

GRAVITAS FINANCIAL INC.

Consolidated financial report

Years ended on December 31, 2014 and 2013

(Restated)

GRAVITAS FINANCIAL INC.

CONSOLIDATED FINANCIAL REPORT

(Restated)

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To the Shareholders of Gravitas Financial Inc.:

We have audited the accompanying consolidated financial statements of Gravitas Financial Inc. and its subsidiaries (the "Company") which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Company present fairly, in all material respects, the financial position of Gravitas Financial Inc. and its subsidiaries as at December 31, 2014, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The consolidated financial statements as at and for the year ended December 31, 2013 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements dated April 30, 2014.

As part of our audit of the 2014 consolidated financial statements, we have also audited the adjustments described in Note 2 that were applied to amend the 2013 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2013 consolidated financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion, or any other form of assurance on the 2013 consolidated financial statements taken as a whole.



Toronto, Ontario
April 29, 2015

Chartered Professional Accountants
Licensed Public Accountants

GRAVITAS FINANCIAL INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2014 and 2013 and January 1, 2013

(in Canadian dollars)

	Notes	December 31, 2014	December 31, 2013	January 1, 2013
			Restated Note 2	Restated Note 2
		\$	\$	\$
ASSETS				
Current assets				
Cash		20,106,400	26,215,133	-
Guaranteed investments certificates	11	42,000,000	15,020,000	-
Trade and other receivables	12	1,145,258	693,572	251,708
Prepaid expenses		429,952	46,347	-
Loans receivable	18	880,000	3,447,033	55,000
Convertible debentures	19	794,137	253,724	-
Equity investments and other	16	150,000	-	-
		<u>65,505,747</u>	<u>45,675,809</u>	<u>306,708</u>
Non-current assets				
Property and equipment	13	174,334	148,215	5,795
Equity investments and other	16	4,507,028	2,774,715	864,448
Investments in associates	17	5,528,607	-	-
Loans receivable	18	2,566,270	100,000	-
Convertible debentures	19	1,545,174	4,450,730	-
Intangible assets	14	958,134	1,264,066	-
		<u>15,279,547</u>	<u>8,737,726</u>	<u>870,243</u>
Total assets		<u><u>80,785,294</u></u>	<u><u>54,413,535</u></u>	<u><u>1,176,951</u></u>
LIABILITIES				
Current liabilities				
Bank loan	20	-	-	78,933
Trade and other payables	21	2,237,675	963,007	416,111
Customer deposits		157,000	26,210	227,373
Loans payable to companies controlled by shareholders, non interest bearing, due on demand		-	54,650	42,000
Income taxes payable	29	-	58,919	58,919
		<u>2,394,675</u>	<u>1,102,786</u>	<u>823,336</u>
Non-current liabilities				
Lease inducement		30,968	37,609	-
Deferred income taxes	29	-	-	78,007
Derivative warrant liability	23	410,211	-	-
Debentures	22	131,128,229	52,921,091	-
		<u>131,569,408</u>	<u>52,958,700</u>	<u>78,007</u>
Total liabilities		<u><u>133,964,083</u></u>	<u><u>54,061,486</u></u>	<u><u>901,343</u></u>
EQUITY (DEFICIENCY)				
Share capital	24	1,400,600	1,400,600	2,000
Contributed surplus		86,738	86,000	-
Retained earnings (deficit)		(56,103,842)	(1,042,507)	347,820
Accumulated other comprehensive loss		1,691,796	(92,044)	(74,212)
Total equity attributable to owners of the parent company		<u>(52,924,708)</u>	<u>352,049</u>	<u>275,608</u>
Non-controlling interest		(254,081)	-	-
Total equity (deficiency)		<u>(53,178,789)</u>	<u>352,049</u>	<u>275,608</u>
Total liabilities and equity (deficiency)		<u><u>80,785,294</u></u>	<u><u>54,413,535</u></u>	<u><u>1,176,951</u></u>

Commitments (Note 36)

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

Approved on behalf of the Board of directors

/S/ David Carbonaro
Director

/S/ Vikas Ranjan
Director

GRAVITAS FINANCIAL INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Years ended on December 31, 2014 and 2013

(in Canadian dollars)

	Notes	December 31, 2014	December 31, 2013
		\$	Restated Note 2 \$
Revenue			
Listing and research	26	677,110	773,914
Advisory services		81,549	375,800
Consulting		248,141	-
Royalties		280,967	235,261
Interest	27	3,062,245	757,540
Dividend		-	80,000
Other		21,285	-
		<u>4,371,297</u>	<u>2,222,515</u>
Expenses			
Salaries and management fees		861,039	399,572
Consulting and professional fees		1,929,851	1,370,731
General and administrative		2,439,458	810,417
Interest expense	28	2,630,871	945,888
Transaction expenses		-	199,902
Stock exchange listing expense	4	-	279,337
Loss on settlement of trade and other receivables		1,880	10,760
Loss on disposal of available-for-sale investments		48,000	324,856
Gain on settlement of a loan payable to a company controlled by shareholders		(33,900)	-
Loss on step acquisition	3	672,007	-
Change in fair value of convertible debentures - conversion feature	19	2,472,798	(1,090,144)
Change in fair value of FVTPL investments		716,325	-
Change in fair value of derivative warrant liability	23	123,962	-
Impairment of investments		-	20,000
Impairment of goodwill	15	48,878,344	-
Share of results in associates	17	(322,248)	-
		<u>60,418,387</u>	<u>3,271,319</u>
Loss before income taxes		<u>(56,047,090)</u>	<u>(1,048,804)</u>
Income taxes			
Current income taxes		(61,243)	(40)
Deferred income taxes		-	(109,965)
	29	<u>(61,243)</u>	<u>(110,005)</u>
Net loss		<u>(55,985,847)</u>	<u>(938,799)</u>
Other comprehensive loss			
Items that will be reclassified subsequently to net loss			
Available-for-sale-financial assets			
Net change in fair value, net of tax effect		1,735,840	(256,601)
Reclassification to net loss, net of tax effect		48,000	238,769
Total comprehensive loss		<u>1,783,840</u>	<u>(17,832)</u>
Net loss and comprehensive loss		<u>(54,202,007)</u>	<u>(956,631)</u>
Net loss attributable to:			
Shareholders of Gravitas Financial Inc.		(55,061,335)	(938,799)
Non-controlling interests		(924,512)	-
		<u>(55,985,847)</u>	<u>(938,799)</u>
Comprehensive loss attributable to:			
Shareholders of Gravitas Financial Inc.		(53,385,350)	(956,631)
Non-controlling interests		(816,657)	-
		<u>(54,202,007)</u>	<u>(956,631)</u>
Basic and diluted net loss per share		<u>(0.84)</u>	<u>(0.02)</u>
Weighted average number of common shares outstanding		<u>66,601,305</u>	<u>51,435,387</u>

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

GRAVITAS FINANCIAL INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended on December 31, 2014 and 2013

(in Canadian dollars)

	Notes	Share Capital		Accumulated	Contributed surplus	Retained Earnings	Non-controlling interest	Total
		Number	\$	Other Comprehensive Income (loss)		(Deficit)		
				\$	\$	\$	\$	\$
Balance on January 1st, 2013		32,891,305	2,000	(74,212)	-	347,820	-	275,608
Dividend		-	-	-	-	(316,106)	-	(316,106)
Reverse takeover	4	35,000,000	1,400,000	-	86,000	-	-	1,486,000
Redemption of shares	24	(1,290,000)	(1,400)	-	-	(135,422)	-	(136,822)
Net loss		-	-	-	-	(938,799)	-	(938,799)
		<u>33,710,000</u>	<u>1,398,600</u>	<u>-</u>	<u>86,000</u>	<u>(1,390,327)</u>	<u>-</u>	<u>94,273</u>
Other comprehensive income (loss)								
Available-for-sale financial assets								
Net change in fair value, net of tax effect		-	-	(256,601)	-	-	-	(256,601)
Reclassification to net loss, net of tax effect		-	-	238,769	-	-	-	238,769
Total comprehensive loss		<u>-</u>	<u>-</u>	<u>(17,832)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,832)</u>
Balance on December 31, 2013 (Restated Note 2)		<u>66,601,305</u>	<u>1,400,600</u>	<u>(92,044)</u>	<u>86,000</u>	<u>(1,042,507)</u>	<u>-</u>	<u>352,049</u>
Balance on January 1st, 2014		66,601,305	1,400,600	(92,044)	86,000	(1,042,507)	-	352,049
Non-controlling interest	3	-	-	-	-	-	670,431	670,431
Stock-based compensation	25	-	-	-	738	-	-	738
Net loss		-	-	-	-	(55,061,335)	(924,512)	(55,985,847)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>738</u>	<u>(55,061,335)</u>	<u>(254,081)</u>	<u>(55,314,678)</u>
Other comprehensive income (loss)								
Available-for-sale financial assets								
Net change in fair value, net of tax effect		-	-	1,735,840	-	-	-	1,735,840
Reclassification to net loss, net of tax effect		-	-	48,000	-	-	-	48,000
Total comprehensive income		<u>-</u>	<u>-</u>	<u>1,783,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,783,840</u>
Balance on December 31, 2014		<u>66,601,305</u>	<u>1,400,600</u>	<u>1,691,796</u>	<u>86,738</u>	<u>(56,103,842)</u>	<u>(254,081)</u>	<u>(53,178,789)</u>

