Consolidated Financial Statements

December 31, 2014 & 2013

(Expressed in Canadian dollars)

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, Collins Barrow Toronto LLP, are appointed by the shareholders to conduct an audit and their report follows.

Signed: **"Jason Ewart"**
Chief Executive Officer

Signed: **"Steven P. Haasz"**
Chief Financial Officer

Toronto, Ontario
April 29, 2015

Collins Barrow

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of GC-Global Capital Corp.

We have audited the accompanying consolidated financial statements of GC-Global Capital Corp., and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2014 and 2013 and the consolidated statements of changes in equity, comprehensive income and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained in our audits 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., and its subsidiaries, as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Collins Barrow Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
April 29, 2015

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GC-Global Capital Corp.
Consolidated Statements of Financial Position
(In Canadian Dollars)

	December 31 2014	December 31 2013
Assets		
Cash	$ 166,790	$ 840,069
Short-term investments (note 5)	40,000	100,000
Accounts receivable and sundry assets (note 21)	209,258	250,345
Bridge loans and notes receivables (note 6)	1,813,412	1,161,979
Portfolio investments in public companies (note 7)	6,409,159	163,261
Portfolio investments in private companies (note 8)	1,785,935	2,603,117
Convertible debentures receivable (note 9)	500,000	800,000
Equity method investments (note 10, 13)	-	1,670,992
Investment properties (note 11)	476,368	480,204
Assets held for sale (note 12)	1,376,543	1,707,904
Asset held for distribution (note 13, 6(vii))	3,178,028	-
	$ 15,955,493	$ 9,777,869
Liabilities		
Accounts payable and accrued liabilities (note 21)	$ 392,317	$ 279,007
Due to brokers (note 15)	324,358	-
Dividend payable (note 13)	-	3,046,352
Preference share liability (note 13)	3,178,028	-
	3,894,703	3,325,699
Shareholders' Equity		
Share capital (note 17)	22,151,644	19,291,728
Contributed surplus (note 17)	5,054,678	4,982,136
Accumulated other comprehensive (loss) income	-	(174,684)
Deficit	(15,480,618)	(17,991,100)
	11,725,704	6,108,080
Non-controlling interest (note 16)	335,085	344,091
Total Equity	12,060,789	6,452,172
	$ 15,955,493	$ 9,777,869

Contingencies and subsequent events (notes 25 and 26)

On Behalf of the Board

"Jason Ewart" Director

"Alec Regis" 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, 2014 and 2013
(In Canadian Dollars)

	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Non-controlling Interest	Total
	$	$	$	$	$	$
Balance, January 1, 2014	19,291,728	4,982,136	(17,991,100)	(174,684)	344,091	6,452,172
Net income (loss)			2,507,728			2,507,728
Loss attributable to non-controlling interests (note16)					(9,006)	(9,006)
Share issuance (note 17)	2,150,000					2,150,000
Share issuance (note 17 - subscription receipts)	1,000,000					1,000,000
Share Issuance costs	(290,085)					(290,085)
Stock option valuation (note 17)		72,542				72,542
Impairment of available for sale assets				174,684		174,684
Reclassification adjustment for (gains) recognized in net income			2,754			2,754
Balance, December 31, 2014	22,151,644	5,054,678	(15,480,618)	-	335,085	12,060,789

	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total
	$	$	$	$	$	$
Balance, January 1, 2013	16,797,499	4,451,009	(11,884,502)	(135,443)	376,153	9,604,716
Net loss	-	-	(3,063,001)	-	-	(3,063,001)
Loss attributable to non-controlling interests (note16)	-	-	-	-	(32,062)	(32,062)
Share Issuance	951,333	-	-	-	-	951,333
Purchase of treasury shares	(493,119)	493,119	-	-	-	-
Shares to be issued (note 17 - subscription receipts)	2,036,015	-	-	-	-	2,036,015
Stock option valuation	-	38,008	-	-	-	38,008
Dividends payable (note 13)	-	-	(3,046,352)	-	-	(3,046,352)
Unrealized gains on available for sale financial assets	-	-	-	(21,242)	-	(21,242)
Reclassification adjustment for realized (gains) recognized in net income	-	-	2,755	(17,999)	-	(15,244)
Balance, December 31, 2013	19,291,728	4,982,136	(17,991,100)	(174,684)	344,091	6,452,172

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

GC-Global Capital Corp.
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2014 and 2013
(In Canadian Dollars)

	2014	2013
Revenue		
Structuring fees and bonuses	$ 38,404	$ 149,176
Interest and dividend income	363,531	197,035
Realized gain on sale of public portfolio investments (note 7)	1,010,533	17,963
Unrealized gains (losses) on public portfolio investments	2,996,601	(10,449)
Realized gain on reclassification of investment in MMC (note 10)	1,894,357	-
Gain on sale of investment property	-	39,364
Consulting fees	-	185,197
	6,303,426	578,286
Expenses		
Management and consulting fees	827,468	707,547
Filing and listing fees	88,562	114,257
Audit and legal fees	299,510	75,241
General and administrative	206,918	250,173
Amortization (depreciation)	21,757	13,218
Loss on settlement of dividends payable (note 13)	131,676	
Bad debts, loan provisions, and permanent impairments (note 6(a)	1,481,433	1,690,940
	3,232,009	2,851,376
Income (loss) before the following	3,071,417	(2,252,192)
Equity method investment (loss) (notes 10 and 13)	(563,221)	(821,973)
Income (loss) before income tax	2,508,196	(3,095,063)
Income taxes provision (note 22)	9,474	-
Net income (loss)	2,498,722	(3,095,063)
Other comprehensive income to be subsequently reclassified to profit and loss		
Unrealized losses on available for sale financial assets	-	(21,242)
Impairment of available for sale assets	174,684	
Reclassification adjustment for realized gains recognized in comprehensive net loss	-	(17,999)
Net comprehensive income (loss)	$ 2,673,406	$ (3,134,304)
Net income (loss) attributable to:		
Parent company	$ 2,507,728	$ (3,063,001)
Non-controlling interest (note 16)	(9,006)	(32,062)
	$ 2,498,722	$ (3,095,063)
Net comprehensive income (loss) attributable to:		
Parent company	$ 2,682,412	$ (3,102,242)
Non-controlling interest (note 16)	(9,006)	(32,062)
	$ 2,673,406	$ (3,134,304)
Net income (loss) per share – basic (note 19)	$ 0.07	$ (0.14)
Weighted average number of shares outstanding – basic	34,417,865	22,769,753
Net income (loss) per share – diluted (note 19)	$ 0.07	$ (0.14)
Weighted average number of shares outstanding – diluted	34,744,785	22,769,753

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, 2014 and 2013
(In Canadian Dollars)

	2014	2013
Operating activities		
Net income (loss)	$ 2,498,722	$ (3,095,063)
Realized gain on sale of public portfolio investments	(1,010,533)	
Unrealized gain on sale of public portfolio investments	(2,996,601)	(25,659)
Unrealized gain on sale of investment property	-	(39,364)
Realized gain from GCMFC reclassification of equity method of investment	(1,894,357)	-
Equity method investment loss	563,221	821,972
Non cash structuring fees and bonuses received as shares	-	(50,000)
Amortization expense	21,757	13,218
Bad debts, loan provisions, and permanent impairments	1,656,118	1,296,795
Note receivable	(125,000)	-
Unrealized foreign exchange gain	(25,407)	(1,633)
Share compensation expense	72,542	38,008
Loss on settlement of dividends payable	131,676	-
	(1,107,861)	(1,041,727)
Net changes in non-cash working capital balances (note 20)	97,747	309,137
	(1,010,116)	(732,589)
Investing activities		
Issuance of notes receivable, bridge loans and convertible debentures	(2,520,996)	(1,720,746)
Repayment of notes receivable, bridge loans and convertible debentures	313,024	136,140
Purchase of private investment	(500,000)	(1,020,062)
Purchase of public investments	(2,037,559)	(258,769)
Proceeds from sale of public investments	1,837,754	1,077,114
Proceeds from sale of short-term investment	60,000	200,000
Additions to property and equipment	-	(3,390)
	(2,847,777)	(1,311,344)
Financing activities		
Proceeds from share issuance	2,150,000	951,333
Proceeds from subscription receipts	1,000,000	2,166,080
Share issuance costs	(290,085)	(130,065)
Due to brokers	324,698	(174,574)
Purchase of treasury shares	-	-
	3,184,613	2,812,774
Increase (decrease) in cash	(673,279)	768,842
Cash, beginning of year	840,069	71,227
Cash, end of year	$ 166,790	$ 840,069

Supplemental cash flow information (note 20)

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 financing solutions ranging from $300,000 to $3,000,000 to companies across many industries such as oil and gas, mining, 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: 25 Adelaide Street East, Suite 1300, Toronto, Ontario M5C 3A1. 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") and its interpretations adopted by IFRS, as issued by the International Accounting Standards Board ("IASB").

The reporting currency used for the consolidated financial statements is Canadian dollars. The functional currency used by the Company and its subsidiaries is Canadian dollars.

These consolidated financial statements were approved by the Company's Board of Directors on April 29, 2015.

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.

A. Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company, its 100% controlled subsidiary GC Marathon Financial Corp. ("GCMFC"), its 50% controlled subsidiary GC-Global Capital General Partner Inc., its 64.7% controlled subsidiary Somersby Park 2010 Limited Partnership ("Somersby") 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 ("Robith"). All significant intercompany transactions and balances have been eliminated.

B. 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 year. 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.

3. Summary of Significant Accounting Policies - continued

- 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.
- Impairment of assets (portfolio investments in private companies, held for sale assets and investment properties) – 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.
- Determination of fair value of investment properties disclosed.
- Fair value of the equity component of convertible debt held – The Company is required to make certain estimates when determining the fair value of the equity convertible amount, including the share price volatility. These estimates affect the loan and equity convertible components recognized in the consolidated statements of financial position and the accretion expense recognized in the consolidated statements of comprehensive income.
- Determination of significant influence over the investment in MMC.

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

C. Financial instruments:

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, ie the date that the Company commits to purchase or sale of the asset. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

The Company classifies its financial instruments by category to their nature and to their characteristics. Management determines the classification when the instruments are initially recognized, which is normally the date of the transaction.

(i) Financial Assets

Financial assets must be classified into one of four categories: fair value through profit or loss (FVTPL), held-to-maturity, loans and receivables and available for sale.

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: 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.

a) Cash, Short-Term Investments, Derivatives and Conversion Feature of Convertible Debentures:

Cash, short-term investments and conversion feature of convertible debenture are designated as FVTPL.
Cash and cash equivalents consist of cash on hand and short-term investments with remaining maturities of less than three months. Cash and cash equivalents include accrued interest on short-term investments.

3. Summary of Significant Accounting Policies - continued

b) Loans and Receivables:

Accounts receivable, interest and dividends receivable, bridge loans, notes receivable and debt portion of convertible debentures are designated as loans and receivables which are measured at amortized cost, subject to impairment reviews.

c) Convertible Debenture Receivable

When the Company holds debentures that are convertible into the issuer's equity share at the Company's option, the equity conversion feature represents an embedded option written by the issuer on its equity shares. The embedded derivative is not closely related to the host contract (the debenture) from the Company's perspective. Such conversion feature is classified as FVTPL, with the debenture being classified as loans and receivables and accounted for at amortized cost.

The embedded derivative's fair value (the conversion feature) is calculated first, and the carrying value of the debenture is assigned the residual amount after deducting from the consideration paid to acquire the hybrid instrument, the amount separately determined for the embedded derivative.

d) Portfolio Investments in Publicly Traded Companies

Portfolio investments in publicly traded companies have been designated as either fair value through profit or loss or 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 closing 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.

Included in portfolio investments is the fair value of the Company's investments in share purchase warrants of other corporations which are designated at FVTPL. 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.

e) Portfolio Investments in Private Companies

All privately-held investments (other than options and warrants) are designated as available for sale initially recorded at the transaction price, being the carrying value at the time of acquisition. Thereafter, at each reporting period, the carrying value of an investment is generally carried at cost when there is no quoted market price and fair value is not reliably determinable and may (depending upon the circumstances) be adjusted using one or more of the valuation indicators described below. These are included in Level 3 in Note 14 if adjusted to fair value. Options and warrants of private companies are carried at their intrinsic value.

The determinations of fair value of the Company's privately-held investments at other than initial cost are subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable.

Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable

The following circumstances are used to determine if the fair value of a privately held investment should be adjusted upward or downward at the end of each reporting period. In addition to the events described below, which may affect a specific investment, the Company will take into account general market conditions when valuing the privately-held investments in its portfolio.

3. Summary of Significant Accounting Policies - continued

Absent the occurrence of any of these events or any significant change in general market conditions indicates generally that the fair value of the investment has not materially changed and the carrying value remains at cost.

The carrying value of a privately-held investment may be adjusted upward if:

- there has been a significant subsequent equity financing provided by outside investors at a valuation above the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place; or

- there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable.

The carrying value of a privately-held investment may be adjusted downward if:

- there has been a significant subsequent equity financing provided by outside investors at a valuation below the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;

- the investee company is placed into receivership or bankruptcy;

- based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern; or

- there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a negative impact on the investee company's prospects and therefore its fair value. The amount of the change to the fair value of the investment is based on management's judgment and any value estimated may not be realized or realizable.

The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed. In addition, the amounts at which the Company's privately-held investments could be disposed of currently may differ from the carrying value assigned.

Financial assets measured at fair value or where fair value is disclosed in the notes must be classified into one of the three hierarchy levels set forth below for disclosure purposes – see Note 14. 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 24.

(ii) Financial Liabilities

Financial liabilities must be classified into one of two categories: FVTPL and other financial liabilities.

Accounts payable and accrued liabilities and due to brokers are designated as other financial liabilities which are measured at amortized cost. Preference share liability and dividend payable are classified as FVTPL.

3. Summary of Significant Accounting Policies - continued

D. Equity Method Investment

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.

E. Investment Properties

The Company currently owns 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 Notes 8(i), 11 and 12(ii).
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.

F. Assets held for sale and distribution

Assets are reclassified as assets held for sale and distribution when it is expected that their carrying amounts will be recovered principally through a sale and/or distribution transaction rather than continuing use, the property is available for immediate sale, and a sale or distribution is highly probable. The Company presents assets classified as held for sale and their associated liabilities separately from other assets and liabilities beginning from the period in which they were first classified as “for sale”. Held for sale and distribution assets are measured at the lower of carrying value and fair value less costs to sell.

G. Provisions

The Company recognizes provisions 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.

H. Impairments

Loans and receivables 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. 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 using the original effective interest rate.

3. Summary of Significant Accounting Policies - continued

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 impairment, 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.

I. 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.

J. Revenue Recognition

Interest income is recorded on an accrual basis using the effective interest rate method. Under the effective interest rate method, the interest rate 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 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 original 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. Interest and fees collected in advance are recorded as deferred revenue and recognized in income as set out above. Loan commitment, origination, structuring fees and bonuses are recorded as income over the life of the loan.

Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statement of comprehensive loss.

Upon disposal of an investment, previously recognized unrealized gains or losses are reversed to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the consolidated statement of comprehensive loss as incurred. Dividend income is recorded on the ex-dividend date and when the right to receive the dividend has been established. Interest income, other income and income from securities lending are recorded on an accrual basis.

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

K. 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. Non-monetary assets and liabilities are translated at the historical rates. Revenues and expenses are translated at the transaction exchange rate. Foreign currency gains and losses resulting from translation are reflected in net comprehensive loss of the period. Financial assets measured at fair value are translated at exchange rate in effect at fair value measurement date.

L. 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.

3. Summary of Significant Accounting Policies - continued

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 recognized to the extent that it is probable that they will be realized.

M. Stock-Based Compensation Plan

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.

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

4. New and Revised Standards and Interpretations

(a) New standards and interpretations adopted

As required under the IASB, effective January 1, 2014 the Company adopted the following standards and amendments to IFRS, which had no effect on the Company's consolidated financial statements:

IAS 32 Financial Instruments: Presentation was amended by the IASB in December 2011. Offsetting Financial Assets and Financial Liabilities amendment addresses inconsistencies identified in applying some of the offsetting criteria. The amendment was effective for annual periods beginning in or after January 1, 2014.

IAS 36 Impairment of Assets was amended by the IASB in June 2013. Recoverable Amount Disclosures for Non-Financial Assets amendment modifies certain disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment was effective for annual periods beginning on or after January 1, 2014.

4. New and Revised Standards and Interpretations - continued

IAS 39 Financial Instruments: Recognition and Measurement was amended by the IASB in June 2013. Novation of Derivatives and Continuation of Hedge Accounting amendment will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The amendment was effective for annual periods beginning on or after January 1, 2014.

IFRIC Interpretation 21 Levies was issued by IFRIC in May 2013. The interpretation on the accounting for levies imposed by governments clarifies the obligating event that gives rise to a liability to pay a levy. IFRIC 21 was effective for annual periods beginning on or after January 1, 2014.

Annual Improvements 2010-2012 Cycle was issued by IASB in December 2013. The annual improvement process is comprised of minor revisions, clarifications or corrections to the standards. The following standards have been amended: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38. These amendments were effective for annual periods beginning on or after July 1, 2014.

Annual Improvements 2011-2013 Cycle was issued by IASB in December 2013. The annual improvement process is comprised of minor revisions, clarifications or corrections to the standards. The following standards have been amended: IFRS 1, IFRS 3, IFRS 13, IAS 40. These amendments were effective for annual periods beginning on or after July 1, 2014.

(b) New standards and interpretations not yet adopted

The following pronouncements issued by the IASB and interpretations published by IFRIC will become effective for annual periods beginning on or after January 1, 2015, with earlier adoption permitted. The Company is currently assessing the impact of the adoption of new standards and interpretations.

Pronouncements effective for annual periods beginning on or after January 1, 2016

IFRS 10 Consolidated Financial Statement and IAS 28 Investments in Associates and Joint Ventures were amended by IASB in September 2014 to eliminate an inconsistency between IFRS 10 and IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. Subsequent to the amendments, a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not) and a partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. Earlier application is permitted.

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosures of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures were amended by IASB in December 2014 to clarify the application of the requirement for investment entities to measure subsidiaries at the fair value instead of consolidating them. Earlier application is permitted.

