

# **Cardinal Capital Partners Inc.**

**Consolidated Condensed Interim Financial Statements  
(Unaudited)**

**March 31, 2014**

## Management's Responsibility for Condensed Interim Financial Statements

The accompanying unaudited condensed interim financial statements of Cardinal Capital Partners Inc. (the "Company" or "Cardinal") are the responsibility of the Board of Directors.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim financial statements and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"signed Chris Carmichael"  
Chris Carmichael  
Chief Executive Officer

"signed Andrew Hilton"  
Andrew Hilton  
Chief Financial Officer

Toronto, Canada  
May 29, 2014

### NOTICE TO READER

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements as at and for the three months ended March 31, 2014 have not been reviewed by the Company's auditors.

**Cardinal Capital Partners Inc.**  
Consolidated Statements of Financial Position  
(Unaudited)  
(Expressed in Canadian dollars)

	<b>March 31</b>	<b>December 31</b>
	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 43,839	\$ 4,286
Interest and fees receivable	-	6,247
Prepaid expenses	3,036	4,633
Bridge loan (note 5)	-	100,000
	<u>\$ 46,875</u>	<u>\$ 115,166</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 8)	\$ 54,186	\$ 57,589
Short-term loan (note 5)	-	50,000
	<u>54,186</u>	<u>107,589</u>
<b>Shareholders' Equity (Deficiency)</b>		
Share capital (note 6(b))	8,123,310	8,123,310
Contributed surplus	15,341,539	15,341,539
Deficit	<u>(23,472,160)</u>	<u>(23,457,272)</u>
	<u>(7,311)</u>	<u>7,577</u>
	<u>\$ 46,875</u>	<u>\$ 115,166</u>

Going concern (note 1); Liquidity risk (note 10); Subsequent events (note 11)

On Behalf of the Board

Signed: "Chris Carmichael ", Director

Signed: "Peter MacLean ", Director

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

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**Cardinal Capital Partners Inc.**

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

**For the three months ended March 31, 2014 and 2013**

(Unaudited)

(Expressed in Canadian dollars)

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	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Balance, January 1, 2013</b>	7,998,310	15,341,539	(23,398,505)	(58,656)
Net loss for the period	-	-	(4,191)	(4,191)
<b>Balance, March 31, 2013</b>	<u>7,998,310</u>	<u>15,341,539</u>	<u>(23,402,696)</u>	<u>(62,847)</u>
	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Balance, January 1, 2014</b>	8,123,310	15,341,539	(23,457,272)	7,577
Net loss for the period	-	-	(14,888)	(14,888)
<b>Balance, March 31, 2014</b>	<u>8,123,310</u>	<u>15,341,539</u>	<u>(23,472,160)</u>	<u>(7,311)</u>

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

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**Cardinal Capital Partners Inc.**

Consolidated Statements of Comprehensive Loss

**For the three months ended March 31 2014 and 2013**

(Unaudited)

(Expressed in Canadian dollars)

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	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Interest	230	-
	<u>230</u>	<u>-</u>
<b>Expenses</b>		
General office and administration	15,004	4,191
Interest expense	114	-
	<u>15,118</u>	<u>4,191</u>
<b>Net loss before income taxes</b>	(14,888)	(4,191)
Income taxes (note 9)	-	-
	<u>-</u>	<u>-</u>
<b>Net loss and comprehensive loss for the period</b>	<u>(14,888)</u>	<u>(4,191)</u>
<b>Basic and diluted net loss per share (note 7)</b>	<u>(0.00)</u>	<u>(0.00)</u>
<b>Weighted average number of shares outstanding</b>	9,566,579	7,066,579

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

**Cardinal Capital Partners Inc.**  
Consolidated Statements of Cash Flows  
**For the three months ended March 31, 2014 and 2013**  
(Unaudited)  
(Expressed in Canadian dollars)