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

GRAVITAS FINANCIAL INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended on December 31, 2014 and 2013

(in Canadian dollars)

	Notes	December 31, 2014	December 31, 2013
		\$	Restated Note 2 \$
OPERATING ACTIVITIES			
Net loss		(55,985,847)	(938,799)
Adjustments			
Deferred income taxes		-	(109,965)
Stock-based compensation		738	-
Amortization - Property and equipment		40,535	18,543
Amortization - Intangible assets		355,932	177,966
Stock exchange listing expense	4	-	279,337
Accreted interest on convertible debenture		(1,218,637)	(54,622)
Accreted interest on debenture		550,181	57,306
Lease inducement		(6,641)	37,609
Investments received for services		-	(169,712)
Loss on settlement of trade and other receivables		1,880	10,760
Loss on disposal of available-for-sale investments		48,000	324,856
Gain on settlement of a loan payable to a company controlled by shareholders		(33,900)	-
Loss on step acquisition		672,007	-
Change in fair value of convertible debentures - conversion feature		2,472,798	(1,090,144)
Change in fair value of FVTPL investments		716,325	-
Change in fair value of derivative warrant liability		123,962	-
Impairment on investments		-	20,000
Impairment of goodwill		48,878,344	-
Share of results in associates		(322,248)	-
		<u>(3,706,571)</u>	<u>(1,436,865)</u>
Change in working capital items	30	(480,318)	(585,619)
Cash flows from operating activities		<u>(4,186,889)</u>	<u>(2,022,484)</u>
INVESTING ACTIVITIES			
Cash acquired through the business acquisition	3	1,449,781	-
Cash acquired through the reverse takeover	4	-	15,716
Cash payment for the acquisition of assets	5	-	(299,000)
Guaranteed investments certificates		(26,980,000)	(15,000,000)
Additions to property and equipment		(65,150)	(160,963)
Additions to intangible assets		(50,000)	-
Purchase of equity investments and other		(1,150,536)	(2,108,471)
Proceeds from disposal of available-for-sale investments		848,272	116,750
Purchase of investments in associates		(4,039,308)	-
Dividends received on investments in associates		240,000	-
Loan to a related company		-	3,729
Loans receivable		(7,483,603)	(3,547,033)
Reimbursement of loans receivable		7,584,366	-
Convertible debentures		(1,800,595)	(3,559,688)
Cash flows from investing activities		<u>(31,446,773)</u>	<u>(24,538,960)</u>
FINANCING ACTIVITIES			
Advances from line of credit		-	34,251
Repayment of line of credit		-	(113,184)
Due to directors		(91,238)	(50,764)
Due to a related company		(75,839)	75,839
Loans payable to companies controlled by shareholders		(20,750)	20,750
Repayment of loans to related companies		-	(8,100)
Issuance of debentures	22	29,712,707	52,863,785
Redemption of shares	24	-	(46,000)
Proceeds from issuance of shares to non-controlling interests		49	-
Cash flows from financing activities		<u>29,524,929</u>	<u>52,776,577</u>
Net change in cash		(6,108,733)	26,215,133
Cash, beginning of period		26,215,133	-
Cash, end of period		<u>20,106,400</u>	<u>26,215,133</u>

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

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2014 and 2013

(in Canadian dollars)

NOTE 1. NATURE OF OPERATIONS

Gravitas Financial Inc. and its subsidiaries (hereinafter the "Company" or "Gravitas") specializes in investment research and capital market services in Toronto and Vancouver.

Gravitas shares and debentures are publicly traded on the Canadian Stock Exchange (CSE) under symbol GFI.

Gravitas Financial Inc. is incorporated under the Canada Business Corporations Act. The address of Gravitas registered offices and its principal place of business is 333 Bay St., Suite 650, Toronto, Ontario, M5H 2R2.

These consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), have been approved by the Board of Directors on April 29, 2015.

NOTE 2. RESTATEMENT

Subsequent to the issuance of the Company's consolidated financial statements for the year ended December 31, 2013, it was determined that the fair value of the conversion feature and the initial carrying value of the loan component of the convertible debentures issued during the year ended December 31, 2013, disclosed throughout the Company's consolidated financial statements, was incorrectly calculated. The effects of the restatement on the consolidated statement of financial position, consolidated statement of comprehensive loss and consolidated statement of changes in equity for the year ended December 31, 2013 are summarized below. The adjustments between amounts previously reported and amounts restated had no effect on the consolidated statement of cash flows.

	Previously reported	Adjustments	Restated
	\$	\$	\$
Consolidated Statement of Financial Position			
Current assets	47,183,169	(1,507,360)	45,675,809
Non-current assets	6,146,646	2,591,080	8,737,726
Total assets	<u>53,329,815</u>	<u>1,083,720</u>	<u>54,413,535</u>
Current liabilities	1,102,786	-	1,102,786
Non-current liabilities	52,958,700	-	52,958,700
Total liabilities	<u>54,061,486</u>	<u>-</u>	<u>54,061,486</u>
Equity (deficiency)	(731,671)	1,083,720	352,049
Total liabilities and equity (deficiency)	<u>53,329,815</u>	<u>1,083,720</u>	<u>54,413,535</u>
Consolidated Statement of Comprehensive Loss			
Revenue	2,181,760	40,755	2,222,515
Expenses	4,314,284	(1,042,965)	3,271,319
Loss before income taxes	(2,132,524)	1,083,720	(1,048,804)
Income taxes	(110,005)	-	(110,005)
Net loss	<u>(2,022,519)</u>	<u>1,083,720</u>	<u>(938,799)</u>
Other comprehensive loss	(17,832)	-	(17,832)
Net loss and comprehensive loss	<u>(2,040,351)</u>	<u>1,083,720</u>	<u>(956,631)</u>
Basic and diluted net loss per share	<u>(0.04)</u>	<u>0.02</u>	<u>(0.02)</u>
Consolidated Statement of Changes in Equity			
Balance on January 1st, 2013	275,608	-	275,608
Dividend	(316,106)	-	(316,106)
Reverse takeover	1,486,000	-	1,486,000
Redemption of shares	(136,822)	-	(136,822)
Net loss	(2,022,519)	1,083,720	(938,799)
	(989,447)	1,083,720	94,273
Other comprehensive loss	(17,832)	-	(17,832)
Balance on December 31, 2013	<u>(731,671)</u>	<u>1,083,720</u>	<u>352,049</u>

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2014 and 2013

(in Canadian dollars)

NOTE 3. BUSINESS ACQUISITION

On July 31, 2014, the Company converted an amount of \$295,412 in connection with the 12% convertible subordinate secured debenture held in The Mint Corporation ("Mint") at a conversion price of \$0.05 per share. As a result of this conversion, Mint issued 5,908,240 common shares to Gravitas, representing 18% of the issued and outstanding common shares of Mint. At the time of this transaction, the Company determined that it obtained significant influence over Mint and therefore accounted its investment at equity value.

On November 21, 2014, the Company converted another amount of \$1,040,352, in connection with the 12% convertible subordinate secured debenture held in Mint at a conversion price of \$0.05 per share. As a result of this conversion, Mint issued 20,807,037 common shares to the Company, thereby increasing its ownership interest from 18% to 50% of the issued and outstanding common shares of Mint. At the time of this transaction, the Company determined that it obtained control over Mint and accordingly consolidation of this entity is now required.

Mint is a niche financial services company in United Arab Emirates, one of the richest countries in the world and an attractive market in Middle East. Most significant assets of Mint are its unbanked customers, strong local partner with a deep expertise, relationship with the institutions and government of UAE and UAE central bank license to operate as a Wages Protection System Agent to offer this service. Mint as a financial services company with a scalable business model fits within the investment framework of Gravitas.

The incremental investment in Mint was accounted for using the acquisition method of accounting which requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date which is November 21, 2014. Step-acquisition accounting guidance requires that the pre-existing investment be re-measured at fair value and any gains or losses be recognized in income. The estimated value of the Company's interest accounted at equity value immediately before the effective date was \$1,342,389, which resulted in the recognition of a loss on step acquisition of \$672,007.

The Company accounted for this purchase using the acquisition method of accounting, whereby the assets acquired and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair value of the identifiable net assets allocated to goodwill. Operating results have been included in the consolidated financial statements from the date of acquisition.

The net liabilities assumed and assets acquired were as follows:

	\$
Assets	
Cash	1,449,781
Trade and other receivables	353,953
Prepaid expenses	190,828
Investment	150,000
Equipments	1,504
Investments in Mint Middle East ("MME")	1,413,677
	<u>3,559,743</u>
Liabilities	
Trade and other payables	2,408,896
Debentures	46,889,222
Convertible debentures	1,286,156
Loan payable	226,800
Derivative warrant liability	286,249
	<u>51,097,323</u>
Net liabilities assumed	(47,537,580)
Consideration paid	670,382
Non-controlling interest	670,382
Total	<u>1,340,764</u>
Goodwill	<u>48,878,344</u>

Mint's unbanked customer base is a quarter million strong and are currently outside the purview of mainstream banks and hence under serviced, under marketed and under marketed to by banks in UAE. This customer base represents an excellent opportunity for Mint to generate significant revenue and earnings if they can be tapped into by offering products and services. The Company believes it can help Mint achieve its business plan.

