggregate amount of unrealized losses on available-for-sale financial assets of $446,529.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and specifies the information that should be disclosed about them. Section 3865 describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from derivative financial instruments in the same periods as those related to the hedged items. The adoption of Sections 3861, 3865 and 3251 did not have a material effect on the Company's financial position and results of operations for the fiscal years ended December 31, 2007 and 2006.

Section 3855 applies on a prospective basis and defines the terms 'financial instrument,' 'financial asset' and 'financial liability.' Under Section 3855, financial assets must be classified into one of four categories: held-for-trading, held to-maturity, loans and receivables and available-for-sale; financial liabilities must be classified into one of two categories: held-for-trading and other financial liabilities. All derivative instruments, including those that are embedded in, but not closely related to, another contract must be classified as held-for-trading with changes in their fair value reported in net income for the period. All financial instruments, including derivatives, are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost, using the effective interest method where applicable. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments 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 earnings.

Prior to January 1, 2007, the principal accounting policies affecting the Company's financial instruments were: marketable securities were valued at the lower of average cost and market value, investments were valued at cost or at cost less amounts written off to reflect any impairment in value that is considered to be other than temporary, loans were stated net of an allowance for credit losses on impaired loans and other assets were valued at their net realizable value.

2. Changes in accounting policies (continued)

a) Recently adopted pronouncements (continued)

(i) Financial instruments (continued)

Under the adoption of these new standards, the Company designated accounts receivable and loans and notes receivable as loans and receivables which are measured at amortized cost, subject to impairment reviews, and accounts payable and accrued liabilities as other financial liabilities which are measured at amortized cost. Fees received for originating the Company's loans are netted against the corresponding costs of the loans and are recognized in net earnings using the effective interest rate method. Portfolio investments have been designated as available-for-sale and are recorded in the consolidated balance sheets at fair value. Fair value is determined directly by reference to quoted market prices in active markets. Changes in fair value of portfolio investments have been reported in other comprehensive income, except for changes in fair value of the Company's derivative investments (which, during the 2007 fiscal year, comprised warrants and the convertible portion of convertible debentures) which have been reported as net income.

The transitional adjustments in respect of these standards have been made to opening portfolio investment and loan and notes balances and adjusted through retained earnings and accumulated other comprehensive income as at January 1, 2007. As a consequence of adopting Section 3855 at January 1, 2007, accumulated other comprehensive loss increased by $166,752 and retained earnings increased by $75,927. These adjustments represented the net loss upon measuring the fair value of the Company available-for-sale portfolio investments and derivative portfolio investments, respectively.

(ii) Non-monetary transactions

Effective January 1, 2007, the Company adopted CICA Handbook Section 3831, *Non-monetary Transactions*. This standard requires all non-monetary transactions to be measured at fair value unless they meet one of four very specific criteria. Commercial substance replaces culmination of the earnings process as the test for fair value measurement. A transaction has commercial substance if it causes an identifiable and measurable change in the economic circumstances of the entity. Commercial substance is a function of the cash flows expected by the reporting entity. The adoption of this standard did not have a material effect on the Company's financial position and results of operations for the fiscal years ended December 31, 2007 and 2006.

(iii) Cash flow statements

In March 2007, the CICA amended Handbook Section 1540, *Cash Flow Statements* ('Section 1540'). Paragraph 1540.55 was amended such that cash distributions on financial instruments classified as equity, and the distributions are determined in accordance with contractual agreements or relevant constating documents, now require disclosure of the extent to which cash distributions are nondiscretionary. The adoption of this amended standard did not have a material effect on the Company's financial position and results of operations for the fiscal years ended December 31, 2007 and 2006.

(iv) General standards of financial statement presentation

In June 2007, the CICA added paragraphs to Handbook Section 1400, *General Standards of Financial Statement Presentation* ('Section 1400') to include new requirements regarding an entity's ability to continue as a going concern. The additions to Section 1400 apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. Earlier adoption is encouraged. The adoption of this standard did not have a material effect on the Company's financial position and results of operations for the fiscal years ended December 31, 2007 and 2006.