IAS 1 Presentation of Financial Statements was amended by the ISB in December 2014. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. Earlier application is permitted.

Annual Improvements 2012-2014 Cycle was issued by IASB in September 2014. The annual improvement process comprised of minor revisions, clarification or corrections to the standards. The following standards have been amended: IFRS 5, IFRS 7, IAS 19, IAS 34. Earlier application is permitted.

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

4. New and Revised Standards and Interpretations - continued

IFRS 9 Financial Instruments were issued by IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model is introduced and represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. Earlier application is permitted.

5. Short Term Investments

The Company has outstanding $40,000 (December 31, 2013 - $100,000) in a short-term guaranteed investment certificate with its financial institution. These investments are held as security on its credit card line with a Schedule A Canadian bank.

6. Bridge Loans and Notes Receivables

					December 31	
					2014	**2013**
		Related Party	**Due Date**	**Stated Interest Rate**	**Net Amount**	**Net Amount**
Due within 1 year:						
Private legal services company	(i)	Note 21(a)(i)	November 8, 2015	2% (6% ; 2013)	$ 305,440	$ 280,033
Private company	(ii)	No	On demand	5%	-	152,437
Private oil production company	(iii)	No	August 26, 2015	24%	544,475	-
Private company	(iv)	No	NA	Nil	-	245,226
Individual	(v)	No	April 17, 2015	12%	100,000	-
Sub-total Due within 1 year (note 24)					949,915	677,696
Private repair finance company	(vi)	No	3 years from date of each Advance	15%	863,497	100,000
Individual	(vii)	Notes 21(b), 13	Up to March 31, 2016	prime	-	296,076
Total					$ 1,813,412	$ 1,161,979

6. Bridge Loans and Notes Receivables - continued

The fair values of notes receivable and bridge loans are estimated to be approximately equivalent to carrying value as the market rate of interest approximates the effective interest rate. Shares, real estate, personal and corporate guarantees generally have been pledged as security for the notes receivable and bridge loans.

(i) $305,440 note receivable from a private legal services company which owns an interest in a private company also partly owned by the Company which is included in Note 8(iii). Interest in 2014 was 2% (2013: 6%). Original amount in USD $263,288.

(ii) Prior year balance of $152,437 was impaired as at December 31, 2014. Original amount in USD $147,792

(iii) On June 10, 2014, the Company completed a 24% secured credit facility in the amount of up to $1,000,000 to this private company specializing in oil production in the United States. The private company was permitted a first advance of $600,000 which was drawn on August 26, 2014. As at December 31, 2014, the amount drawn on the credit facility was $544,475. The maturity date is 12 months from the date of the first advance date. The Company at its sole discretion may determine whether or not to make a further advance of $400,000. The terms of the deal include a 4.8% equity position in the private company; a further 3.2% equity position will be provided at the time of the possible $400,000 drawdown.

(iv) The December 31, 2013 balance of $245,226 was the amount outstanding pursuant to terms of non-interest bearing bridge loan had no fixed date of maturity. The face value of the receivable was US$500,000. In 2011, a specific provision for loan losses of $263,274 was recorded to reflect the expected present value of payment to be received. As at December 31, 2014 the loan was impaired.

(v) On October 17, 2014, the Company completed a 12% secured loan to an individual due August 17, 2015. The loan is secured by various assets including share pledges of several private companies and a personal guarantee.

(vi) On December 23, 2013, the Company completed a 15% secured credit facility for up to $2,000,000 to this private company specializing in financing auto repairs to consumers. The terms of the deal include a potential conversion feature for equity in the private company at the full discretion of the Company once $1,000,000 is advanced. The credit facility shall be used to expand private company's lending program. The Company has a general security agreement executed with the borrower.

(vii) Prior year balance was due from a current director of the Company with a carrying value of $296,076 (includes principal, interest and foreign exchange conversion) as at December 31, 2013. As at December 31, 2014, the balance outstanding of $175,869 was reclassified and included as part of the $3,178,028 asset held for distribution – see Note 13. Interest on the unpaid balance accrues at the prime rate and is payable semi-annually.

(viii) Prior year balance of $88,207 was impaired as at December 31, 2014.

Past Due, Renewals, Impairments and Provisions

a) *Past due loans and notes receivable*

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.

As at December 31, 2014, there are no bridge loans and note receivables considered past due and not impaired. In the prior year ending December 31, 2013, $152,437 due from a private company syndicated loan was past due and was not impaired in 2013.

At December 31, 2014, the total estimated fair value of the collateral of impaired loans, net of specific allowances is $Nil (December 31, 2013 - $333,433). Management estimates the fair value of the collateral

6. Bridge Loans and Notes Receivables - continued

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.

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.

Write-downs

The Company has recorded specific loan loss write-downs as follows:

	December 31, 2014	December 31, 2013
Account Write-downs:		
Write-downs	$ 1,656,118	$ 1,690,940
Recoveries	-	-
Total	$ 1,656,118	$ 1,690,940

b) *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 terms which is compared to the present value of future cash flows at renegotiated interest rate 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, 2014, loans with an outstanding principal of $305,440 (December 31, 2013 - $1,350,779) were renegotiated or renewed – see private company note receivable in Note 6(i).

7. Portfolio Investments in Public Companies

	December 31, 2014	December 31, 2013
Portfolio Investments in Public Companies:		
Available for Sale	$ -	$ 106,982
Fair Value Through Profit or Loss ("FVTPL")	6,409,159	56,279
Total	$ 6,409,159	$ 163,261

8. Portfolio Investments in Private Companies

	Related Party		December 31, 2014	December 31, 2013
Commercial real estate operating company in the North Carolina	No	(i)	$ 1,085,935	$ 1,085,872
Healthcare company	Note 21(d)	(ii)	500,000	-
Title insurance servicing company in the US	Note 21 (a)(c)	(iii)	200,000	413,000
Private gaming company	No	(iv)	-	1,000,000
Other	No		-	104,245
Total			$ 1,785,935	$ 2,603,117

(i) Interest in a company which operates a commercial building with 896,814 square feet in North Carolina (Fletcher Business Park). The Company customarily receives periodic distributions as an indirect owner of the commercial building. See Note 16.

(ii) The Company invested $500,000 in the common shares of a private company specializing in the healthcare industry. The Company purchased 166,666 common shares of the private company on May 23, 2014 at a price of $3.00 for total proceeds of $500,000. A director and officer of the Company, is on the board of directors of the private company. The Company also has invested in a convertible debenture of the private company as at December 17, 2014 in the amount of $500,000 – see Note 9(ii) and 21(d).

(iii) The Company owns common shares of a private title insurance services company in the United States. The Company currently values the common shares at $200,000; an impairment of $213,000 has been taken during the current year against the prior year balance of $413,000. A director and officer of the Company, is on the board of directors of the private company. In connection with the private company, the Company also has a loan receivable with an affiliate of the private company in the amount of $305,440 (December 31, 2013 - $280,033) – see Note 6(i), 21(a) and 21(c).

(iv) The Company invested $1,000,000 for 250,000 common shares in a private gaming company on December 18, 2013 at $4.00 a share. Since then, on February 11, 2014 the private company through a series of transactions became a publicly traded reporting issuer. The Company now classifies the investment in the company as part of the Company's investments in public companies.

9. Convertible Debentures Receivable

	Related Party		December 31, 2014	December 31, 2013
Publicly traded gaming specialty finance company	No	(i)	$ -	$ 800,000
Private healthcare company	21(c)	(ii)	500,000	-
Total			$ 500,000	$ 800,000

9. Convertible Debentures Receivable – continued

(i) On September 30, 2013, the Corporation entered into a secured convertible debenture with a private company incorporated under the laws of Ontario. The Company has subscribed for an aggregate principal amount of $800,000 in secured convertible debentures receivable. The convertible debentures were converted into common shares of the company on May 9, 2014 as a result of the company becoming a publicly traded company on the TSX Venture. The value of the common shares held is included in the Company's portfolio investment in public companies.

(ii) On December 17, 2014, the Company completed a $500,000 secured convertible debenture to a private company in the healthcare industry. The debenture matures 12 months from the effective closing date and bears interest at 12% annum, payable every four months with the first payment due March 31, 2015. The debenture is convertible into units of the company at a price of $4.00 per unit. Each unit consists of 1 common share and 1 warrant exercisable for two years from the date of conversion at a price of $4.50 per warrant. Subject to the closing of a liquidity event within the terms of the debenture, the debenture will be converted into participating equity securities and warrants of the resulting issuer. The debenture is in addition to a previous investment by the Company whereby it purchased common shares of the private healthcare company – see Note 8 (ii).

(iii) On March 7, 2014, the Company completed a 7% secured convertible debenture for $300,000. The convertible debenture matures in 2 years from the date of issuance. The terms of the deal include a conversion feature for equity in the public company at a price of $0.01 per share. The convertible debenture was amended subsequent to the March 7, 2014 issuance date providing an additional principal amount of $45,000 and the interest was raised from 7% to 9% on the outstanding balance. The maturity date was changed from March 7, 2016 to July 30, 2016. As at December 31, 2014, the recorded amount of $345,000 was impaired.

Loan Component and Equity Component

The value of the components of convertible debentures are determined by measuring the fair value of the convertible component and assigning the residual value to the loan component. The loan component is not re-measured subsequent to initial recognition and is recorded at amortized cost.