Losses of Mint which are included in the Company's consolidated statement of Comprehensive Loss amount to \$1,738,107. If the acquisition of Mint had taken place on January 1, 2014, revenue of \$52,204 would have been included in the Company's consolidated statement of Comprehensive Loss and losses of \$14,160,586 would have increased the Company's net loss.

The fair value of the NCI at the time of acquisition, was estimated based on the market price of \$0.025 and applied to the portion of common shares not held by the Company of 26,815,277.

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2014 and 2013

(in Canadian dollars)

NOTE 4. REVERSE TAKEOVER

On June 25, 2013, the Company acquired all shares of Ubika Corporation ("Ubika") in exchange for the issuance of 35,000,000 common shares of the Company at a price of \$0.04 per share for a total amount of \$1,400,000.

Following this transaction, Ubika's shareholders controlled the Company and this transaction was considered to be a reverse takeover of the Company by Ubika. Since the Company was not a business as defined by IFRS 3 (*Revised*) *Business Combinations*, this transaction was accounted for as the purchase by Ubika of the Company's net assets. The purchase of the Company's net assets was an equity-settled share-based payment under IFRS 2 *Share-based Payment*.

In accordance with IFRS 2, equity instruments from this transaction were recognized at fair value of net assets acquired and services received. Services received from the Company consists in the listing of Ubika as a publicly listed Company and are measured at the amount of the difference between the fair value of equity instruments of the Company outstanding before the transaction and the net assets acquired from the Company. This transaction is recognized in substance as if Ubika had proceeded to the issuance of the Company's shares, options and warrants outstanding before the transaction in exchange for the net assets acquired and services received from the Company.

The issuance of 35,000,000 common shares by the Company resulted in a reverse acquisition that made Ubika a publicly listed Company. The Company's financial statements are the continuation of Ubika's activities.

The net assets acquired are as follows:

	\$
Cash	15,716
Guaranteed investment certificate	20,000
Trade and other receivables	103,790
Prepaid expenses	11,778
Investments	317,668
Intangible asset	1,245,760
Trade and other payables	(508,049)
Stock exchange listing expense	279,337
	<u>1,486,000</u>

The breakdown of the consideration in equity instruments was as follows:

	Number	\$
Outstanding common shares of the Company	35,000,000	1,400,000
Outstanding share options of the Company	250,000	-
Outstanding warrants of the Company	4,300,000	86,000
		<u>1,486,000</u>

The amounts for options and warrants were determined by measuring the fair value of options and warrants outstanding at the time of the qualifying transaction.

Outstanding options had no fair value since these options were cancelled at the closing date as disclosed in Note 25.

Outstanding warrants had a fair value of \$86,000 and this fair value was estimated using the Black & Scholes valuation model using as assumptions a useful life of 17 months, a volatility of 130%, a risk-free interest rate of 1.09%, an exercise price of \$0.10 and a share price of \$0.05. The expected volatility was determined using the historical data of public companies from the same sector according to the expected life of the warrants.

The intangible asset acquired represents a net smelter royalty («NSR») of 0.75% on the Bakoudou mining property located in Gabon, Africa. The initial value of the NSR was determined by estimating future cash flows related to minerals to be mined over the mine's estimated life which is four years. The Company used a discount rate of 20% representing the expected return from shareholders increased by a risk factor related to the sector of activity and geographical area of operations.

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2014 and 2013

(in Canadian dollars)

NOTE 5. ASSET ACQUISITION

On September 6, 2013, the Company entered into an asset purchase agreement with Gravitas Capital Corp. in consideration of a cash payment of \$300,000. Since Gravitas Capital Corp. was not a business as defined by IFRS 3, this transaction was accounted for as the purchase of net assets.

The assets acquired are as follows:

	\$
Investments	49,678
Options	54,050
Brand name	196,272
	<u>300,000</u>
Redemption of common shares	<u>(1,000)</u>
	<u>299,000</u>

The fair value of investments was determined by using the closing price at the time of acquisition.

The fair value of options acquired was estimated using the Black & Scholes valuation model using as assumptions a useful life of 33 months, a volatility of 117%, a risk-free interest rate of 1.24%, an exercise price of \$0.10 and a share price of \$0.105.

As part of this transaction, the Company repurchased 50,000 common shares of its own shares valued at \$0.02 per shares included in the investments acquired. These common shares were returned to treasury.

NOTE 6. CHANGES IN ACCOUNTING POLICIES

New and revised standards that are effective for annual periods beginning on or after January 1, 2014.

A number of new and revised standards are effective for annual periods beginning on or after January 1, 2014. Information on these new standards is presented below.

Amendment to IFRS 10, IFRS 12 and IAS 27 - Investment Entities

These amendments provide an exception to the consolidation requirement for subsidiaries that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for the subsidiaries at fair value through profit or loss. These amendments have no impact on the Company, since the Company and its subsidiaries do not qualify as an investment entity under IFRS 10.

IAS 32 Financial Instruments: Presentation ("IAS 32")

IAS 32 addresses inconsistencies when applying the offsetting criteria outlined in this standard. These amendments clarify certain of the criteria required to be met in order to permit the offsetting of financial assets and financial liabilities. The adoption of this amendment had no impact on the amounts recorded in the consolidated financial statements as at January 1, 2014 or on the comparative periods.

IAS 36 Impairment of Assets ("IAS 36")

This amendment requires additional disclosure on the recoverable amount of an impaired cash generating unit ("CGU"). The adoption of this amendment had no impact on the amounts recorded in the consolidated financial statements as at January 1, 2014 or on the comparative periods.

IFRIC 21 Levies:

IFRIC 21 clarifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on a specific date within an accounting period then the entire obligation is recognised on that date. The same recognition principles apply in the annual and interim financial statements. The adoption of this standard had no impact on the amounts recorded in the consolidated financial statements as at January 1, 2014 or on the comparative periods.

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 7. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries.

Subsidiaries

Subsidiaries are all entities over which the Company has power over decision about relevant activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date on which control ceases. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Company. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. Results of operations are consolidated since the date of acquisition. The purchase consideration is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The transaction costs directly attributable to the acquisition are expensed. Identifiable assets acquired, as well as liabilities and contingent liabilities assumed in a business combination, are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the purchase consideration over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the purchase consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of Comprehensive Loss. Intercompany transactions, balances and unrealized gains on transactions between subsidiaries are eliminated.

Subsidiaries	Jurisdiction of Incorporation	% of Ownership
Ubika Corp.	Canada	100%
SmallCapPower	Canada	100%
Gravitas Select Flow-Through GP Inc.	Canada	100%
Gravitas Financial Services Holdings Inc.	Canada	100%
Gravitas Corporate Services Inc. (a)	Canada	100%
Gravitas Global GP Inc. (a)	Canada	100%
Gravitas Venture Inc. (a)	Canada	100%
New India Investment Corporation (a)	Canada	100%
Luxury Quotient International Inc. (a)	Canada	100%
The Mint Corporation	Canada	50%
Branson Corporate Services Inc. (a)	Canada	51%
Luxury Quotient India Private Ltd. (a)	India	100%
SearchGold Guinée SARL (inactive)	Africa	100%

(a) Incorporated in 2014

Since June 25, 2013, the consolidated financial statements includes the financial statements of Gravitas Financial Inc. and its wholly owned subsidiaries Ubika, SmallCapPower, SearchGold Guinée SARL, Gravitas Select Flow-Through GP Inc. (incorporated in 2013) and Gravitas Financial Services Holdings Inc. (incorporated in 2013).

Investments in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at cost.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company. Dilution gains and losses arising in investments in associates are recognized in the consolidated statement of Comprehensive Loss.

The Company assesses at each year-end whether there is any objective evidence that its interest in associates is impaired. If impaired, the carrying value of the Company's share of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal or value in use) and charged to the consolidated statement of Comprehensive Loss.

Non-controlling interests

Non-controlling interests ("NCI") represent equity interests owned by outside parties. NCI maybe initially measured either at fair value or at the NCI's proportionate share of the recognized amounts of the acquirees identifiable net assets. The choice of measurement is made on a transaction by transaction basis. The share of net assets attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity. Total Comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the NCI even if this results in the NCI having a deficit balance. Changes in the parent company's ownership interest that do not result in a loss of control are accounted for as equity transactions.

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(in Canadian dollars)

NOTE 7. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional and presentation currency and basis of evaluation

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries.

The monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are translated at the average rate in effect during the year. Gains and losses are included in profit or loss for the year.

These consolidated financial statements are presented using the historical cost method, except for available-for-sale financial assets and financial assets at fair value through profit or loss that are recognized at fair value.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value at the date of acquisition. Acquisition-related transaction costs are expensed as incurred.

Identifiable assets and liabilities, including intangible assets, of acquired businesses are recorded at their fair values at the date of acquisition. When we acquire control of a business, any previously-held equity interest also is remeasured to fair value. The excess of the purchase consideration and any previously-held equity interest over the fair value of identifiable net assets acquired is goodwill. If the fair value of identifiable net assets acquired exceeds the purchase consideration and any previously-held equity interest, the difference is recognized in the consolidated statement of Comprehensive Loss immediately as a gain or loss on step acquisition.

Changes in our ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Any difference between the change in the carrying amount of NCI and the consideration paid or received is attributed to owner's equity.

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, i.e. the date that the Company commits to purchase or sale 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 transactions 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 according to their nature and their characteristics. Management determines the classification when the instruments are initially recognized, which is normally the date of the transaction.