2. Changes in accounting policies (continued)

b) Future accounting pronouncements

(i) Inventories

In June 2007, the CICA issued Handbook Section 3031 *Inventories* ('Section 3031'). This section supersedes CICA Handbook Section 3030 *Inventories*, and is based on International Financial Reporting Standard IAS 2, 'Inventories.' This Section prescribes the accounting treatment for inventories and applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. Earlier adoption is encouraged. The Company does not anticipate that the application of Section 3031 will have a material impact on its financial position and results of operations.

(ii) Financial instruments – disclosures and presentation

In December 2006, the CICA issued Handbook Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*. These two new sections replace Section 3861, *Financial Instruments – Disclosure and Presentation*, which was adopted by the Company in fiscal 2007. Section 3862 includes a complete set of disclosure requirements for financial instruments that revise and enhance the disclosure requirements in Section 3861. Section 3863 contains the standards for presentation of financial instruments and non-financial derivatives and is essentially consistent with the presentation requirements currently found in Section 3861. These two new sections apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The Company does not anticipate that the application of Section 3862 will have a material impact on its financial position and results of operations.

(iii) Capital disclosures

In December 2006, the CICA issued Handbook Section 1535, *Capital Disclosures* ("Section 1535"). This new guidance establishes standards for disclosing information about an entity's capital and how it is managed. This section requires the disclosure of an entity's objectives, policies and processes for managing capital and information regarding an entity's compliance or non-compliance with any capital requirements. Section 1535 applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. This standard affects disclosure only.

(vi) Goodwill and intangible assets

In January 2008, the CICA issued Handbook section 3064, *Goodwill and Intangible Assets*, which will replace Section 3062, *Goodwill and Other Intangible Assets.* The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition as well as clarifying the application of the concept of matching revenues and expenses, whether these assets are separately acquired or internally developed. This standard will apply to the Company's interim and annual financial statements beginning January 1, 2009. The Company has not yet determined what the impact of adopting this standard will have on the Company's consolidated financial statements.
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3. Summary of Significant Accounting Policies

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

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Foothills Developments Inc. ("Foothills"). In turn, Foothills' accounts include the accounts of its wholly-owned subsidiaries, Newborn Realty Corporation ("Newborn") and Laurel Development Corporation ("Laurel"). All significant intercompany transactions and balances have been eliminated.

3. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Cash and Cash Equivalents

For the purpose of the 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.

Short-term Investments

Short-term investments are carried at the lower of average cost and market value. For the purpose of the consolidated statements of cash flows, the Company considers all short-term investments that are highly liquid with original maturities of three months or less and which are subject to insignificant risks to be cash equivalents.

Loans

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

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

Portfolio Investments

Portfolio investments are recorded in the consolidated balance sheets at fair value. Fair value is determined directly by reference to quoted market prices in an active market. In accordance with CICA Handbook section 3855, *Financial Instruments - Recognition and Measurement,* changes in fair value of investments have been reported in other comprehensive income, except for changes in fair value of the Company's derivative investments which have been reported in net income in 2007. In 2006, declines in the fair value of investments were reported in net income when there was evidence of a permanent impairment.

Revenue Recognition

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

3. Summary of Significant Accounting Policies (continued)

Property and Equipment

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

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

Customer Advances and Deferred Revenue

Customer advances and deferred revenue comprise prepaid interest on loans and unearned structuring fees and bonuses.

Foreign Currency Translation

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

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

Future Income Taxes

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

Stock-Based Compensation Plan

The Company has a stock option plan for its directors, officers and key employees as described in Note 9. In 2004, the Company elected to apply the fair value method of accounting for stock options granted to directors, officers and employees on a prospective basis in accordance with the recommendations of CICA Handbook section 3870, *Stock-based Compensation and Other Stock-based Payments*. Accordingly, effective January 1, 2004, the fair value of all stock options granted is recorded as a charge to operations and a credit to contributed surplus over the period the stock options vest. It has been the Company's policy for options to vest upon issuance. Consideration received on exercise of stock options is credited to share capital and at this time the corresponding value attributed to the exercised options is transferred to share capital.