The fair value is estimated using the Black Scholes valuation model using assumptions of expected life, risk-free interest rate, expected volatility and share price.

		December 31, 2014	December 31, 2013
Publicly traded gaming specialty finance company:	(i)		
Loan component of the debenture		$ -	$ 720,577
Equity component of the debenture		-	79,423
		$ -	$ 800,000
Private healthcare company:	(ii)		
Loan component of the debenture		$ 346,139	$ -
Equity component of the debenture		153,139	-
		$ 500,000	$ -

(i) The Company determined that at December 31, 2013, the fair value of the convertible component of the debenture was $79,423. The fair value was estimated using the Black Scholes valuation model using assumptions of expected life of 9 months, a risk-free interest rate of 0.78%, an expected volatility of 28% and share price of $0.10. The carrying value of the loan portion of the convertible debenture of $720,577 was calculated using the residual method.

9. Convertible Debentures Receivable – continued

(ii) The Company determined that as at December 31, 2014, the fair value of the convertible component of the debenture was $153,861. The carrying value was estimated using the Black Scholes valuation model using assumptions of expected life of 2 years, a risk free interest rate of 1.3%, expected volatility of 91% and share price of $3. The carrying value of the loan portion of the convertible debenture of $346,139 was calculated using the residual method.

10. Equity Method Investments

In the prior year, and up to and including October 2014, the Company had been treating its investment in MMC, held through its wholly owned subsidiary GCMFC, in accordance with the equity method of accounting. As at December 31, 2013, the Company recorded the investment at $1,670,992. Effective October 2014, the Company classified the investment as FVTPL since the Company no longer has significant influence over MMC. As at December 31, 2014, the investment was included in assets held for distribution (Note 13) and the Company had indirect ownership of 21.8% common, 22.3% preferred (2013; 30% common, 25.3% preferred shares). In 2014, the Company recorded a loss of $563,221 (2013 - $571,065) related to the proportionate share of loss in MMC. As of October 2014, the carrying value of the investment in MMC was $1,107,771. The fair value of the MMC shares on the date of reclassification to assets held for distribution was $3,002,128, resulting in a realized gain of $1,894,357.

On July 20, 2011, 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.) TLD declared bankruptcy on April 8, 2014. To date, the Company's investment in TGC has been written down to $nil and no recoveries have been made subsequently.

Summarized financial information of the associated companies included in equity method investments is disclosed below:

For the years ended December 31,	**2014**		**2013**	
	TGC	**MMC**	**TGC**	**MMC**
Total Revenue	$ -	$ 23,898	$ 2,608,249	$ 20,441
Net loss	-	(2,092,660)	(1,011,013)	(1,975,923)
Cash	-	2,336,124	-	92,980
Current assets	-	4,079,245	330,723	5,156,938
Non-current assets	-	102,351	579,973	117,921
Current liabilities	-	50,004	2,953,738	106,583
Non-current liabilities	-	-	9,141	-
Net assets	$ -	$ 6,467,716	$ (2,052,183)	$ 5,261,256

11. Investment Properties

The Company currently owns two investment properties which are measured using the cost model.

One of the properties is classified as an investment property as per this Note 11. The remaining investment property is included in assets held for sale (Note 12).

11. Investment Properties - continued

For the years ended December 31,	**2014**		**2013**	
	Carrying Value	**Fair Value (Level 2)**	**Carrying Value**	**Fair Value (Level 2)**
Residential development property Canyon Ridge, New Mexico	$ 476,368	$ 476,368	$ 476,346	$ 476,346
Other	-	-	3,858	3,858
	$ 476,368	$ 476,368	$ 480,204	$ 480,204

The fair value of all of the properties was supported by a review of similar properties available for sale in the same developments or in the area with similar features. In addition, the values of the properties were compared with the assessed values by the county or township in which they are located. No independent appraiser's reports were completed.

12. Assets Held for Sale

At December 31, 2014 and 2013, the Company held two assets for sale with a total carrying value of $1,376,543 and $1,707,904 respectively.

		December 31, 2014	**December 31, 2013**
Assets received on a loan default from memorabilia exhibition	(i)	$ 200,000	$ 531,360
Residential development investment property, Somersby Park in North Carolina	(ii)	1,176,543	1,176,544
Total Assets Held for Sale		$ 1,376,543	$ 1,707,904

(i) The Company impaired the carrying value of the memorabilia assets received on the loan default by $331,360 as at year end, from $531,360 to $200,000 as at December 31, 2014 to more accurately represent management's best estimate of fair value. The Company is actively pursuing the sale of the assets.

(ii) The Company is actively pursuing the sale of the property.

13. Asset Held for Distribution

The $3,178,028 balance represents Company's investment in its wholly owned subsidiary GCMFC.

On October 23, 2013, the Company announced its intention to spin-out a wholly-owned subsidiary GC Marathon Financial Corp. ("GCMFC") in the form of a return of capital share distribution to shareholders. The core asset of GCMFC is shareholdings in a private company called Marathon Mortgage Corp. ("MMC") (Note 10). Shares of GCMFC were to be distributed to the Company's shareholders through a reduction of paid up capital following the closing of the spin-out whereby GCMFC intends to seek a public listing.

At the time, the Company transferred the assets of MMC to GCMFC for a fair value of $2,750,276 and assumed a note receivable from a Company director of $296,076. As part of the exchange for the investment

13. Asset Held for Distribution - continued

in MMC, GCMFC issued subordinate voting shares and multi-voting shares to the Company. The total value of the investment in MMC at the time was $3,046,352.

Further, the Company recorded a dividend payable in 2013 at fair value of the shares of GCMFC to be distributed to the Class A Preferred Shares and Class B Preferred Shares shareholders in the amount of $3,046,352 recorded as a preference share liability. As at December 31, 2014, GCMFC has not yet become a reporting issuer.

As settlement of the dividend payable, the Company issued Class A Preferred Shares and Class B Preferred Shares for each subordinate voting share of multiple voting shares held by the Company as at May 23, 2014. The distribution by the Company of the Class A Preferred Shares and Class B Preferred Shares did not affect the number of outstanding subordinate voting or multiple voting shares of the Company. The Class A Preferred Shares and Class B Preferred Shares will convert automatically into subordinate voting shares and multiple voting shares of GCMFC upon GCMFC becoming a reporting issuer in Canada in accordance with applicable securities laws.

The preference share liability as at December 31, 2014 was also adjusted to represent fair value. The gains and losses arising from changes in the fair value of the GCMFC investment are presented in the consolidated statement of comprehensive income.

14. 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, 2014, categorized into levels of the fair value hierarchy as described in Note 3:

December 31, 2014	**Level 1 Quoted Market Price**	**Level 2 Observable Market Inputs**	**Level 3 Non-Observable Market Inputs**
Cash and short-term investments	$ 206,790	$ -	$ -
Portfolio investments	$ 4,215,121	$ 2,347,899	$ -

December 31, 2013	**Level 1 Quoted Market Price**	**Level 2 Observable Market Inputs**	**Level 3 Non-Observable Market Inputs**
Cash and short-term investments	$ 940,069	$ -	$ -
Portfolio investments	$ 163,261	$ 129,423	$ -

15. Due to Brokers

As at December 31, 2104, the amounts due to brokers totaled $324,358 (December 31, 2013: $nil). Due to brokers consists of margin borrowings collateralized by the Company's investments held at brokers. In the normal course of business, the Company uses the margin borrowings to finance some of its investment activities. Interest is charged on the outstanding balance.

16. Non-controlling Interest

The Company's interest in Laurel Park is held through its 64.7% ownership in Somersby Park 2010 Limited Partnership which accounts are consolidated into the Company's consolidated financial statements. The 35.3% interest of the net assets of Somersby Park 2010 Limited Partnership attributable to minority shareholders is then presented as "non-controlling interest" within shareholders' equity on the consolidated statement of financial position. Net loss and comprehensive loss is allocated between the Company's 64.7% ownership and the non-controlling 35.3% ownership interest.

The Company's interest in Fletcher Business Park is held through its 51.0% ownership in Robith which accounts are consolidated into the Company's consolidated financial statements. The 49.0% interest of the net assets of Robith attributable to minority shareholders is then presented as "non-controlling interest" within shareholders' equity on the consolidated statement of financial position. Net loss and comprehensive loss for the year are allocated between the Company's 51.0% ownership and the non-controlling 49.0% ownership interest.

The Company recorded $9,006 of subsidiary's losses related to the non-controlling interest during the year ended December 31, 2014 (2013 – $32,062).