The Company classifies its financial assets and liabilities as outlined below:

Assets / liabilities	Category	Measurement
Cash	Loans and receivables	Amortized cost
Guaranteed investments certificates	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Loans receivable	Loans and receivables	Amortized cost
Debentures asset	Loans and receivables	Amortized cost
Loan component of convertible debentures	Loans and receivables	Amortized cost
Common shares in private and quoted companies	Available-for-sale financial assets ("AFS")	Fair value
Preferred shares in a private company	Available-for-sale financial assets ("AFS")	Fair value
Conversion feature of convertible debentures	Fair value through profit or loss ("FVTPL")	Fair value
Options and warrants investments	Fair value through profit or loss ("FVTPL")	Fair value
Bank loan	Other financial liabilities	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Loans payable to companies controlled by shareholders	Other financial liabilities	Amortized cost
Debentures liability	Other financial liabilities	Amortized cost
Derivative warrant liability	Fair value through profit or loss ("FVTPL")	Fair value

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 7. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Available-for-sale financial assets ("AFS")

Available-for-sale financial ("AFS") assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

The equity interests in a private company are measured at cost less any impairment loss in the absence of a quoted market price and when the fair value cannot be reasonably determined.

AFS financial assets are measured at fair value except when the fair value cannot be reasonably determined. Fair value is based on the last quoted bid price, within the bid-ask price spread. The net change in fair value is recognized in other comprehensive income (loss). When the asset is derecognized, the cumulated net change in fair value recognized in other comprehensive income (loss) is reclassified to Comprehensive income (loss) under "Gain (loss) on disposal of available-for-sale investment" if applicable and presented as a reclassification adjustment within other comprehensive income (loss).

Impairment charges are recognized in profit or loss as impairment on investments, if applicable. Reversals of impairment losses are recognized in other comprehensive income (loss).

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at fair value through profit or loss ("FVTPL") include financial assets that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Assets in this category are measured at fair value with gains or losses recognized in profit or loss.

When the Company holds debentures that are convertible into the issuer's equity shares 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 debentures) from the Company's perspective. Such equity conversion feature is classified as FVTPL, with the debentures being classified as loans and receivable. The embedded derivative's fair value (the conversion feature) is calculated first, and the carrying value of the debenture is assigned to the residual amount after deducting from the consideration paid to acquire the hybrid instrument, the amount separately determined for the embedded derivative.

Financial liabilities at amortized cost

Financial liabilities at amortized cost represent financial liabilities not held for trading. They are initially measured at fair value less transaction costs. Subsequently, they are measured at amortized cost. The difference between the initial carrying amount and the redemption value is recognized in profit or loss over the duration of the contract using the effective interest rate method.

The Company has debentures bearing interest at a rate that could exceed the base rate, depending on future earnings before interest expense and tax ("EBIT"). These debentures are treated as floating rate liabilities, with the effective interest rate ("EIR") re-determined periodically, based on the expected level of EBIT. Accordingly, any incremental interest payments above the base rate are recognized as interest expense in the same period that the related EBIT thresholds are met. Debenture issue costs relate to the term of the debenture (excluding the renewal period), and as a result are amortized over the expected life using an effective interest rate consistent with the base interest rate.

The Company has warrants issued with an exercise price denominated in a currency other than the Company's functional currency. These warrants are accounted for as a derivative warrant liability and measured at fair value using the Black-Scholes option pricing model with subsequent changes in fair value recognized in profit or loss. As the warrants are exercised, the value of the recorded warrant liability will be included in share capital along with the proceeds from the exercise. If these warrants expire, the related warrant liability is reversed through profit or loss. These warrants have not been listed on an exchange and therefore do not trade on an active market.

Impairment of non-financial assets

Goodwill and indefinite-life intangible assets are tested for impairment annually or when there is an indication that the asset may be impaired. Property, plant and equipment and finite-life intangible assets are tested for impairment if events or changes in circumstances, assessed quarterly, indicate that their carrying amount may not be recoverable. For the purpose of impairment testing, assets other than goodwill are grouped at the lowest level for which there are separately identifiable cash inflows.

Impairment losses are recognized and measured as the excess of the carrying value of the assets over their recoverable amount. An asset's recoverable amount is the higher of its value in use and its fair value less costs to sell. Value in use is defined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Previously recognized impairment losses, other than those attributable to goodwill, are reviewed for possible reversal at each reporting date and, if the asset's recoverable amount has increased, all or a portion of the impairment is reversed.

Goodwill impairment testing

The Company completes an annual (or more often if impairment indicators arise under the applicable accounting guidance) impairment assessment of its goodwill on a reporting unit level. The Company's annual impairment test for goodwill is December 31.

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 7. SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units ("CGU") (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are independent of the cash-flows from other assets or groups of assets. A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

A two-step test is performed to assess goodwill impairment. First, the fair value of each reporting unit is compared to its carrying value. The fair value is determined based on a market approach as well as the discounted future cash flows of the subsidiary carrying the goodwill. If the calculated fair value exceeds the carrying value of the assets, goodwill is not impaired and no further testing is performed. The second step is performed if the carrying value exceeds the fair value of the goodwill. If the carrying value of the reporting unit's goodwill exceeds its implied fair value, an impairment loss equal to the difference is recorded. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

The Company has thirteen reporting units, being each of the subsidiaries of the Company. All of the goodwill in the consolidated financial statements relates to the acquisition of The Mint Corporation in November 2014. Goodwill represents the excess of the purchase price of acquired companies over the estimated fair value assigned to the individual assets acquired and liabilities assumed.

Impairment of financial assets

Financial assets, other than those carried at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For equity instruments classified as AFS, the Company follows the guidance of IAS 39, Financial Instruments: Recognition and Measurement to determine when an AFS investment is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, whether there is a significant or prolonged decline in the fair value of the investment. Significant or prolonged decline is defined respectively as an unrealized loss of at least 50% and a decline under its cost for over two consecutive fiscal periods. Financial health of short-term business outlook for the investee, including factors such as industry and sector performance and operational and financing cash flow are considered as well by the Company in its evaluation.

Investments in which the Company has significant influence, are accounted for by the equity method. These investments as well as loans and debentures are examined for any impairment whenever there is objective evidence.

Impairment losses on equity instruments classified as AFS are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding receivables, is directly reduced by the impairment loss. The carrying amount of receivables is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized. For AFS financial assets that are equity securities, the reversal is recognized in other comprehensive income (loss).

Basic and diluted net loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated by adjusting the loss attributable to ordinary equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include options and warrants. Dilutive potential common shares shall be deemed to have been converted into common shares at the beginning of the period or, if later, at the date of issue of the potential common shares.

For the periods presented, the diluted loss per share is equal to the basic loss per share due to the anti-dilutive effect of the outstanding warrants and share options as they would have the effect of decreasing the loss per share.

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 7. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenues are measured at the fair value of the consideration received or to be received and are recognized when the amount can be measured reliably and it is probable that future economic benefits will flow to the Company, when the transaction amount is determined that collection is reasonably assured and the costs incurred or to be incurred can be measured reliably.

Revenue that do not meet the recognition criteria or paid before the delivery of services are recorded as deferred revenue. They are classified either as current or non-current liabilities depending on the expected period of services to be rendered.

In addition to the general principles outlined above, the Company applied the following specific principles:

Listing and research fees

Revenue is recognized over a straight line basis over the term of the contracts.

Advisory services and consulting fees

Advisory services and consulting fees are recognized on an accrual basis based on the amounts receivable at each reporting date.

Royalties

Royalties are recognized at the time the right to receive payment is established.

Interest

Interest income is recognized based on the number of days the investment was held during the year.

Dividend

Dividend revenue is recorded as of the ex-dividend date.

Property and equipment

Property and equipment are stated at historical cost, less any accumulated amortization and any accumulated impairment losses. Historical cost includes all costs directly attributable to the acquisition.

Amortization of property and equipment is calculated, on components that have homogeneous useful lives, using the declining balance basis method to depreciate the initial cost as follows:

Office furniture and office equipment	20%
Computer equipment	30%

Amortization of leasehold improvements is recognized over the lease term which is 6 years.

Useful lives, residual values, amortization rates and amortization methods are reviewed annually. Such a review takes into consideration the nature of the assets, their intended use and technological changes.

Gain or loss on disposal is determined by comparing the proceeds with the carrying amount and is recognized in profit or loss.

Valuation of equity investments and other

Investment transactions are recorded on a trade date basis. The cost of investments represents the amount paid for each security and is determined on an average cost basis excluding transaction costs.

The fair value of the Company's investments as at the financial reporting date is determined as follows:

Common shares in quoted companies

All securities listed on a recognized public stock exchange are generally valued at their last bid price. The Company uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

Options and Warrants

The options and warrants are valued at fair value using the Black-Scholes model which considers factors such as the market value of the underlying security, strike price, volatility and terms of the options and warrants.

GRAVITAS FINANCIAL INC.

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NOTE 7. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in private companies

The investments in a private companies are carried at cost, as they do not have a quoted market price in an active market and their fair value cannot be reliably measured due to the significant variability in the range of reasonable fair values for these instruments and the inability to assign probabilities to a range of fair value estimates. The market for these financial instruments is a private equity market. The entity intends to dispose of these financial instruments when these companies' shares are in an active market.

Intangible assets

Intangible assets with a finite useful life are stated at historical cost, less any accumulated amortization and any accumulated impairment losses and include the net smelter royalty. Historical cost includes all costs directly attributable to the acquisition.