Financial Instruments

Unless otherwise noted, it is management's opinion that the Company is not exposed to any significant interest, currency, credit or market risks arising from its financial instruments. (See note 16.) The fair value of all financial instruments approximates their carrying value, except for investments in portfolio investments as disclosed in Note 4.

Measurement Uncertainty

The precise value of many assets and liabilities is dependent on future events. As a result, preparation of financial statements for a period involves the use of approximations which have been made using careful judgment. Actual results could differ from those approximations.

3. Summary of Significant Accounting Policies (continued)

Earnings per share

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

4. Financial Instruments

The carrying values of cash, accounts receivable, interest and dividends receivable, accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.

The carrying values and fair values of the Company's short term investments, notes receivable, bridge loans, convertible debentures and portfolio investments are as follows:

	2007 Carrying Value	2007 Fair Value	2006 Carrying Value	2006 Fair Value
Short term investments	$ 2,274,566	$ 2,274,566	$ 1,075,996	$ 1,075,996
Notes receivable	991,300	991,300	2,366,135	2,366,135
Bridge loans	8,993,018	8,993,018	9,255,148	9,255,148
Convertible debentures	3,486,360	3,486,360	-	-
Portfolio investments	5,009,440	5,009,440	4,559,540	4,659,600
	$ 20,754,684	$ 20,754,684	$ 17,256,819	$ 17,356,879

a) Short-term investments comprise term deposits with original maturities of three months or less from the date of purchase, bearing interest at rates between 3.25% and 3.70% (2006 – 3.25% and 3.55%) and maturing between January 9, 2008 and January 18, 2008 (2006 - January 2, 2007 and January 29, 2007).

b) Fair values of notes receivable and bridge loans are estimated to be approximately the equivalent of carrying value due to the relatively short terms of these instruments.

c) 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, 2007 and 2006. Fair value of private companies is estimated to be approximately the equivalent of the carrying value, absent evidence of impairment, in accordance with CICA Handbook section 3855, *Financial Instruments - Recognition and Measurement.*

d) The gross amount of the notes receivable is $991,300 (US$1,000,000) and was due on December 29, 2007. For a fee of US$250,000, the principal repayment was extended to December 29, 2008. The unamortized portion of that fee is presented as part of customer advances and deferred revenue on the accompanying consolidated balance sheets.

e) The carrying value of the convertible debentures is their fair value which is based upon published quotations in an active market. As these debentures are derivative instruments, the change in their fair value resulted in an increase in net income, due to an increase in their fair value, for the year ended December 31, 2007 of $1,253,760.

4. Financial Instruments (continued)

f) 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-Sholes pricing model to determine fair value, with volatility and risk free rates taken directly from the most recent audited financial statements of the corresponding companies. As these warrants are derivative instruments, the change in their fair value resulted in an increase in net income, due to an increase in their fair value, at December 31, 2007 of $130,160, and an increase in their fair value and a corresponding adjustment to retained earnings of $75,927 on January 1, 2007.

g) The Company invests extensively in emerging growth companies that are in the development stage or in companies which primarily hold investments in such companies. Certain investments are in companies which have not yet established commercial viability for their business activities and have not yet earned significant revenue. Therefore, the quoted market values of their shares are not necessarily indicative of the fair value of these investments and the recoverability of invested amounts is dependent upon the eventual commercial success of these entities. Lack of positive developments, or adverse developments, could result in future writedowns of the carrying values of these investments.

5. Bank Indebtedness

As at December 31, 2006, the Company had available a demand loan operating facility to a maximum of $6,000,000 (or the US dollar equivalent) from a Canadian lending institution which is secured by a first ranking General Security Agreement, the assignment of the Company's short-term investments and the Company's investment in the common shares of Global Development Resources, Inc. (at December 31, 2006, the value of the investment in Global Development Resources, Inc. was $2,152,560 and is present in the accompanying consolidated financial statements part of portfolio investments). The interest rate on the facility is at prime plus 1% for advances of up to $600,000 CDN, and at prime for borrowings in excess of $600,000, payable monthly.

During 2007, the Company terminated its demand loan operating facility.

6. Notes receivable, bridge loans and convertible debentures

Bridge loans are repayable over various terms up to 11 months from December 31, 2007 and bear interest at fixed rates of between 12% and 15%. Shares, real estate, and borrower, corporate or personal guarantees generally have been pledged as security.