	<b>2014</b>	<b>2013</b>
<b>Operating activities</b>		
Net (loss) income for the period	\$ (14,888)	\$ (4,191)
Items not affecting cash:		
Changes in accounts payable and accrued liabilities	(3,403)	4,381
Changes in prepaid expenses	1,597	-
Changes in interest and loan fees receivable	6,247	-
<b>Net cash flows (used in) from operating activities</b>	<u>(10,447)</u>	<u>190</u>
<b>Investing activities</b>		
Repayment of bridge loan	<u>100,000</u>	-
<b>Net cash flows from investing activities</b>	100,000	-
<b>Financing activities</b>		
Repayment of notes and loans payable	<u>(50,000)</u>	-
<b>Net cash flows used in financing activities</b>	<u>(50,000)</u>	-
<b>Increase in cash</b>	39,553	190
<b>Cash, beginning of period</b>	<u>4,286</u>	<u>9,675</u>
<b>Cash, end of period</b>	<u>\$ 43,839</u>	<u>\$ 9,865</u>

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

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**Cardinal Capital Partners Inc.**  
Notes to Consolidated Financial Statements  
**For the three months ended March 31, 2014 and 2013**  
(Expressed in Canadian dollars)

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**1. Nature of Business and Going Concern**

Cardinal Capital Partners Inc. (“the Company” or “Cardinal”) was a merchant bank that assumed the role of participating lender in the acquisition, development, sales and management of real estate properties that met a predetermined set of guidelines within North American markets. On September 30, 2009 the Company ceased its operations upon the sale of its wholly-owned subsidiary Global Development Resources, Inc. (USA) (“GDR USA”). As a result of the sale of GDR USA, the Company no longer has continuing operations.

Cardinal is a publicly traded company incorporated and domiciled in Ontario. The Company's registered office is as follows: 201-55 York Street, Toronto, ON M5J 1R7. The Company's common shares are listed on the NEX board of the Toronto Venture Exchange under the symbol CCP.H.

Since inception, the Company has incurred losses and net cash outflows from operations and has funded operations through common stock issuances and debt in order to meet its strategic objective. As at March 31, 2014 the Company had \$46,875 in assets to satisfy liabilities of \$54,186. As a result of the foregoing, there exists significant doubt about the Company's ability to continue as a going concern. Management is continuing to pursue additional financing and other business opportunities in order to secure sufficient working capital to meet its operational requirements and be able to pay its existing liabilities. However, there can be no assurance that the Company will be able to obtain sufficient funds to continue to fund its operations. These consolidated financial statements do not include any adjustments that might be necessary if the going concern assumption was not appropriate.

**2. Basis of Presentation**

Statement of Compliance

These consolidated condensed interim financial statements, including comparative periods, have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), including IAS 34, Interim Financial Reporting.

These consolidated financial interim statements are prepared using IFRSs in effect at May 29, 2014, the date of the Board of Directors approving the consolidated financial statements. Significant accounting policies used in the preparation of the consolidated financial statements are described in Note 3.

**3. Summary of Significant Accounting Policies**

Basis of Consolidation

All significant intercompany transactions and balances have been eliminated.

(i) Subsidiaries

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Eco Logic Chemical Technologies Inc. and Eco Logic Solutions Inc., both of which are inactive.

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## Cardinal Capital Partners Inc.

Notes to Consolidated Financial Statements

For the three months ended March 31, 2014 and 2013

(Expressed in Canadian dollars)

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### 3. Summary of Significant Accounting Policies - continued

#### Use of Estimates

The preparation of these consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. While management believes that the estimates and assumptions are reasonable, actual results may differ materially from those estimates.

#### Provisions

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

#### Foreign Currency Translation

The Canadian dollar is the functional and reporting currency of the Company's business and these consolidated financial statements are expressed in Canadian dollars. 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 end of the reporting period. Revenues and expenses are translated at the transaction exchange rate. Foreign currency gains and losses resulting from translation are reflected in net income or loss of the period.

#### Financial Instruments

Financial assets are classified into one of four categories: fair value through profit or loss, held-to-maturity, loans and receivables and available-for-sale; financial liabilities are classified into one of two categories: fair value through profit or loss and other financial liabilities. The subsequent treatment of changes in fair value depends 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 or loss; available-for-sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income or loss until the investment is derecognized or impaired at which time the amounts are recorded in net income or loss.