The net smelter royalty is amortized on a straight-line basis over the estimated useful life of the related mine which is four years. Estimated useful lives and the amortization method are reviewed at the end of each year, with the effect of any changes in estimates accounted for on a prospective basis.

Brand names mainly comprised of the Gravitas and Luxury Quotient brands were acquired through purchases of assets. Brand names have an indefinite remaining life. It is not amortized but it is tested for recoverability annually or more frequently if there is an indication of impairment. The indefinite remaining life is reviewed annually to ensure that it is still justifiable. An impairment loss would be recognized if the carrying amount of the brand name exceeded its recoverable amount. Currently there are no legal, regulatory, competitive or other factors that limit the useful lives of our brands.

Leases

Leases are classified as finance leases if they transfer to the lessee substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Operating leases

Lease payments under operating leases are recognized as expenses on a straight line basis over the lease term unless another systematic basis is more representative of how the economic benefits of the leased assets are spread over time.

The lease inducement, which corresponds to free rents, is deferred and recorded as an expense on a straight line basis over a 6 years period, which represents the lease duration for which the inducement was received.

Income taxes

The income tax expense includes current and deferred tax. This expense is recognized in profit or loss, except for income tax related to the components of other comprehensive income (loss) or equity, in which case the tax expense is recognized in other comprehensive income (loss) or equity respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which those deductible temporary differences, and the carry forward of non-capital losses, can be utilized.

Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax relates to the same taxable entity and the same taxation authority.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered.

Equity

Share capital represents the amount received upon the share issuance. If shares are issued when options and warrants are exercised, the share capital account also comprises the share-based payment cost previously recognized in contributed surplus.

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 7. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other elements of equity

Contributed surplus includes share-based payments related to options and warrants until such equity instruments are exercised.

Retained earnings (deficit) includes all current and prior period profits or losses and issuance costs net of any tax benefits.

Accumulated other comprehensive income (loss) includes the net change in fair value recognition on available-for-sale financial asset.

Equity-settled share-based payments

The Company operates equity-settled share-based remuneration plans for its eligible directors, officers, employees and consultants. None of the Company's plans feature any options for a cash settlement. Occasionally, the Company issues warrants to the brokers.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or service received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For transactions with employee and others providing similar services, the Company measures the fair value of the services by reference to the fair value of the equity instruments granted.

Equity-settled share-based payments under Equity-settled share-based payments plans (except warrants to brokers) are ultimately recognized as an expense in profit or loss with a corresponding credit to Contributed surplus, in equity. Warrants issued to brokers are recognized as issuance costs of equity instruments with a corresponding credit to Contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

NOTE 8. FUTURE CHANGES IN ACCOUNTING POLICIES

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's consolidated financial statements.

IFRS 9, "Financial instruments"

In July 2014, the International Accounting Standards Board ("IASB") issued the final version of IFRS 9 – Financial Instruments, setting out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement. The new standard establishes a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. It also provides guidance on an entity's own credit risk relating to financial liabilities and has modified the hedge accounting model to better link the economics of risk management with its accounting treatment. Additional disclosures will also be required under the new standard. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of IFRS 9 on the Company's consolidated financial statements.

IFRS 11, "Joint Arrangements"

In May 2014, the IASB amended IFRS 11 – Joint Arrangements to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business, as defined in IFRS 3 – Business Combinations. The amended standard requires the acquirer to apply all of the principles on accounting for business combinations in IFRS 3 and other IFRSs except for any principles that conflict with IFRS 11. These amendments must be applied prospectively for those acquisitions occurring in annual periods beginning on or after January 1, 2016. The amendments to IFRS 11 are not expected to have a significant impact on the Company's consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 8. FUTURE CHANGES IN ACCOUNTING POLICIES (Continued)

IFRS 15, "Revenue from Contracts with Customers"

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers to establish principles to record revenues from contracts for the sale of goods or services, unless the contracts are in the scope of IAS 17 – Leases or other IFRSs. Under IFRS 15, revenue is recognized at an amount that reflects the expected consideration receivable in exchange for transferring goods or services to a customer, applying the following five steps:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The new standard also provides guidance relating to contract costs and for the measurement and recognition of gains and losses on the sale of certain nonfinancial assets such as property and equipment. Additional disclosures will also be required under the new standard. IFRS 15 must be adopted for annual periods beginning on or after January 1, 2017 using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach. The Company is currently evaluating the impact of IFRS 15 on the Company's consolidated financial statements.

IAS 1, "Presentation of Financial Statements"

In December 2014, the IASB amended IAS 1, Presentation of Financial Statements to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments are effective January 1, 2016 with early adoption permitted. The Company is assessing the impact of this standard.

IAS 16, "Property, Plant and Equipment" and IAS 38, "Intangible Assets"

In May 2014, the IASB amended IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets to clarify that a revenue-based approach to calculate depreciation and amortization generally is not appropriate as it does not reflect the consumption of the economic benefits embodied in the related asset. These amendments must be applied prospectively for annual periods beginning on or after January 1, 2016. The amendments to IAS 16 and IAS 38 are not expected to have a significant impact on the Company's consolidated financial statements.

NOTE 9. ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the consolidated financial statements.

Judgments

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the consolidated financial statements.

Consolidation

Judgment is applied in assessing whether the Company exercises control and significant influence over subsidiaries, in which the Company directly or indirectly owns an interest. The Company has control when it has power over the subsidiary, has exposure, or rights to variable returns, and has the ability to use its power to affect the returns. Significant influence is defined as the power to participate in the financial and operating decisions of the subsidiaries. Where the Company is determined to have control, these entities are consolidated. Additionally, judgement is applied in determining the effective date on which the Company obtains control.

Control over Mint

Note 4 describes that Mint is a subsidiary of the Company even though the Company has only a 50% ownership interest in Mint. Mint is a publicly listed company on the TSX Venture Exchange. The Company acquired its 50% ownership in stages and the remaining 50% of the ownership interests are held by several shareholders that are unrelated to the Company. The directors of the Company assessed whether or not the Company has control over Mint based on whether the Company has the practical ability to direct the relevant activities of Mint unilaterally. In making their judgement, the directors considered the Company's absolute size of holding in Mint and the relative size of and dispersion of the shareholdings owned by the other shareholders. Based on the contractual arrangements between the Company and Mint, the Company has its own key management personnel, who are directly involved in controlling the operations and activities of Mint, that enables that Company to have the power to direct the relevant activities of Mint. After assessment, the directors concluded that the Company has control over Mint.

Significant influence over Mint Middle East and Portfolio Analysts Inc.

Note 16 describes that Mint Middle East (MME) is an associate of the Company although the Company owns a 51% ownership interest in MME. The Company has significant influence over MME by virtue of its representation on the board of directors of that entity. The Company lost control over MME by virtue of a management agreement entered between the Company and the other shareholder of MME.

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 9. ESTIMATES, JUDGMENTS AND ASSUMPTIONS (Continued)

Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities on the statement of financial position that cannot be derived from active markets, are determined using a variety of techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include consideration of model inputs such as volatility, estimated life and discount rates;

Impairment losses of AFS financial assets, equity accounted investments, loans and debenture receivables

The Company reviews AFS investments and records an impairment charge when there has been a significant or prolonged decline in the fair value below their cost or any other observable data indicating impairment. The determination of what is significant or prolonged decline requires judgment. The Company evaluates historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. The Company reviews equity accounted investments, loans and debenture receivables for impairment whenever there is objective evidence.

Determination of cash generating units

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows, or CGUs. Management determines which groups of assets are capable of generating cash inflows that are largely independent of other operations within the Company. To create these groupings, management makes critical judgments about where active markets exist including an analysis of the degree of autonomy various operations have in negotiating prices with customers.

Goodwill

The values associated with goodwill involve significant estimates and assumptions, including those with respect to the determination of cash generating units ("CGUs"), future cash inflows and outflows, discount rates, and asset lives. At least annually, the carrying value of goodwill is reviewed for potential impairment. Among other things, this review considers the recoverable amounts of the CGUs based on the higher of value in use or fair value less costs of disposal using discounted estimated future cash flows. These significant estimates require considerable judgment, which could affect the Company's future results if the current estimates of future performance and fair values change.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to Management's assessment regarding the Company's ability to use future tax deductions, the Company could be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Estimations

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Allowance for doubtful accounts

Management must exercise judgment to estimate the allowance for doubtful accounts. The evaluation of the allowance for doubtful accounts is established taking into account the specific credit risk to its customers, historical trends and economic conditions.

Fair value of the conversion feature component

The Company is required to make certain estimates when determining the fair value of the conversion feature component, including the share price volatility. These estimates affect the loan and conversion feature components recognized in the consolidated statement of financial position and the accretion expense recognized in the consolidated statement of comprehensive loss.

Classification and fair value of the derivative warrant liability

The Company's warrant instruments issued to investors are classified as derivative financial liabilities and measured at fair value until the instrument is extinguished or exercised. Fair value is calculated using the Black-Scholes option pricing model which requires management to make certain estimates regarding appropriate risk free rates and expected lives of the instruments. These estimates affect the amount recognized as derivative warrant liabilities in the consolidated statement of financial position and the change in fair value of derivative warrant liabilities in the consolidated statement of comprehensive loss.