Convertible debentures at December 31, 2007 carry interest rates of 12% and are for varying terms up to June 12, 2009. Shares and corporate guarantees generally have been pledged as security.

6. Notes receivable, bridge loans and convertible debentures (continued)

Notes receivable, bridge loans and convertible debentures analysis as at December 31, 2007 and 2006 are as follows:

	2007	2006
Due on Demand		
Bridge loans	$ 207,675	$ -
	207,675	-
Due within One Year		
Notes receivable	991,300	2,366,135
Bridge loans	8,785,343	9,255,148
Convertible debentures	375,000	-
	10,151,643	11,621,283
Due within 13 to 24 Months		
Convertible debentures	3,111,360	-
	3,111,360	
	$ 13,470,678	$ 11,621,283

7. Property and equipment

	Cost	Accumulated Amortization	2007 Net book Value
Computer equipment	$ 26,858	$ 20,094	$ 6,764
Furniture	16,396	5,355	11,041
Equipment	14,005	6,408	7,597
	$ 57,259	$ 31,857	$ 25,402

	Cost	Accumulated Amortization	2006 Net book Value
Computer equipment	$ 25,776	$ 17,287	$ 8,489
Furniture	12,244	1,972	10,272
Equipment	14,005	3,151	10,854
	$ 52,025	$ 22,410	$ 29,615

8. Share capital

a) Authorized:
Unlimited multiple voting shares
Unlimited subordinate voting shares
Unlimited preferred shares

b) Shares issued and outstanding

		2007	2006
Issued and outstanding:			
1,054,937 (2006 - 1,062,662)	multiple voting shares	$ 1,923,565	**$** 1,937,651
19,351,895 (2006 – 14,553,161)	subordinate voting shares	16,327,933	12,137,995
		$ 18,251,498	$ 14,075,646

	2007 Number of Shares	2007 Amount	2006 Number of Shares	2006 Amount
Multiple voting shares				
Opening balance	1,062,662	$ 1,937,651	1,063,974	$ 1,940,043
Convert MVS to SVS	(7,725)	(14,086)	(1,312)	(2,392)
	1,054,937	1,923,565	1,062,662	1,937,651
Subordinate voting shares				
Opening balance	14,553,161	12,137,995	14,593,560	12,170,379
Convert MVS to SVS	7,725	14,036	1,312	2,392
Issued through public offering	4,782,609	5,500,000	-	-
Share issue costs	-	(586,145)	-	-
Fair value of warrants issued	-	(744,833)	-	-
Issued on exercise of options	180,000	156,600	-	-
Transfer from contributed surplus	-	79,800	-	-
Shares cancelled	(171,600)	(149,720)	(41,711)	(34,776)
	19,351,895	$ 16,407,733	14,553,161	$ 12,137,995

On March 16, 2007, the Company completed an equity offering for gross proceeds of $5,500,000 through the issuance of 4,782,609 units at a price of $1.15 per unit. Each unit was comprised of one subordinate voting share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase an additional subordinate voting share at a price of $1.50 per share at any time and from time to time until September 16, 2008.

On May 4, 2007, a director of the Company exercised 180,000 stock options at an exercise price of $0.87 for total proceeds of $156,600.

During 2007, the Company completed treasury purchases for cancellation under a normal course issuer bid of 171,600 (2006 - 41,700) subordinate voting shares with a stated capital of $149,719 (2006 - $34,776) for $162,404 (2006 - $41,716) resulting in a decrease in contributed surplus of $12,684 (2006 - $6,940).