The following is summarized financial information for the Somersby Park 2010 Limited Partnership and Robith LLC, before inter-company eliminations:

	December 31, 2014	December 31, 2013
Revenue	$ 60,918	$ -
Net loss	(29,395)	(90,188)
Other comprehensive loss		-
Total comprehensive loss	(29,395)	(90,188)
Net loss attributable to non-controlling interest	(9,006)	(32,062)
Total comprehensive loss attributable to non-controlling interest	(9,006)	(32,062)
Current assets	24,412	28,556
Non-current assets	2,262,416	2,262,416
Current liabilities	653,593	682,342
Non-current liabilities		-
Net assets	1,633,234	1,662,630
Net assets attributable to non-controlling interest	668,490	677,496
Cash flows from operating activities	(77,844)	(48,799)
Cash flows from financing activities	77,844	48,799
Cash flows from investing activities		-
Net increase in cash and cash equivalents for the year	-	-
Dividends paid to non-controlling interest	$ -	$ -

17. Share Capital

a) *Authorized:*

Unlimited multiple voting shares ("MVS")
Unlimited subordinate voting shares ("SVS")
Unlimited preferred shares

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.

b) *Shares issued and outstanding:*

For the year ended December 31,	2014		2013	
	Number of Shares	**Amount**	**Number of Shares**	**Amount**
Multiple voting shares	1,035,719	$ 1,888,523	1,035,719	$ 1,888,523
Subordinate voting shares	41,019,388	20,263,121	24,967,212	15,367,190
Subscription receipts	-	-	7,736,000	2,036,015
	42,055,107	$ 22,151,644	33,738,931	$ 19,291,728

The Company issued 5,375,000 subordinate voting shares at a price of $0.40 on June 17, 2014 for total gross proceeds of $2,150,000. The subordinate voting shares issued were subject to a four month hold period. Associated share issuance costs totalled $78,300.

The Company issued 2,941,176 Subscription Receipts on March 14, 2014 at a price of $0.34 per Subscription Receipt for total gross proceeds of $1,000,000. Each Subscription Receipt was exchanged for one SVS of the Company for no additional consideration on September 14, 2014. Associated share issuance costs totalled $40,100.

In 2013, the Company issued 7,736,000 Subscription Receipts on November 26, 2013 at a price of $0.28 per Subscription Receipt. Each Subscription Receipt was exchanged for one SVS of the Company for no additional consideration on the May 27, 2014. Associated share issuance costs totaled $130,065.

c) *Stock options outstanding*

	Number of options (SVS)	**Weighted average exercise price per share**	**Expiry dates**
Balance, December 31, 2012	880,000	$ 0.50	August 28, 2014
Issued in 2013	655,000	0.20	May 28, 2023
Issued in 2013	245,000	0.40	May 28, 2023
Exercised in 2013	(156,667)	0.2638	May 28, 2023
Balance, December 31, 2013	1,623,333	0.3867	August 28, 2014 to May 28, 2018
Expired in 2014	(880,000)	0.5000	August 2014
Issued in 2014	230,000	0.4000	June 5, 2019
Balance, December 31, 2014	973,333	$ 0.2873	August 28, 2014 to June 5, 2019

17. Share Capital - continued

On August 28, 2014, 880,000 options expired with an exercise price per share of $0.50.

On June 5, 2014, the Company granted 230,000 options to non-executive directors. The exercise price of the options is $0.40. The options are subject to a four month hold period, options vest immediately and have a five year term. The fair value assigned was estimated using the Black Scholes option pricing model with the following assumptions: share price $0.40, dividend yield 0%, expected volatility based on historical volatility 87.559%, a risk free interest rate of 1.59%, and an expected maturity of five years

On December 4, 2013, there were 156,667 options exercised. The closing share price on that day was $0.34 per share.

On May 28, 2013 the Company granted 245,000 options with an exercise price of $0.40 and 655,000 options with an exercise price of $0.20. The fair value assigned was estimated using the Black Scholes option pricing model with the following assumptions: share price $0.08, dividend yield 0%, expected volatility based on historical volatility 76.676%, a risk free interest rate of 2.07%, and an expected maturity of five years.

18. Stock-Based Compensation Plan

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

The Plan is for the benefit of the employees, officers and directors and certain consultants of the Company and its subsidiaries. The Plan is administered by the Compensation Committee of the Board of Directors of the Company. The Compensation Committee may from time to time designate individuals to whom options to purchase shares of the capital stock of the Company may be granted, the number of shares to be optioned to each and the vesting terms of such options. The option price per share which is the subject of any option shall be fixed by the Board of Directors when such option is granted. The option price can be discounted according to the rules of the Exchange at the time the option is granted. The options may not be assigned, transferred or pledged. Subject to any grace period allowed under the policies of the Exchange, and notwithstanding any specific agreements with the Company, the options will expire upon the termination of the employment or office with the Company or any of its subsidiaries or death of an individual. The total number of shares to be optioned to any one individual cannot exceed five percent of the total of the issued and outstanding shares. It has been the Company’s policy for options to vest upon issuance.

19. Net Income 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 materially dilutive. The potential effect of the exercise stock options did not impact the presentation of the basic net income per share.

20. Supplementary Cash Flow Information

	December 31, 2014	December 31, 2013
Net change in non-cash working capital balances		
Accounts receivable and sundry assets	$ (29,649)	$ 308,213
Prepaid expenses	(5,510)	253
Interest and dividends receivable	20,272	(32,251)
Accounts payable and accrued liabilities	112,634	32,922
	$ 97,747	$ 309,137

Interest received	$	318,804	$	197,035
Interest paid	$	8,638	$	8,372
Income taxes paid	$	-	$	-

21. Related Party Transactions

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

a) Notes receivable and bridge loans includes a $305,440 (December 31, 2013: $280,033) note receivable from a private legal professional services company which owns an interest in the private title insurance company in the United States also partly owned by the Company – see Notes 6(i) and 8(iiii).

b) Asset held for distribution includes a balance due from a current director of the Company with a carrying value of $175,899 (includes principal, interest and foreign exchange conversion) as at December 31, 2014 (December 31, 2013 - $296,076). 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. See Note 13 and Note 6(vii).

c) Portfolio investments in private companies includes $200,000 (December 31, 2013 - $413,000) of shares and warrants of a private title insurance company in the United States (same as described in (a) above) having a current director or officer in common with the Company. See Note 6(i) and Note 8(iii).

d) Portfolio investments in private companies includes $500,000 (December 31, 2013 - $nil) of shares and $500,000 in convertible debenture of a healthcare company having a current director or officer in common with the Company. See Note 8(ii) and Note 9(ii).

Related party transactions are in the normal course of operations.

Compensation of key management personnel

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

		December 31, 2014		December 31, 2013
Salaries and benefits	$	676,560	$	707,547
Travel & Promotions		34,380		40,938
Stock options		72,542		18,591
Total	$	783,482		726,138

22. Income Taxes

a) The following table reconciles the expected income tax recovery (provision) at the Canadian federal and provincial statutory rate of 26.5% (2013 – 26.5%) to the amounts recognized in the consolidated statement of comprehensive income:

	December 31, 2014	December 31, 2013
Net income (loss) before recovery of income taxes	$ 2,508,196	$ (3,095,063)
Basic tax amount at 26.5% (2013 – 26.5%)	667,063	(820,191)
Permanent differences	(468,662)	283,146
Tax rate changes and other adjustments	245,271	(9,135)
Temporary differences not recognized	(443,672)	546,180
Income tax provision	$ -	$ -
Current income tax provision	$ -	$ -
Deferred income tax provision		-
	$ -	$ -

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, 2014	December 31, 2013
Non-capital loss carry forwards – Canada	$ 4,878,000	$ 4,711,000
Non-capital loss carry forwards – U.S.	1,862,700	1,882,400
Capital losses - Canada	21,923,900	22,429,100
Bridge loans, notes receivable, convertible debentures and portfolio investments	53,900	2,297,400
Investment property, equipment and other	1,361,500	2,678,800
Share issue costs	310,000	104,000

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:

2015	$ 209,000
2028	589,000
2029	864,000
2030	312,000
2031	820,000
2032	556,000
2033	859,000
2034	669,000
	$ 4,878,000

23. Sensitivity Analysis of Financial instruments

(i) Sensitivity to Public Market Changes

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 portfolio investments in public companies, other than permanent impairments of these investments are reported in the consolidated statements of comprehensive income.

The following table shows the estimated sensitivity on comprehensive income for the year ended December 31, 2014 from a change in closing price of the Company's portfolio investments in public companies of $6,409,159 with all other variables held constant as at December 31, 2014:

Percentage of Change in Closing Prices		Change in comprehensive income from % increase in closing price		Change in comprehensive income from % decrease in closing price
Investments FVTPL				
5%	$	320,458	$	(320,458)
10%	$	640,916	$	(640,916)

(ii) Sensitivity to Interest Rate Changes

The majority of the Company's notes receivables, bridge loans and convertible debentures receivable 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.

(iii) Sensitivity to Foreign Exchange Changes

Currency risk is the risk that the fair value of, or future cash flows from the Company's financial instruments will fluctuate because of changes in foreign exchange rates. Some of the Company's investments are denominated in foreign currencies and are therefore exposed to foreign exchange fluctuations. Consequently, fluctuations of the United States dollar in relation to the Canadian dollar impact the fair value of financial assets and operating results. Financial assets subject to currency translation risk primarily include United States dollar denominated cash.

Notes receivable and bridge loans denominated in United States dollars amounts to $305,440 as at December 31, 2014 (December 31, 2013 - $948,283). The Company believes it is not significantly exposed to currency risk as these investments comprise less than 2% as of December 31, 2014 of the Company's total investments.

For the year ended December 31, 2014, management estimates that if the United States dollar had strengthened or weakened by 10% against the Canadian dollar, assuming all other variables remained constant, net income for the year would have increased or decreased by approximately $31,000.