Impairment of the Net Smelter Royalty asset

The recoverability of the net smelter royalty classified as intangible asset is dependent on the future mineral reserves and minerals resources. The estimates for mineral reserves and mineral resources are determined based on a professional evaluation using accepted international standards for the assessment of mineral reserves. The assessment involves geological and geophysical studies and economic data and the reliance on a number of assumptions. The estimates of the reserves may change based on additional knowledge gained subsequent to the initial assessment. This may include additional data available from continuing exploration, results from the reconciliation of actual mining production data against the original reserve estimates, or the impact of economic factors such as changes in the price of commodities or the cost of components of production.

A change in the original estimate of reserves could have a material effect in the future on the Company's financial position.

GRAVITAS FINANCIAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 9. ESTIMATES, JUDGMENTS AND ASSUMPTIONS (Continued)

Business Combinations

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgement and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. In certain circumstances where estimates have been made, the companies may obtain third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices and accounting adjustments. The fair value of the NCI at the time of acquisition, is estimated based on a quoted price in an active market for the equity shares not held by the Company.

NOTE 10. INTERESTS IN SUBSIDIARIES

The Company's consolidated financial statements include two subsidiaries with a material NCI.

Name	Proportion of ownership interest and voting rights held by NCI	Total Comprehensive Loss allocated to NCI	Accumulated NCI
		\$	\$
The Mint Corporation	50%	869,054	198,672
Branson Corporate Services Inc.	49%	55,458	55,409
		<u>924,512</u>	<u>254,081</u>

No dividends were paid to the NCI during the year ended December 31, 2014.

Summarized financial information, before intragroup eliminations, is set out below:

	2014	
	Branson Corporate Services Inc.	The Mint Corporation
	\$	\$
Current assets	16,634	1,567,932
Non-current assets	-	1,415,135
Total assets	<u>16,634</u>	<u>2,983,067</u>
Current liabilities	21,213	3,652,548
Non-current liabilities	108,500	48,605,470
Total liabilities	<u>129,713</u>	<u>52,258,018</u>
Equity attributable to shareholders of the parent	<u>57,670</u>	<u>198,672</u>
Non-controlling interests	<u>55,409</u>	<u>198,672</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 10. INTERESTS IN SUBSIDIARIES (Continued)

	2014	
	\$	
Revenue		
The Mint Corporation	-	
Branson Corporate Services Inc.	248,141	
	248,141	
Total revenue	248,141	
Net loss attributable to shareholders of the parent	55,061,335	
Net loss attributable to NCI		
The Mint Corporation	869,054	
Branson Corporate Services Inc.	55,458	
	924,512	
Net loss	55,985,847	
Other comprehensive loss (all attributable to shareholders of the parent)	1,783,840	
Net loss and comprehensive loss attributable to shareholders of the parent	53,385,350	
Net loss and comprehensive loss attributable to NCI		
The Mint Corporation	869,054	
Branson Corporate Services Inc.	55,458	
	924,512	
Net loss and total comprehensive loss	54,309,862	

	2014	
	Branson Corporate Services Inc.	The Mint Corporation
	\$	\$
Net cash used in operating activities	(107,684)	(581,025)
Net cash from (used) in investing activities	-	-
Net cash from financing activities	108,500	-
	816	(581,025)
Net cash inflow (outflow)	816	(581,025)

NOTE 11. GUARANTEED INVESTMENTS CERTIFICATES

	2014	2013
	\$	\$
Guaranteed investment certificate, prime rate less 1.80%	-	20,000
Guaranteed investment certificate, 2%, maturing in October 2015,	15,000,000	15,000,000
Guaranteed investment certificate, 1.21%, maturing in January 2015,	27,000,000	-
	42,000,000	15,020,000

GRAVITAS FINANCIAL INC.

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NOTE 12. TRADE AND OTHER RECEIVABLES

	2014	2013
	\$	\$
Trade accounts	427,020	375,579
Allowance for doubtful accounts	(205,492)	(20,114)
	<u>221,528</u>	<u>355,465</u>
Royalties receivable	60,330	105,483
Interests receivable	340,791	143,799
Harmonized sales tax receivable	437,974	77,423
Advances to related companies, non interest bearing, due on demand	68,710	9,944
Other	15,925	1,458
	<u><u>1,145,258</u></u>	<u><u>693,572</u></u>

The advances in related companies relates to advances made to companies in which directors are also directors of the Company.

The following tables show the aging of trade receivables after allowance for doubtful accounts:

	2014			2013		
	Trade accounts	Allowance for doubtful accounts	Net value	Trade accounts	Allowance for doubtful accounts	Net value
	\$	\$	\$	\$	\$	\$
Current	123,637	(15,000)	108,637	5,030	-	5,030
Past due						
31 to 60 days	37,659	(7,500)	30,159	287,585	-	287,585
61 to 90 days	21,717	(20,742)	975	2,825	-	2,825
More than 90 days	244,007	(162,250)	81,757	80,139	(20,114)	60,025
	<u><u>427,020</u></u>	<u><u>(205,492)</u></u>	<u><u>221,528</u></u>	<u><u>375,579</u></u>	<u><u>(20,114)</u></u>	<u><u>355,465</u></u>

NOTE 13. PROPERTY AND EQUIPMENT

	Office furniture	Office equipment	Computer equipment	Leasehold improvements	Total
	\$	\$	\$	\$	\$
Cost					
Balance as at January 1st, 2013	4,892	-	11,479	-	16,371
Acquisitions	<u>108,005</u>	<u>-</u>	<u>38,313</u>	<u>14,645</u>	<u>160,963</u>
Balance as at December 31, 2013	112,897	-	49,792	14,645	177,334
Acquisitions	19,145	4,246	24,999	16,760	65,150
Acquisitions through business acquisition (Note 3)	<u>-</u>	<u>-</u>	<u>1,504</u>	<u>-</u>	<u>1,504</u>
Balance as at December 31, 2014	132,042	4,246	76,295	31,405	243,988
Accumulated amortization					
Balance as at January 1st, 2013	1,940	-	8,636	-	10,576
Amortization	<u>10,782</u>	<u>-</u>	<u>6,541</u>	<u>1,220</u>	<u>18,543</u>
Balance as at December 31, 2013	12,722	-	15,177	1,220	29,119
Amortization	<u>22,451</u>	<u>125</u>	<u>13,842</u>	<u>4,117</u>	<u>40,535</u>
Balance as at December 31, 2014	35,173	125	29,019	5,337	69,654
Carrying amount					
Balance as at December 31, 2013	<u>100,175</u>	<u>-</u>	<u>34,615</u>	<u>13,425</u>	<u>148,215</u>
Balance as at December 31, 2014	<u><u>96,869</u></u>	<u><u>4,121</u></u>	<u><u>47,276</u></u>	<u><u>26,068</u></u>	<u><u>174,334</u></u>

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NOTE 14. INTANGIBLE ASSETS

	Net smelter royalty (Note 4)	Brand Names	Total
	\$	\$	\$
Cost			
Balance as at January 1st, 2013	-	-	-
Acquisitions	<u>1,245,760</u>	<u>196,272</u>	<u>1,442,032</u>
Balance as at December 31, 2013	1,245,760	196,272	1,442,032
Acquisitions	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Balance as at December 31, 2014	1,245,760	246,272	1,492,032
Accumulated amortization			
Balance as at January 1st, 2013	-	-	-
Amortization	<u>177,966</u>	<u>-</u>	<u>177,966</u>
Balance as at December 31, 2013	177,966	-	177,966
Amortization	<u>355,932</u>	<u>-</u>	<u>355,932</u>
Balance as at December 31, 2014	533,898	-	533,898
Carrying amount			
Balance as at December 31, 2013	<u>1,067,794</u>	<u>196,272</u>	<u>1,264,066</u>
Balance as at December 31, 2014	<u>711,862</u>	<u>246,272</u>	<u>958,134</u>

NOTE 15. GOODWILL

	2014	2013
	\$	\$
Balance, beginning of period	-	-
Acquisition (Note 3)	48,878,344	-
Impairment	<u>(48,878,344)</u>	<u>-</u>
Balance, end of period	<u>-</u>	<u>-</u>

The goodwill arose as a result of the acquisition of Mint on November 21, 2014 as described in Note 3.

As described in Note 7, goodwill is tested annually for impairment by comparing the carrying value of a group of CGUs to the recoverable amount, where the recoverable amount is the higher of fair value less costs of disposal or value in use.

At December 31, 2014, the Company conducted its annual review of the goodwill of the Mint CGU for impairment. As part of this review, it was noted that the value of the goodwill was significantly lower than the net carrying value of the Mint CGU. In addition, Mint missed revenue and growth objectives, despite the greatly improved business plan established after the acquisition. After assessing the totality of events and circumstances on a qualitative basis, it was determined that the fair value of the CGU was less than its carrying amount and thus the first step of the goodwill impairment test was performed. Based on this analysis, it was determined that Mint's carrying value exceeded its fair value, necessitating the performance of step two of the goodwill impairment test.

The Company performed the second step of the goodwill impairment test, allocating the fair value to the assets and liabilities of the business, with any excess representing the implied fair value of the Mint goodwill. Upon allocation of the fair value to the assets and liabilities of Mint, it was determined that the implied fair value of the goodwill was "de-minimus". As a result, during the year ended December 31, 2014, the Company recorded a goodwill impairment charge of \$48,878,344, which eliminated the goodwill balance of the Mint reporting unit going forward. The goodwill impairment can be attributed to Mint's history of operating losses, continued deterioration of its stock price, its liabilities and lack of future favourable projections.