Cash is designated as loans and receivables and is measured at amortized cost. Interest and loan fees receivable and the bridge loan are designated as loans and receivables which are measured at amortized cost, subject to impairment reviews. Accounts payable, accrued liabilities and short-term loans are designated as other financial liabilities which are measured at amortized cost.

#### Deferred Revenue

Deferred revenue consists of unearned structuring fees and bonuses. These amounts are recognized as income on a straight-line basis over the term of the related loan.

#### Loans and Receivables

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

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

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



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**Cardinal Capital Partners Inc.**  
Notes to Consolidated Financial Statements  
**For the three months ended March 31, 2014 and 2013**  
(Expressed in Canadian dollars)

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**3. Summary of Significant Accounting Policies – continued**

Impairment of Loans and Provision for Loan Losses

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

Specific Provision for Loan Losses

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

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

Revenue Recognition

Interest income is recorded on an accrual basis using the effective interest method. Under the effective interest method, the interest realized is not necessarily the same as the stated loan interest rate. When a loan is classified as impaired, the original expected timing and amount of future cash flows may be revised to reflect new loan circumstances. These revised cash flows are discounted using the original effective interest rate to determine the impaired carrying value of the loan. Interest income is thereafter recognized on this impaired carrying value using the effective interest rate. Additional changes to the amount or timing of future cash flows could result in further loan losses, or the reversal of prior loan losses, which would also impact the amount of subsequent interest income recognized. Loan commitment, origination, structuring fees and bonuses are recorded as income over the life of the loan. Interest and fees collected in advance are recorded as deferred revenue and recognized in income as set out above.

Income Taxes

Income tax expense comprises current and deferred components.

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

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

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**Cardinal Capital Partners Inc.**  
Notes to Consolidated Financial Statements  
**For the three months ended March 31, 2014 and 2013**  
(Expressed in Canadian dollars)

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**3. Summary of Significant Accounting Policies – continued**

Earnings (loss) per Share

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

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

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

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

A number of new standards and issued amendments to standards and interpretations are not yet effective for the period ending March 31, 2014, and have not been applied when preparing these consolidated financial statements. The following standard is the only such standard which management believes may be applicable to the Company. The Company does not anticipate any impact on its consolidated financial statements as a result of adoption the following new standard:

IFRS 9 - Financial instruments

IFRS 9, "Financial instruments" ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

**5. Bridge Loan**

In June, 2013 the Company advanced a bridge loan (the "Loan") in the amount of \$100,000 to a private company. In connection with the Loan, the Company received a short-term loan in the amount of \$50,000. The loan payable bore interest at 12% and was due upon receipt of the Loan. The loan payable was secured by a charge on all property and assets of the Company. In the first quarter of 2014 the Loan was fully recovered and the loan payable was repaid.

**Cardinal Capital Partners Inc.**  
Notes to Consolidated Financial Statements  
**For the three months ended March 31, 2014 and 2013**  
(Expressed in Canadian dollars)

**6. Share Capital**

a) Authorized

Unlimited (December 31, 2013 – unlimited) common shares  
Unlimited (December 31, 2013– unlimited) preferred shares

b) Shares issued and outstanding

	<b>Number of Shares</b>	<b>Amount</b>
<b>Common shares</b>		
<b>Balance, December 31, 2012 and March 31, 2013</b>	7,066,579	\$ 7,998,310
<b>Balance, December 31, 2013 and March 31, 2014</b>	9,566,579	\$ 8,123,310

c) Stock Options Outstanding

Cardinal 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 common shares.

The Plan is for the benefit of the employees, officers and directors and certain consultants of Cardinal 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 and the number of shares to be optioned to each. 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. It is Cardinal's policy that options vest fully upon issuance. The period during which an option is exercisable shall not exceed five years from the date the option is granted. The options may not be assigned, transferred or pledged. Subject to any grace period allowed under the policies of the Exchange, the options will expire upon the termination of the employment or office with Cardinal 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.

The Company did not have any stock options outstanding during the three months ended March 31, 2014 and 2013.