24. 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. The Company's investment strategy requires a level of risk in exchange for an above average return on investment. The Company plans to maintain an appropriate risk and reward balance while protecting the Company's financial operations from events that have the potential to materially impair its financial strength. Balancing risk and

24. Risk Management - continued

reward is achieved through aligning risk tolerance with the Company's business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventative controls and transferring risk to third parties.

The success of the Company is dependent upon its ability to assess and manage all forms of risk that affect its operations. The Company is exposed to many factors that could adversely affect its business, financial conditions or operating results. Developing policies and procedures to identify risk and the implementation of appropriate risk management policies and procedures is the responsibility of senior management and the Board of Directors. The Board directly, or through its committees, reviews and approves these policies and procedures, and monitors their compliance with them through ongoing reporting requirements. A description of the Company's most prominent risks follows.

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 in the long term to pay out a portion of its future annual earnings to shareholders in the form of dividends. There has been no change in the capital management approach from prior year.

Financial Assets

Risk disclosures relating to financial assets are found below. The following table provides a cross referencing of those disclosures.

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

Credit Risk

Concentration of credit risk may arise from exposures to a single debtor or to a group of debtors having similar characteristics such that their ability to meet their current obligations is expected to be affected similarly by changes in economic or other conditions. Senior management is committed to several processes to ensure that this risk is appropriately mitigated. These include:

- obtaining collateral guarantees;
- the investigation of the creditworthiness of all borrowers;
- the engagement of qualified independent consultants such as lawyers and real estate appraisers, to whom management may reach for professional advice.

24. Risk Management - continued

- 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. The maximum exposure to credit risk is:

	December 31, 2014	December 31, 2013
Notes receivable, bridge loans	$ 1,813,412	$ 1,161,979
Convertible debentures	500,000	800,000
Total Credit Exposure	$ 2,313,412	$ 1,961,979

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 and investing 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. The Company manages its liquidity risk by monitoring loan advances and repayments.

	December 31, 2014	December 31, 2013
Cash	$ 166,790	$ 840,069
Short term investments	40,000	100,000
Accounts receivable and sundry assets	209,258	250,345
Investments in public companies	6,409,159	163,261
Notes receivable and bridge loans due within one year (Note 6)	949,915	677,696
Total liquid assets	$ 7,775,122	$ 2,031,371

	2014	2013
Accounts payable and accrued liabilities	$ 392,317	$ 279,007
Due to brokers (note 15)	324,358	-
Total short term liabilities	$ 716,675	$ 279,007

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. At the end of the December 31, 2014, the Company did not hold contracts.

25. Contingencies

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, 2014 there were no outstanding liabilities or obligations for which the Company was contingently liable.

26. Subsequent Events

On January 19, 2015, GC Marathon Financial Corp. ("GCMFC") amended its articles of incorporation to change the corporate name to Bradstone Financial Corp..

On January 27, 2015, the Company announced that its wholly owned subsidiary, GC Marathon Financial Corp. ("GCMFC"), has entered into a non-binding letter of intent with HPB Investments Inc. ("HPB"), an arm's length company that is a reporting issuer in Ontario, on January 26, 2015 to complete a business combination between GCMFC and HPB to form a new entity to be named "Bradstone Financial Corp.", pursuant to a share exchange, amalgamation, plan of arrangement or such other similar transaction as determined by Bradstone and HPB following a review of all relevant tax, corporate and securities law considerations.

On March 12, 2015, the Company announced that it has closed the "best efforts" public offering previously announced on January 16, 2015 (the "Offering"). Pursuant to the Offering, The Company issued 11,994,355 subordinate voting shares at a price of $0.45 per Share for gross proceeds of $5,397,460. Associated share issuance costs totalled $0.2 million and commission to the agent totaled $0.3 million.

Management Discussion and Analysis

December 31, 2014 & 2013

(Expressed in Canadian dollars)

This Management's Discussion and Analysis ("MD&A") presents an analysis of the financial position of GC-Global Capital Corp. ("GC" or the "Company") as at December 31, 2014, compared with December 31, 2013, and the results of operations for the year ended December 31, 2014, compared with the year ended December 31, 2013. It is supplementary information and should be read in conjunction with the Company's audited financial statements and accompanying notes as at December 31, 2014. All dollar amounts in this MD&A are reported in Canadian dollars, unless otherwise stated.

Regulatory filings for GC-Global Capital Corp. may be found on SEDAR at www.sedar.com, while other information related to the Company is published on the Company's website at www.gcglobalcapital.ca.

FORWARD-LOOKING STATEMENTS

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

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

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

ABOUT GC-GLOBAL CAPITAL CORP.

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

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

1. Preserving capital,
2. Creating shareholder value,
3. Generating consistent income, and
4. Managing the overall risk framework of the Company.

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

The Company's target investment profile includes:

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

GC typically invests a minimum $0.5 million per transaction and will look at opportunities to lead investments of up to $10 million in conjunction with its syndication network.

OVERALL PERFORMANCE

During 2014, the Company made a very deliberate decision to refocus the business and strengthen the quality and discipline of its investment strategy. The effort resulted in the Company reporting net income of $2.5 million in 2014 compared to a loss of $3.1 million in 2013. Management systematically reviewed all of its investments and made strategic decisions as the appropriateness of the investments to support the future growth of the Company.

In its effort to refocus the Company's investment strategy, management actively pursued to diversify its asset mix to include publicly traded securities as a significant portion of its asset base. And, in order to build its public equity asset portfolio, the Company raised approximately $3.2 million through various offerings during the year that provided the necessary funds to execute its asset diversification strategy.

In the past, the Company made investments in United States real estate and will no longer pursue traditional real estate transactions and is thereby actively seeking to divest its current real estate holdings. Further, several private and public company investments transacted in the past were closely reviewed to ascertain past performance, current outlook, existing financial position and efforts required to further manage the investments. As a direct consequence of the exercise, a material portion of the Company's legacy investments were deemed impaired. The intention of the Company is to focus future resources in new investments that will create sustainable, risk managed, realizable profits for the Company.

During the year, the Company added two new seasoned directors Mr. Paul Kelly and Mr. Morris Prychidny to the Board to enhance the overall capabilities of the Company as part of its overall corporate refocusing and the Company's governance framework.

The Company used its experience and background in public securities trading to assemble a quality, publicly traded portfolio that in effect has created material shareholder value in 2014 compared to the net income losses that the Company had posted in recent years. Management is encouraged by the results that the Company has been able to realize during 2014 and will use the positive momentum as a springboard from transitioning the Company in 2014 to creating a solid foundation for the Company in 2015 and beyond. Management has implemented specific tools and processes that will further enhance the Company's discipline for adjudicating new investment decisions, actively monitoring its portfolio investments, monetizing its investments to maximize shareholder value and reporting efficiently with its stakeholders. The Company will continue to diversify its asset portfolio and strike the appropriate balance between profits and prudent risk management.

2014 RESULTS OF OPERATIONS

Selected Annual Information

For the years ended December 31	2014	2013[2]	2012
Total revenue	$ 6,171,750	$ 578,286	$ 472,398
Total expenses, not including write-offs and impairments	1,575,891	1,160,436	1,533,651
Investment write-offs and impairments	1,656,188	1,690,940	(97,227)
Net income (loss) for the year	2,498,722	(3,095,063)	(1,520,670)
Net income (loss) per share, weighted average fully diluted	0.07	(0.14)	(0.08)
Total assets	$ 15,955,493	$ 9,777,869	$ 10,000,700
Total liabilities	3,894,704	3,325,699	395,984
Net asset value	12,060,789	6,452,172	9,604,716
Shares outstanding diluted, weighted average [1]	34,744,785	22,769,753	19,352,250
Net asset value per share	0.35	0.28	0.50

(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.

(2) Various revenue and expense line items were reconfigured in 2014 for presentation purposes and the 2013 line items were matched accordingly as comparables. Net income for the 2013 period is unchanged for presentation purposes.

Overall

For the year ended December 31, 2014, the Company reported net income of $2.5 million, or $0.07 per share compared to a net loss of $3.1 million, or a loss of $0.14 per share in the prior year. The progress that the Company has made in refocusing and transitioning the business and executing its asset diversification strategy is evident in the overall financial performance of the Company in 2014 compared to 2013.

Revenue

For the year ended December 31, 2014, the Company reported total revenue of $6.3 million compared to $0.6 million in the prior year representing a 10.5x growth factor in its revenue for the year.

The Company's material increase in revenue was a combination of realized gains and unrealized gains from its investments in public companies throughout the year, $1.0 million and $3.0 million respectively, compared to approximately $0.0 million and $0.0 million respectively in the prior year. The significant revenues generated from the Company's public company investment portfolio is a testament of the Company's ability to execute its refocusing efforts to diversify its asset mix to include publicly traded securities as a significant portion of its asset base compared to prior periods.