None of the goodwill impairment will be deductible for income-tax purposes.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 16. EQUITY INVESTMENTS AND OTHER

	2014	2013
	\$	\$
Investments in quoted companies, at fair value		
Common shares (a)	2,974,861	448,136
Options (b)	21,959	71,520
Warrants (c)	105,047	325,786
Debentures (d)	150,000	848,272
Investments in a private companies		
Common shares	405,160	81,000
Preferred shares in a private company, 8%, payable annually, convertible into common shares at \$0.15 per share	1,000,000	1,000,000
Mining properties (e)	1	1
	<u>4,657,028</u>	<u>2,774,715</u>
Current portion	(150,000)	-
	<u>4,507,028</u>	<u>2,774,715</u>

(a) The fair value of the common shares in quoted companies was based on bid prices ranging from \$0.005 to \$0.54 per share.

(b) The fair value of the options using the Black-Scholes pricing model was based on the following assumptions:

	2014	2013
Weighted average exercise price	\$0.59	\$0.57
Expected dividend	- %	- %
Expected average volatility	140%	145%
Risk-free average interest rate	1.02%	1.17%
Expected average life (years)	1.36	2.24
Weighted average fair value	\$0.02	\$0.04

(c) The fair value of the warrants using the Black-Scholes pricing model was based on the following assumptions:

	2014	2013
Weighted average exercise price	\$0.16	\$0.75
Expected dividend	- %	- %
Expected average volatility	125%	169%
Risk-free average interest rate	1.02%	1.07%
Expected average life (years)	1.81	1
Weighted average fair value	\$0.02	\$0.07

(d) Debentures

In December 2013, the Company subscribed to a secured non-convertible debenture of Mint, an unrelated publicly listed company in Canada at that time, for an amount of \$848,272. The listed debentures bear interest at a rate of 12% per annum payable quarterly in arrears on the 13th business day of June, September, December, and March of each year, commencing in December 13, 2013. The debentures matured in May 2014.

As part of the acquisition of Mint described in Note 4, the Company acquired an unsecured non-convertible debenture in Upsnap ("UP"), formerly Voodooovox Inc., an unrelated publicly listed company in Canada, for an amount of \$150,000. The unlisted debentures bear interest at a rate of 12% per annum and are payable quarterly in arrears on the last business day of June, September, December, and March of each year. The debentures matured on March 18, 2015. This investment has been carried at amortized cost.

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NOTE 16. EQUITY INVESTMENTS AND OTHER (Continued)

(e) Mining properties

The Company has interests in Guéguéré and Mandiana mining properties, acquired as part of the reverse takeover, which have been recorded at \$1.

Guéguéré

The Company owns a 100% interest in the 500 km² area Guéguéré gold-bearing property located in the south-west part of Burkina Faso.

On January 28, 2011, the Company signed a joint venture agreement with Concordia Resources Corp. ("Concordia") for the development of its Guéguéré mining property under which Concordia can acquire an interest of up to 80% following certain conditions.

In 2014, Concordia has notified the Company of its intention to give up its option. Therefore, the Company decided to abandon the property.

Mandiana

In 2006, the Company signed an agreement under which it acquired a 100% interest in a property located in Guinea, West Africa covering an area of 487 km².

Under that agreement, the Company has to pay 5% of project expenditures to the vendor per quarter with a minimum of US\$10,000 and a maximum of US\$50,000 per quarter. These payments are considered as an advance royalty and will be deductible from the net smelter royalty should the property advance to a production phase.

On June 21, 2013, the Company signed an asset purchase agreement with the previous vendor under which the Company is allowing the previous vendor to pursue the work on the Mandiana property in exchange of the cancellation of all indebtedness owing to him by the Company and the repurchase of 1,240,000 common shares of the Company held by the previous vendor for a total consideration of \$62,500. This transaction was reflected prior to the reverse takeover transaction described in Note 4.

NOTE 17. INVESTMENTS IN ASSOCIATES

The following are the associates of the Company:

	Jurisdiction of Incorporation	% of Ownership
Portfolio Analysts Inc.	Canada	40%
Mint Middle East (MME)	Canada	51%

Portfolio Analysts Inc.

The Company acquired 40% interest of the issued and outstanding shares of Portfolio Analysts Inc. ("PAI"), giving it significant influence over PAI's operations for a total consideration of \$4,032,682. Management does not have the current ability to control the key operating activities of PAI; therefore, it does not have control and does not consolidate PAI. The Company accounts for its investment in PAI using the equity method.

Portfolio Analysts Inc. ("PAI") is a Canadian-controlled private corporation and is incorporated under the Alberta Business Corporations Act. PAI is a holding company for Portfolio Strategies Corporation ("PSC"), which is a dealer in mutual funds and exempt securities in the provinces of Alberta, British Columbia, Saskatchewan, Manitoba and Ontario. PSC, a 100% owned subsidiary of PAI, is a registered member of the Mutual Fund Dealers Association of Canada ("MFDA"). Its registered offices and principal place of business is 1850 – 14 Street S.W., Calgary, Alberta, T2T 3S9.

Since the date of acquisition on February 13, 2014, a share of result of \$322,248 was recorded.

Mint Middle East

Mint Middle East comprises four entities: Mint Mint East LLC (MME LLC), Mint Electronic Payment Services Ltd (MEPS), Mint Capital LLC (MCO) and Mint Gateway for Electronic Payment Services (MGEPS). Mint Middle East LLC is 51% owned by Mint. MEPS is owned 49% by MME LLC, but is a fully controlled subsidiary of MME LLC by virtue of a nominee agreement which provides for Board and management control to MME LLC as well as a 100% commercial interest in the operations of MEPS. At December 31, 2014, MEPS and MGEPS had no significant operations or assets or liabilities. The above four entities are together referred to as Mint Middle East (MME).

MME is owned 51% by Mint and 49% by Global Business Services for Multimedia ("GBS"). MME and its affiliates operate through their registered offices at G02, CBD Building, Sheikh Zayed Road, Dubai, United Arab Emirates ("UAE"). MME and affiliates focus on payroll cards, mobile airtime top up, merchant network solutions and microfinance products to existing payroll cardholders.

MME manages the issuance, administration, customer support, payment processing and set-up and reporting of payroll cards and related activities. Mint Capital LLC ("MCO") provides microfinance loans to payroll card holders.

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NOTE 17. INVESTMENTS IN ASSOCIATES (Continued)

Mint finalized a management agreement (the "Management Agreement") with GBS, effective December 31, 2014. Under the terms of the Management Agreement, GBS is entitled to a fixed management fee of AED 120,000 (\$36,068) per month and a variable management fee of 20% of the net income of MME. The fixed management fee is payable effective May 1, 2014 and the variable management fee is payable effective January 1, 2015. In addition, GBS assumes the oversight of the day-to-day operations of the Company's UAE operations. As a result of the Management Agreement, Mint no longer controls MME or its affiliates with effect from December 31, 2014 and de-consolidated these operations as of that date. Consequently, Mint's investment in MME was measured at fair value as a result of the loss of control. The fair value was determined based on the latest available financing undertaken by MME.

Since the date of acquisition on November 21, 2014, the Company has recorded no share in results.

The Company's continuity of its investments in associates is as follows:

	2014	2013
	\$	\$
Balance, beginning of period	-	-
Acquisitions	5,375,071	-
Acquired through the business acquisition (Note 3)	1,413,677	-
Reclassification due to acquisition of control	(1,342,389)	-
Dividends received	(240,000)	-
Share of results in associates	322,248	-
	<u>5,528,607</u>	<u>-</u>
Balance, end of period	<u>5,528,607</u>	<u>-</u>

In March 2014, the Company acquired 100,000 common shares of Mint for a total consideration of \$6,625.

On July 31, 2014, the Company converted an amount of \$295,412 in the 12% convertible debenture with The Mint Corporation ("Mint") at a conversion price of \$0.05 per share. As a result of this conversion, Mint issued 5,908,240 common shares to the Company, thereby increasing its interest to 18% of the issued and outstanding common shares of Mint. At that time, Management determined that it had a significant influence because the Company and Mint had certain common officers. However, it did not have the current ability to control the key operating activities of Mint; therefore, it did not have control and did not consolidate Mint.

On November 22, 2014, the Company converted an additional amount of \$1,040,352 at a conversion price of \$0.05 per share. As a result of this conversion, the Company received a total of 20,807,037 additional common shares of Mint thereby increasing its interest from 18% to 50% of the issued and outstanding common shares of Mint. Therefore, the Company acquired control of Mint and is now consolidating this investment in the Company's consolidated financial statement (Note 3).

A summary of the financial information of the associates is as follows:

(In thousands of Canadian dollars)

	MME	PAI
	\$	\$
Balance sheet at December 31, 2014		
Current assets	4,699	3,545
Non-current assets	1,871	5,729
Current liabilities	3,969	3,233
Non-current liabilities	474	3,225
Statements of earnings for the year ended December 31, 2014		
Revenue	3,718	25,231
Expenses	11,829	24,139
Operating income (loss)	(8,111)	1,122
Net earnings (loss)	(8,111)	904
Cash flows for the year ended December 31, 2014		
Dividend paid	-	(600)

GRAVITAS FINANCIAL INC.