8. Share capital (continued)

c) Warrants issued and outstanding

	Number of warrants	Exercise price per warrant	Expiry dates
Subordinate voting share warrants			
Opening balance, January 1, 2007 and 2006	-		
Compensation warrants issued from equity offering	347,826	$ 1.15	Sept. 16, 2008
Issued from equity offering	2,391,304	$ 1.50	Sept. 16, 2008
Closing balance, December 31, 2007	2,739,130		

d) Stock options outstanding

	Number of options	Exercise price per share	Expiry dates
Subordinate voting shares			
Opening balance, January 1, 2006	1,230,000	$ 0.87	May 5 – Nov. 24, 2009
Granted in 2006	240,000	$ 0.87	Feb. 7, 2011
Exercised in 2006	-		
Cancelled in 2006	(20,000)	$ 0.87	
Closing balance, December 31, 2006	1,450,000		
Granted in 2007	120,000	$ 1.15	Sept. 11, 2012
Exercised in 2007	(180,000)	$ 0.87	
Cancelled in 2007	(260,000)	$ 0.87	
Closing Balance, December 31, 2007	1,130,000	$ 0.90	

9. Stock-based compensation plan

As at December 31, 2007, the Company had outstanding 1,130,000 stock options. These include 1,010,000 options with an exercise price of $0.87 of which 840,000, 150,000 and 20,000 options are exercisable in whole or in part at any time prior to May 5, 2009, November 24, 2009 and February 7, 2011, respectively. On September 11, 2007, 120,000 additional options were issued with an exercise price of $1.15 expiring September 11, 2012.

The fair values of the options have been estimated using the Black-Scholes option pricing model. Assumptions used in the pricing model is a risk-free rate of 3%, expected life of options of 5 years, expected stock price volatility of 72% and an expected dividend yield of 5% (2006 – 3%; 5 years; 40%; and 4%, respectively).

10. Contributed surplus

During 2007, the Company completed treasury purchases for cancellation under a normal course issuer bid of 171,600 (2006 - 41,700) subordinate voting shares with a stated capital of $149,720 (2006 - $34,776) for $162,404 (2006 - $41,716) resulting in a decrease in contributed surplus of $12,684 (2006 - $6,940).

During 2007, the Company also issued 120,000 (2006 - 220,000) stock options and recorded an increase to contributed surplus and share compensation expense of $33,969 (2006 - $66,148). In addition, the value previously attributed to the options exercised during the year was transferred to share capital. ($79,800 - see note 8.)

11. Net Income per Share

Net income per share has been calculated using the weighted average number of multiple and subordinate voting shares outstanding during the year. Diluted income per share is calculated in a similar manner, except that the weighted average number of multiple and subordinate voting shares outstanding is increased to include potentially issuable subordinate voting shares from the assumed exercise of stock options, if dilutive. The conversion of the stock options would be anti-dilutive.

12. Supplementary cash flow information

	2007	2006
Net change in non-cash working capital balances		
Accounts receivable and sundry assets	$ (1,357,255)	$ (130,503)
Prepaid expenses	4,952	(10,144)
Interest and dividends receivable	3,632	(35,468)
Accounts payable and accrued liabilities	(454,833)	186,052
Customer advances and deferred revenue	84,558	179,374
Income taxes payable	-	(93,241)
	$ (1,718,946)	$ 96,070
Interest paid	$ 16,633	$ 201,463
Income taxes paid	$ -	$ -
Supplementary non-cash financial information		
Payment of loans and interest payable		
Forgiveness of debt	$ -	$ 195,029
Portfolio investments		
Effect of remeasuring held-for-trading instruments	$ 75,927	-
Effect of remeasuring available-for-sale instruments	(166,752)	-
Other comprehensive income (loss)	(446,529)	-
Customer advances and deferred revenue	-	111,310
Structuring fees and bonuses received as shares	-	160,490
	$ (537,354)	$ 271,800
Investment property		
Structuring fees and bonuses received as investment property	$ 294,695	$ -

13. Income Taxes

a) The provisions for (recovery of) income taxes consists of the following:

		2007		2006
Basic tax amount at 34.12% (2006 - 34.12%)	$	1,087,879	$	777,202
Amounts not subject to tax		224,264		(693,605)
Amounts not included in income but deductible for tax purposes		(1,312,143)		(105,237)
		-		(21,640)
Unrecorded income tax benefits		-		-
Current income taxes		-		(21,640)
Future income taxes (benefit)		224,748		105,860
	$	224,748	$	84,220

Included in unrecognized deductible temporary differences are approximately $23,200,000 (2006 - $22,700,000) in net capital losses for income tax purposes which may be carried forward and used to reduce taxable income in future years. The net capital losses are only available to offset against taxable capital gains. The net capital losses have no expiry date. The potential income tax benefit arising from these temporary differences are not recorded in these consolidated financial statements since at the balance sheet date it is likely that the future tax asset will not be realized.