Further contributing to the Company's material increase in revenue compared to the prior year, is the Company's accounting for its investment in MMC, through its wholly owned subsidiary GCMFC. In the prior year, and up to and including October 2014, the Company had been treating its investment in MMC in accordance with the equity method of accounting. As at December 31, 2013, the Company recorded the investment at $1,670,992. Effective October 2014, the Company classified the investment as FVTPL since the Company no longer has significant influence over MMC. As at December 31, 2014, the investment is included in assets held for distribution. In 2014, the Company recorded a loss of $563,221 (2013 - $571,065) related to the proportionate share of loss in MMC. As of October 2014, the carrying value of the investment in MMC was $1,107,771. The fair value of the MMC shares on the date of reclassification was $3,002,190, resulting in a non-cash gain of $1,894,357 recorded as revenue in 2014. As at year end, the Company continues to anticipate that it will spin-out GCMFC in the form of a return of capital share distribution to shareholders as previously disclosed. Shares of GCMFC will be distributed to the Company's shareholders through a reduction of paid up capital following the closing of the spin-out whereby GCMFC intends to seek a public listing. As part of the GCMFC spin-out, the Company issued Class A Preferred Shares and Class B Preferred Shares for each subordinate voting share of multiple voting shares held by the Company as at May 23, 2014. The distribution by the Company of the Class A Preferred Shares and Class B Preferred Shares did not affect the number of outstanding subordinate voting or multiple voting shares of the Company. The Class A Preferred Shares and Class B Preferred Shares will convert automatically into subordinate voting shares and multiple voting shares of GCMFC upon GCMFC becomes a reporting issuer in Canada in accordance with applicable securities laws.

The Company continues to monitor the United States real estate markets pertaining to its particular holdings in residential development and commercial holdings. These markets continue to show signs of recovery and the Company is now receiving monthly cash distributions from some of its real estate holdings. Nonetheless, the management has decided that it will actively pursue monetization strategies so that the invested dollars can be better allocated into assets which more appropriately aligns with the Company's refocused asset diversification strategy. Further, the timing to sell the United States real estate holdings is opportunistic to benefit from the current foreign exchange rates between the US$ and the CDN$.

Expenses

For the year ended December 31, 2014, the Company reported total expenses of $3.2 million compared to $2.9 million in the prior year. Management and consulting fees totaled $0.8 million compared to the prior year total of $0.7 million. The material difference was attributed to a non-recurring payment to a consultant at the beginning of the year of approximately $0.1 million. Audit and listing fees were significantly higher in the current year compared to fiscal 2013, specifically $0.3 million compared to $0.1 million in the prior period. The predominant reason for the upswing is the costs associated with the preparation of the Company's various capital financing transactions throughout the year as well as the costs associated with the Company's spin-out transaction relating to its wholly owned subsidiary GCMFC.

Bad debts, loan provisions and permanent impairments totaled $1.5 million as at December 31, 2014 relatively comparable to the $1.7 million recorded in the prior period. The composition of the 2014 value was a combination of various private and public investments that were funded in prior years that were examined in great detail to ascertain that such investments were impaired as at December 31, 2014. Further, as at year end, the Company also decided to declare the $0.2 million in Accumulated Other Comprehensive Income as impaired and is included in the $1.5 million in bad debts, loan provisions and permanent impairments recorded in the Company's Consolidated Statements of Comprehensive Income.

Taxes

As at December 31, 2014, the Company had approximately $21.9 million in capital losses and $6.7 million in non-capital losses.

Net Assets

As at December 31, 2014, the Company's net assets were valued at $12.1 million or $0.35 per share compared to $6.5 million or $0.28 per share as at December 31, 2013. The material increase in net assets during the current period is attributed to the $2.5 million net income for the year coupled with various financing activities which injected $3.2 million of gross capital into the Company.

The Company issued 5,375,000 subordinate voting shares at a price of $0.40 on June 17, 2014 for total gross proceeds of $2,150,000. And the Company issued 2,941,176 subscription receipts on March 14, 2014 at a price of $0.34 per subscription receipt for total proceeds of $1,000,000. As a result of the financing transactions throughout the year, the Company's weighted average total diluted shares outstanding increased by 52% to 34,744,785 shares from 22,769,753 shares in the prior year.

Total assets as at December 31, 2014 were $16.0 million compared to $9.8 million as at December 31, 2013, a $6.2 million material increase during the year. A primary effect of refocusing the business to diversify its asset portfolio resulted in the Company's investments in public portfolios to increase to $6.4 million at year end compared to $0.2 million in the prior year. Portfolio investments in publicly traded companies have been designated as either fair value through profit or loss or 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 closing prices in active markets.

The Company's decision to reclassify its investment in the private mortgage company through its wholly owned subsidiary GCMFC from the equity method of accounting to an investment at fair value through profit and loss (FVTPL), resulted in the Company recording an asset held for distribution amounting to $3.2 million which is included in the Company's total asset balance of $16.0 million. There is an offset to the $3.2 million asset held for distribution recorded as a preference share liability for the same amount. Once the GCMFC spin-out transaction is completed, which is expected in 2015, the asset held for distribution and the preference share liability will be cancelled.

There was no share buybacks through the Company's Normal Course Issuer Bid ("NCIB") in the year ended December 31, 2013.

Q4 2014 RESULTS OF OPERATIONS

Summary of Quarterly Results

For the quarters ended December 31	2014 Q4	2014 Q3	2014 Q2	2014 Q1
Total revenue	$ 2,848,162	$ 1,799,486	$ 1,454,164	$ 201,614
Total expenses, not including write-offs, impairments	384,176	288,758	312,103	459,178
Loss on settlement of dividends payable	131,676	-	-	-
Investment write-offs and impairments	474,684	1,181,434	-	-
Net income (loss) for the quarter	1,716,910	185,990	993,509	(397,687)
Net income (loss) share, weighted avg., fully diluted (1)	0.05	0.00	0.03	(0.02)

For the quarters ended December 31(2)	2013 Q4	2013 Q3	2013 Q2	2013 Q1
Total revenue	$ 168,970	$ 365,757	$ (68,198)	$ 111,757
Total expenses, not including write-offs, impairments	335,821	223,683	223,814	377,118
Investment write-offs and impairments	1,690,940	-	-	-
Net income (loss) for the quarter	(2,193,933)	(145,172)	(385,011)	(370,947)
Net income (loss) share (1)	(0.09)	(0.01)	(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.

(2) Various revenue and expense line items were reconfigured in 2014 for presentation purposes and the 2013 line items were matched accordingly as comparables. Net income for the 2013 period is unchanged for presentation purposes.

Net income for the quarter ended December 31, 2014 was $1.7 million compared to a loss of $2.2 million for the quarter ending December 31, 2013. The significant turnaround year over year was attributable to driving revenues, managing expenses and having most of the investment portfolio write-downs and impairments booked in the third quarter of 2014 compared to the fourth quarter in 2013.

Total revenue for the quarter ended December 31, 2014 was $2.8 million compared to $0.2 million for the same period in 2013. A contributing factor to the significant increase in the most recent quarter was the $1.9 million non-cash gain on the Company's

decision to change the method of accounting for its investment in a private mortgage company, through its wholly owned subsidiary GC Marathon Financial Corp. ("GCMFC"), from the equity method of accounting to FVTPL.

Total expenses, not included write-downs and impairments, for the quarter ended December 31, 2014 was $0.4 million compared to $0.3 million in the prior year. Management's effort in 2015 will be to manage spending and ensure all operating expenditures have a pathway to produce profit.

LIQUIDITY AND CAPITAL RESOURCES

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

		December 31, 2014		**December 31, 2013**
Cash	$	166,790	$	840,069
Short term investments		40,000		100,000
Accounts receivable and sundry assets		209,258		250,345
Investments in public companies		6,409,159		163,261
Notes receivable and bridge loans due within one year		949,915		677,696
Total liquid assets	$	7,775,122	$	2,031,371
Accounts payable and accrued liabilities	$	392,317	$	279,007
Due to brokers		324,358		-
Total short term liabilities	$	716,675	$	279,007

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Management is not aware of any trends or expected fluctuations that would create any liquidity deficiencies. The Company believes that cash flow from continuing operations and existing cash resources will be sufficient to meet the Company's short-term requirements, as well as ongoing operations.

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

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

SUBSEQUENT EVENTS

On January 19, 2015, GC Marathon Financial Corp. ("GCMFC") amended its articles of incorporation to change the corporate name to Bradstone Financial Corp..

On January 27, 2015, the Company announced that its wholly owned subsidiary, GC Marathon Financial Corp. ("GCMFC"), has entered into a non-binding letter of intent with HPB Investments Inc. ("HPB"), an arm's length company that is a reporting issuer in Ontario, on January 26, 2015 to complete a business combination between GCMFC and HPB to form a new entity to be named "Bradstone Financial Corp.", pursuant to a share exchange, amalgamation, plan of arrangement or such other similar transaction as determined by Bradstone and HPB following a review of all relevant tax, corporate and securities law considerations.

On March 12, 2015, the Company announced that it has closed the "best efforts" public offering previously announced on January 16, 2015 (the "Offering"). Pursuant to the Offering, The Company issued 11,994,355 subordinate voting shares at a price of $0.45 per Share for gross proceeds of $5,397,460. Associated share issuance costs totalled $0.2 million and commission to the agent totaled $0.3 million.

OFF BALANCE SHEET ARRANGEMENTS

At the end of the year, the Company did not have any off balance sheet arrangements. Gains and losses on foreign exchange contracts are included in income in the corresponding reporting period.