**7. Net Loss per Share**

Net loss per share has been calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potential common shares from the assumed exercise of stock options, if dilutive.

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**Cardinal Capital Partners Inc.**  
Notes to Consolidated Financial Statements  
**For the three months ended March 31, 2014 and 2013**  
(Expressed in Canadian dollars)

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**8. Related Party Transactions and Balances**

- a) At March 31, 2014 accounts payable and accrued liabilities included \$Nil (December 31, 2013 - \$5,650) payable to officers and directors of the Company.
- b) On February 28, 2014 the Company announced that it has entered into a non-binding letter of intent (the "LOI") with Cogonov Inc. ("Cogonov"), a private Ontario corporation. The parties of the LOI have agreed to negotiate a definitive agreement pursuant to which the Company would acquire all of the outstanding shares of Cogonov (the "Transaction"). Final terms remain to be negotiated and the Transaction is expected to take the form of an amalgamation, arrangement, share purchase, or similar form of business combination. Cogonov owns claims along the Cobequid-Chedabucto Fault Zone (CCFZ) in central Nova Scotia and is focused on the exploration and development of Iron-Oxide-Copper-Gold (IOCG) deposits. The Transaction is conditional upon the execution of a definitive agreement, completion of satisfactory due diligence, receipt of shareholder approval and other corporate approvals, regulatory approval, court approval (if necessary) and the provisions of the Business Corporations Act (Ontario). Chris Carmichael, Chief Executive Officer and Director of the Company is the Chief Financial Officer of Cogonov.

**Compensation of key management personnel**

The remuneration expense of directors and other members of key management personnel during the three months ended March 31, 2014 and 2013 were as follows:

	<b>2014</b>	<b>2013</b>
Salaries and benefits	\$ -	\$ -

**9. Income Taxes**

The estimated taxable income for the three months ended March 31, 2014 is \$Nil (March 31, 2013 - \$Nil). Based on the level of historical taxable income it cannot be reasonably estimated at this time if it is more likely than not the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities. Consequently, the future recovery or loss arising from differences in tax values and accounting values has been reduced by an equivalent estimated taxable temporary difference valuation allowance.

The estimated taxable temporary difference valuation allowance will be adjusted in the period in which it is determined that it is more likely than not that some portion or all of the future tax assets or future tax liabilities will be realized.

For further information on the Company's actual losses for tax purposes, refer to the December 31, 2013 audited financial statements. The benefit of these losses and the estimated loss for the period ended have not been recognized in these financial statements.

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**Cardinal Capital Partners Inc.**

Notes to Consolidated Financial Statements

**For the three months ended March 31, 2014 and 2013**(Expressed in Canadian dollars)

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**10. Risk Management and Financial Risks***Capital Management*

The Company manages its shareholders' equity as capital. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue project opportunities for the benefit of its shareholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may attempt to issue new shares or debt, or adjust the amount of cash. There can be no assurance that the Company will be able to obtain debt or equity capital in the case of operating cash deficits. The Company is not subject to any externally imposed capital requirements.

*Financial Risks*

The Company's risk exposures and the impact on its financial instruments are summarized below:

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2014, the Company had current assets of \$46,875 (December 31, 2013 - \$115,166) to settle current liabilities of \$54,186 (December 31, 2013 - \$107,589).

*Credit Risk*

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

- the investigation of the creditworthiness of all borrowers;
- the engagement of qualified independent consultants such as lawyers and real estate appraisers, dedicated to protecting the Company's interests;
- the segregation of duties to ensure that qualified staff are satisfied with all due diligence requirements prior to funding; and
- the prompt initiation of recovery procedures on overdue loans.

**11. Subsequent Events**

On April 2, 2014 the Company announced that under its stock option plan, it had granted to directors and officers of the Company incentive stock options to purchase a total of 400,000 common shares of the Company at an exercise price of \$0.10 per share, expiring April 2, 2016. These incentive stock options are subject to acceptance by the TSX Venture Exchange (the "TSXV"). The number of shares reserved for issuance under the plan is 956,658 of which, subsequent to this grant, 400,000 have been granted.