Also included in unrecognized deductible temporary differences are approximately $146,000 (2006 - $1,800,000) in temporary differences relating to writedowns of permanently impaired investments. The potential income tax benefit arising from these temporary differences are not recorded in these consolidated financial statements since at the balance sheet date it is likely that the future tax asset will not be realized.

b) The significant components of the future income tax assets as at December 31, 2007 are as follows:

		2007		2006
Loss carry forwards	$	991,090	$	1,242,437
Capital losses		3,963,142		3,879,097
Resource assets		(96,728)		(102,415)
Investments		49,740		615,593
Other		244,347		223,435
		5,151,591		5,858,147
Valuation allowance		(4,012,882)		(4,494,690)
Future tax asset	$	1,138,709	$	1,363,457

The Company has non-capital losses carried-forward for income tax purposes in the amount of $6,819,000 which may be applied against future years' taxable income. These losses may be used to reduce future years' taxable income and expire approximately as follows:

	$
2008	274,000
2009	492,000
2010	5,338,000
2014	506,000
2015	209,000

14. 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 a balance due from companies having a current director or officer in common with the Company, with a cost of $7,120,670 (2006 - $1,050,003). Notes receivable, bridge loans and convertible debentures include syndicated loans through Global Development Resources, Inc., a company with common directors and officers of the Company. Syndicated loans outstanding at December 31, 2007 from the Company amounted to $nil (2006 - $5,409,303). Notes receivable, bridge loans and convertible debentures include notes to two directors of the Company for US$1,000,000 (2006 – US$2,128,000) due on December 29, 2008. The notes relate to certain real estate property that was sold to the two directors. (See note 4(d).)

b) In 2005, the Company provided a bridge loan of which 3.9% was syndicated to a director and 7.8% was syndicated to the spouse of a director. The total interest and principal payable to the Director and to spouse of a director at December 31, 2007 was $nil (2006 - $224,139).

c) Portfolio investments include $1,946,992 (December 31, 2006 - $1,644,297) of shares of companies and partnerships having a current director or officer in common with the Company.

d) Interest and dividend revenue includes interest earned on loans to entities with current directors and officers in common with the Company in the amount of $512,608 (2006 - $134,700). Interest and dividend revenue includes interest earned on loans with a former director in common with the Company in the amount of $17,427 (2006 - $25,905). Interest receivable includes interest earned on loans to entities with current directors and officers in common with the Company, in the amount of $214,260 (2006 - $44,953).

e) Structuring fees revenue includes $1,016,656 (2006 - $88,679) received from companies with current directors and officers in common with the Company. Structuring fees receivable includes a balance due from companies having a director or officer in common with Company in the amount of $803,779 (2006 - $nil).

f) Other income includes the forgiveness of a note payable for $nil (2006 - $195,029) from a company controlled by a shareholder of the Company.

g) Management and consulting fees and travel and promotion expenses include $332,010 (2006 - $402,863) paid to companies controlled by current directors and officers of the Company. Management and consulting fees and travel and promotion expenses include $100,000 (2006 - $nil) paid to companies controlled by a former director of the Company.

h) Included in investment properties at December 31, 2007 is a lot held on behalf of the Company by Global Development Resources, Inc. This property is valued at $294,695.

i) Participation fees included in revenue for the year ended December 31, 2007 under structuring fees and bonuses include $1,122,186 (2006 - $723,582) received from Global Development Resources, Inc.

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.

15. Dividends Paid

On February 1, 2007, the Company declared a cash dividend of $779,061 or $0.05 per share payable to shareholders of the Company's subordinate voting and multiple voting shares. The dividend was paid on March 30, 2007, to shareholders on record on February 9, 2007.

On May 1, 2006, the Company declared a cash dividend of $0.04 per share payable to shareholders of the Company's subordinate voting and multiple voting shares. The dividend was paid on May 31, 2006, to shareholders on record on May 15, 2006. It is the intention of the Company to pay out a portion of its future annual earnings to Shareholders in the form of a dividend.