RELATED PARTY TRANSACTIONS

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

a) Notes receivable and bridge loans includes a $305,440 (December 31, 2013: 280,033) note receivable from a private legal professional services company which owns an interest in the private title insurance company in the United States also partly owned by the Company.

b) Asset held for distribution includes a balance due from a current director of the Company with a carrying value of $175,899 (includes principal, interest and foreign exchange conversion) as at December 31, 2014 (December 31, 2013 - $296,076). 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.

c) Portfolio investments in private companies includes $200,000 (December 31, 2013 - $413,000) of shares and warrants of a private title insurance company in the United States (same as described in (a) above) having a current director or officer in common with the Company.

d) Portfolio investments in private companies includes $500,000 (December 31, 2013 - $nil) of shares and $500,000 in convertible debenture of a healthcare company having a current director or officer in common with the Company.

Related party transactions are in the normal course of operations.

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 year. 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.

- Impairment of assets (portfolio investments in private companies, held for sale assets and investment properties) – 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.

- Determination of fair value of investment properties disclosed.

- Fair value of the equity component of convertible debt held – The Company is required to make certain estimates when determining the fair value of the equity convertible amount, including the share price volatility. These estimates affect the loan and equity convertible components recognized in the consolidated statements of financial position and the accretion expense recognized in the consolidated statements of comprehensive income.

- Determination of significant influence over the investment in MMC.

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

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

As required under the IASB, effective January 1, 2014 the Company adopted the following standards and amendments to IFRS, which had no effect on the Company's consolidated financial statements:

IAS 32 Financial Instruments: Presentation was amended by the IASB in December 2011. Offsetting Financial Assets and Financial Liabilities amendment addresses inconsistencies identified in applying some of the offsetting criteria. The amendment was effective for annual periods beginning in or after January 1, 2014.

IAS 36 Impairment of Assets was amended by the IASB in June 2013. Recoverable Amount Disclosures for Non-Financial Assets amendment modifies certain disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment was effective for annual periods beginning on or after January 1, 2014.

IAS 39 Financial Instruments: Recognition and Measurement was amended by the IASB in June 2013. Novation of Derivatives and Continuation of Hedge Accounting amendment will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The amendment was effective for annual periods beginning on or after January 1, 2014.

IFRIC Interpretation 21 Levies was issued by IFRIC in May 2013. The interpretation on the accounting for levies imposed by governments clarifies the obligating event that gives rise to a liability to pay a levy. IFRIC 21 was effective for annual periods beginning on or after January 1, 2014.

Annual Improvements 2010-2012 Cycle was issued by IASB in December 2013. The annual improvement process is comprised of minor revisions, clarifications or corrections to the standards. The following standards have been amended: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38. These amendments were effective for annual periods beginning on or after July 1, 2014.

Annual Improvements 2011-2013 Cycle was issued by IASB in December 2013. The annual improvement process is comprised of minor revisions, clarifications or corrections to the standards. The following standards have been amended: IFRS 1, IFRS 3, IFRS 13, IAS 40. These amendments were effective for annual periods beginning on or after July 1, 2014.

FUTURE ACCOUNTING CHANGES

The following pronouncements issued by the IASB and interpretations published by IFRIC will become effective for annual periods beginning on or after January 1, 2015, with earlier adoption permitted. The Company is currently assessing the impact of the adoption of new standards and interpretations.

Pronouncements effective for annual periods beginning on or after January 1, 2016

IFRS 10 Consolidated Financial Statement and IAS 28 Investments in Associates and Joint Ventures were amended by IASB in September 2014 to eliminate an inconsistency between IFRS 10 and IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. Subsequent to the amendments, a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not) and a partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. Earlier application is permitted.

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosures of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures were amended by IASB in December 2014 to clarify the application of the requirement for investment entities to measure subsidiaries at the fair value instead of consolidating them. Earlier application is permitted.

IAS 1 Presentation of Financial Statements was amended by the ISB in December 2014. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. Earlier application is permitted.

Annual Improvements 2012-2014 Cycle was issued by IASB in September 2014. The annual improvement process comprised of minor revisions, clarification or corrections to the standards. The following standards have been amended: IFRS 5, IFRS 7, IAS 19, IAS 34. Earlier application is permitted.

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

IFRS 9 Financial Instruments were issued by IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model is introduced and represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. Earlier application is permitted.

RISK AND UNCERTAINTIES

The primary goals of the Company's risk management programs are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance. The Company's investment strategy requires a level of risk in exchange for an above average return on investment. The Company plans to maintain an appropriate risk and reward balance while protecting the Company's financial operations from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk tolerance with the Company's business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventative controls and transferring risk to third parties.

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 in the long term to pay out a portion of its future annual earnings to shareholders in the form of dividends. There has been no change in the capital management approach from prior year.

Financial Assets

Risk disclosures relating to financial assets are found below. The following table provides a cross referencing of those disclosures.

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

Risk Management

The success of the Company is dependent upon its ability to assess and manage all forms of risk that affect its operations. The Company is exposed to many factors that could adversely affect its business, financial conditions or operating results. Developing policies and procedures to identify risk and the implementation of appropriate risk management policies and procedures is the responsibility of senior management and the Board of Directors. The Board directly, or through its committees, reviews and approves these policies and procedures, and monitors their compliance with them through ongoing reporting requirements. A description of the Company's most prominent risks follows.

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:

a) obtaining collateral guarantees;
b) the investigation of the creditworthiness of all borrowers;
c) the engagement of qualified independent consultants such as lawyers and real estate appraisers, dedicated to protecting the Company's interests;
d) the segregation of duties to ensure that qualified staff are satisfied with all due diligence requirements prior to funding; and
e) 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. The maximum exposure to credit risk is:

	December 31, 2014	December 31, 2013
Notes receivable, bridge loans	$ 1,813,412	$ 1,161,979
Convertible debentures	500,000	800,000
Total Credit Exposure	$ 2,313,412	$ 1,961,979

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 and investing 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. The Company manages its liquidity risk by monitoring loan advances and repayments.

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. At the end of the December 31, 2014, the Company did not hold contracts.

Other Risks

Dependence on Key Personnel

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

Decline in the Value of Real Estate Assets

The Company's real estate loans are generally secured by first and second mortgages against real property assets. If the real estate assets against which the Company 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 the Company 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 the Company's results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of the subordinate voting shares.

Competition

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

market new products or services that render the Company's existing and future products and services less marketable or competitive.

Maintenance of Client Relationships

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

Strategic Relationships

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

OUTSTANDING SHARE DATA

Outstanding Shares

For the years ended December 31,	2014			2013		
	Number of Shares		**Amount**	**Number of Shares**		**Amount**
Multiple voting shares	1,035,719	$	1,888,523	1,035,719	$	1,888,523
Subordinate voting shares	41,019,388	$	20,263,121	24,967,212	$	15,367,190
Subscription Receipts	-	$	-	7,736,000	$	2,036,015
	42,055,107	$	22,151,644	33,738,931	$	19,291,728

The Company issued 5,375,000 subordinate voting shares at a price of $0.40 on June 17, 2014 for total gross proceeds of $2,150,000. The subordinate voting shares issued were subject to a four month hold period. Associated share issuance costs totalled $78,300.

The Company issued 2,941,176 Subscription Receipts on March 14, 2014 at a price of $0.34 per Subscription Receipt. Each Subscription Receipt was exchanged for one SVS of the Company for no additional consideration, on September 14, 2014. Associated share issuance costs totalled $40,100.

In 2013, the Company issued 7,736,000 Subscription Receipts on November 26, 2013 at a price of $0.28 per Subscription Receipt. Each Subscription Receipt was exchanged for one SVS of the Company for no additional consideration on the May 27, 2014. Associated share issuance costs totalled $130,065.

Outstanding Options

	Number of options (SVS)		Weighted average exercise price per share	Expiry dates
Balance, December 31, 2012	880,000	$	0.50	August 28, 2014
Issued in 2013	655,000		0.20	May 28, 2023
Issued in 2013	245,000		0.40	May 28, 2023
Exercised in 2013	(156,667)		0.2638	May 28, 2023
Balance, December 31, 2013	1,623,333		0.3867	August 28, 2014 to May 28, 2018
Expired in 2014	(880,000)		0.5000	August 2014
Issued in 2014	230,000		0.4000	June 5, 2019
Balance, December 31, 2014	973,333	$	0.2873	August 28, 2014 to June 5, 2019

On August 28, 2014, 880,000 options expired with an exercise price per share of $0.50.

On June 5, 2014, the Company granted 230,000 options to non-executive directors. The exercise price of the options is $0.40. The options are subject to a four month hold period, options vest immediately and have a five year term. The fair value assigned was estimated using the Black Scholes option pricing model with the following assumptions: share price $0.40, dividend yield 0%, expected volatility based on historical volatility 87.559%, a risk free interest rate of 1.59%, and an expected maturity of five years

On December 4, 2013, there were 156,667 options exercised. The closing share price on that day was $0.34 per share.

On May 28, 2013 the Company granted 245,000 options with an exercise price of $0.40 and 655,000 options with an exercise price of $0.20. The fair value assigned was estimated using the Black Scholes option pricing model with the following assumptions: share price $0.08, dividend yield 0%, expected volatility based on historical volatility 76.676%, a risk free interest rate of 2.07%, and an expected maturity of five years.