16. Risk Management

a) 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. From time to time, the Company takes advantage of foreign exchange contracts to mitigate the risk of currency fluctuations. As at December 31, 2007, the Company had purchased for settlement from its banker US $2,000,000 at $0.9929 maturing January 2, 2008, US $1,950,000 at $1.0045 maturing January 7, 2008, US $1,790,000 at $0.9975 maturing January 11, 2008 and US $1,000,000 at $1.0061 maturing January 16, 2008. These contracts were settled in January 2008. These gains and losses on foreign exchange contracts are included in net income in the corresponding reporting period.

b) 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.

c) Market Risk

The Company is exposed to certain market risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to an individual security or its issuer or factors affecting all securities traded in the market.

d) Interest Rate Risk

The Company is exposed to interest rate risk arising from fluctuations in interest rates on its short-term investments. The Company's notes receivable and bridge loans bear interest at fixed rates. Management is of the opinion that the Company is not exposed to significant interest rate risks in respect of these instruments due to their short maturities. The Company's portfolio investments are in equity instruments that are not exposed to interest rate risk.

e) Fair Values

The Company's financial instruments consist of cash, short-term investments, accounts receivable, interest and dividends receivable, bridge loans and notes receivable, convertible debentures, portfolio investments and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

17. Commitments

a) The Company has entered into an operating lease for office premises expiring in 2011. Minimum annual lease payments, exclusive of taxes and other operating costs, for each the next four years are approximately:

2008	$	26,000
2009		26,000
2010		26,000
2011		15,200

b) See note 16 (a).

18. Contingent Liabilities

a) On March 22, 2002, the Company and other parties were named as defendants in a lawsuit filed in the Supreme Court of British Columbia. The plaintiff has claimed approximately $87,000 for unpaid consulting services plus interest at a rate which at this time cannot be determined. Management intends to fully defend this claim. Accordingly, no provision has been made for this claim in the accompanying consolidated financial statements.

   In March 2004, the Company and a director were named in an action of which the plaintiff has claimed $130,000, or in the alternative the return of shares. The Company and the Director have defended and counterclaimed rescission of the agreement by which the Company agreed to purchase shares from the plaintiff. Affidavits of Documents have yet to be exchanged and the plaintiff has taken no steps to move the action forward. Accordingly, no provision has been made for this claim in the accompanying consolidated financial statements.

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

b) In 1998, the Company and other parties were named as defendants in a lawsuit filed in the Supreme Court of Newfoundland alleging that the common shares which they hold in the Company were sold to them without their knowledge by an administrator. In 2001, the Company was named in a second action against the Company, by the same plaintiffs, alleging that the Company failed to comply with the applicable provisions of the Canada Business Corporations Act giving shareholders the right of dissent with respect to certain transactions and to be paid the fair market value for these shares. Management has filed statements of defense for each action. No provision has been made for these claims in the accompanying consolidated financial statements.

   The ultimate outcome of these claims 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 finally determined.

18. Contingent Liabilities (continued)

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 the Former Management in respect of any reassessments by Revenue Canada for taxes related to the GBPC Division.

During fiscal 2006, Revenue Canada reassessed the tax returns for GBPC for the tax years 1996 and 1997. The reassessment concluded that the GBPC reported false travel and promotion expenses for two former members of GBPC's management in the amounts of $206,814 and $19,641. The reassessment further concluded that GBPC made false ITC 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 penalty of approximately $215,000.

The Company is taking all legal steps necessary to ensure the taxes are paid by the indemnifying parties.

In 2003, the Company sold GBPC and provided an indemnity to the purchaser for claims related to the previous years.

In 2005 and 2006, the Company paid $122,000 to Canada Revenue Agency in relation to the contingency. The Company expects the $122,000 to be fully recoverable. The amount is included in accounts receivable and sundry assets.

19. Subsequent Events

On April 1, 2008, the Company declared a cash dividend of $0.06 per share payable to shareholders of the Company's subordinate voting and multiple voting shares. The dividend will be payable on May 30, 2008, to shareholders on record on April 30, 2008.