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NOTE 18. LOANS RECEIVABLE

	2014	2013
	\$	\$
Loans to a public company, secured, interest bearing at 18% per annum	-	3,427,033
Loans to a public company, secured, interest bearing from 10% to 12% per annum, due from March 2015 until January 2016	866,270	-
Loans to public companies, unsecured, interest bearing from 0% to 8% per annum, due from January 2015 until March 2015	130,000	-
Loans to private companies, secured, interest bearing at 6% per annum, due from February 2015 until December 2017	1,250,000	-
Loans to a private company, unsecured, interest bearing at 5% per annum (20% in 2013), due in June 2017	200,000	20,000
Loan to a company where a director has a minority interest, unsecured, interest bearing at 6% per annum, due in October 2018	1,000,000	100,000
	<u>3,446,270</u>	<u>3,547,033</u>
Less: Current portion	(880,000)	(3,447,033)
	<u>2,566,270</u>	<u>100,000</u>

The secured loans are secured under general security agreements.

NOTE 19. CONVERTIBLE DEBENTURES

	2014	2013
	\$	\$
Loan components		
Convertible debenture, unsecured, with a face value of US\$275,000, 12%, maturing on January 31, 2016 or convertible at any time at the Company's option at \$0.07 per share (a)	-	142,473
Convertible debenture, secured, with a face value of \$1,250,000, 9%, maturing on July 16, 2016 or convertible at any time at the Company's option at \$0.18 per share	1,173,101	1,130,971
Convertible debenture, secured, with a face value of \$250,000, 12%, maturing on December 17, 2014 or convertible at any time at the Company's option at \$0.05 per share (b)	236,360	248,938
Convertible debenture, unsecured, with a face value of \$120,000, 12%, maturing on December 20, 2015 or convertible at any time at the Company's option at \$0.20 per share	61,420	35,065
Convertible debenture, secured, with a face value of \$1,500,000, 12%, maturing on November 22, 2015 or convertible at any time at the Company's option at \$0.05 per share for the first twelve months and \$0.10 for the following twelve months (c)	-	1,046,038
Convertible debenture, unsecured, with a face value of \$150,000, 12%, maturing on November 20, 2015 or convertible at any time at the Company's option at \$0.10 per share	132,705	117,602
Convertible debenture, unsecured, with a face value of US\$350,000, 12%, maturing on April 29, 2015 or convertible at any time at the Company's option at \$0.125 per share	363,652	-
Convertible debenture, unsecured, with a face value of \$17,000, 12%, maturing on March 31, 2017 or convertible at any time at the Company's option at \$0.15 per share	14,626	-
Convertible debenture, secured, with a face value of \$88,000, 14%, maturing on June 30, 2017 or convertible at any time at the Company's option at \$0.10 per share	40,184	-
Convertible debenture, unsecured, with a face value of \$100,000, 14%, maturing on June 30, 2019 or convertible at any time at the Company's option at \$1.14 per share	53,342	-

GRAVITAS FINANCIAL INC.

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NOTE 19. CONVERTIBLE DEBENTURES (Continued)

	2014	2013
	\$	\$
Loan components		
Convertible debenture, unsecured, with a face value of \$85,000, 12%, maturing on November 24, 2016 or convertible at any time at the Company's option at \$0.15 per share	48,094	-
	<u>2,123,484</u>	<u>2,721,087</u>
Conversion feature	215,827	1,983,367
	<u>2,339,311</u>	<u>4,704,454</u>
Less: Current portion	<u>(794,137)</u>	<u>(253,724)</u>
	<u><u>1,545,174</u></u>	<u><u>4,450,730</u></u>

(a) On November 10, 2014, the Company converted this convertible debenture at a conversion price of US \$0.07 per share. As a result of this conversion, the Company received a total of 3,928,571 common shares which are included in equity investments under common shares in quoted companies.

(b) On December 17, 2014, the Company amended the terms of the convertible debenture to extend the expiry date from December 17, 2014 to December 17, 2015.

(c) On July 31, 2014, the Company converted an amount of \$295,412 in the 12% convertible debenture with The Mint Corporation ("Mint") at a conversion price of \$0.05 per share. As a result of this conversion, the Company received a total of 5,908,240 common shares of Mint, representing 18% of the issued and outstanding common shares.

On November 22, 2014, the Company converted an additional amount of \$1,040,352 at a conversion price of \$0.05 per share. As a result of this conversion, the Company received a total of 20,807,037 additional common shares of Mint thereby increasing its interest from 18% to 50% of the issued and outstanding common shares of Mint. Therefore, the Company acquired control of Mint and is now consolidating this investment in the consolidated financial statement (Note 3).

The remaining investment in the convertible debenture of Mint was eliminated through consolidation.

The fair value of the conversion feature and the carrying value of loan components are as follows:

	2014			2013		
	Conversion feature	Loan component	Total	Conversion feature	Loan component	Total
	\$	\$	\$	\$	\$	\$
Fair value, beginning of year	1,983,367	2,721,087	4,704,454	-	-	-
Amount invested	705,258	1,095,337	1,800,595	893,223	2,666,465	3,559,688
Amount converted	-	(1,625,422)	(1,625,422)	-	-	-
Accretion of interest	-	1,218,638	1,218,638	-	54,622	54,622
Change in fair value	(2,472,798)	-	(2,472,798)	1,090,144	-	1,090,144
Eliminated through business acquisition (Note 3)	-	(1,286,156)	(1,286,156)	-	-	-
Fair value, end of year	<u><u>215,827</u></u>	<u><u>2,123,484</u></u>	<u><u>2,339,311</u></u>	<u><u>1,983,367</u></u>	<u><u>2,721,087</u></u>	<u><u>4,704,454</u></u>

The initial value of the conversion feature is determined by measuring the conversion feature and assigning the residual value to the loan component. The loan component is not remeasured subsequent to initial recognition.

The fair value of the conversion feature at issuance of \$705,258 (\$893,223 in 2013) was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

	2014	2013
Weighted average conversion price	\$0.16	\$ 0.10
Expected dividend	-	-
Expected average volatility	257%	200%
Risk-free average interest rate	1.10%	1.16%
Expected average life (years)	1.73	2.32
Weighted average fair value	\$0.07	\$0.02

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NOTE 19. CONVERTIBLE DEBENTURES (Continued)

The fair value of the conversion feature of \$215,827 at December 31, 2014 (\$1,983,367 at December 31, 2013) was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

	2014	2013
Weighted average conversion price	\$0.14	\$ 0.10
Expected dividend	- %	- %
Expected average volatility	184%	216%
Risk-free average interest rate	1.02%	1.07%
Expected average life (years)	1.14	2.08
Weighted average fair value	\$0.02	\$ 0.04

NOTE 20. BANK LOAN

The Company has established a credit facility with a Canadian chartered bank to support its continuing working capital needs. This credit facility is collateralized by a general security agreement covering all of the Company's assets and a personal guarantee from two shareholders. The credit facility is a \$125,000 revolving demand line of credit, bearing interest at the bank's prime rate plus 1.75%. On June 25, 2013, the Company repaid the bank in full and cancelled the facility.

NOTE 21. TRADE AND OTHER PAYABLES

	2014	2013
	\$	\$
Trade accounts		
Directors	-	34,390
Companies controlled by directors	-	27,685
Other	2,184,158	686,634
Salaries and employee benefits	-	47,221
Due to directors, non interest bearing, due on demand	-	91,238
Due to a related companies, non interest bearing, due on demand	35,767	75,839
Due to non-controlling interest, non interest bearing, due on demand	17,750	-
	<u>2,237,675</u>	<u>963,007</u>

The due to related companies relates to dues made to companies in which directors are also directors of the Company.

NOTE 22. DEBENTURES

	Mint	Mint	Mint	Gravitas	Gravitas	
	Series VII (a)	Series A (b)	Series B (c)	#1 (d)	#2 (e)	Total
	(MIT.DB)				(GFI.DB)	
	\$	\$	\$	\$	\$	\$
Balance as at January 1st, 2013	-	-	-	-	-	-
Issuance	-	-	-	-	54,022,000	54,022,000
Issue costs	-	-	-	-	(1,158,215)	(1,158,215)
Accretion of interest	-	-	-	-	57,306	57,306
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,921,091</u>	<u>52,921,091</u>
Balance as at December 31, 2013	-	-	-	-	52,921,091	52,921,091
Acquired through the business						
acquisition (Note 3)	415,422	42,203,732	4,270,068	-	-	46,889,222
Issued	-	-	-	30,023,000	-	30,023,000
Issuance costs	-	-	-	(310,293)	-	(310,293)
Accretion of interest	5,579	378,021	61,610	4,697	100,274	550,181
Capitalization of accrued interests	-	1,055,028	-	-	-	1,055,028
	<u>421,001</u>	<u>43,636,781</u>	<u>4,331,678</u>	<u>29,717,404</u>	<u>100,274</u>	<u>78,207,138</u>
Balance as at December 31, 2014	<u>421,001</u>	<u>43,636,781</u>	<u>4,331,678</u>	<u>29,717,404</u>	<u>53,021,365</u>	<u>131,128,229</u>

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NOTE 22. DEBENTURES

	Mint Series VII (a) (MIT.DB)	Mint Series A (b)	Mint Series B (c)	Gravitas #1 (d)	Gravitas #2 (e) (GFI.DB)	Total
Balance as at December 31, 2013	\$	\$	\$	\$	\$	\$
Current portion	-	-	-	-	-	-
Non-current portion	-	-	-	-	52,921,091	52,921,091
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,921,091</u>	<u>52,921,091</u>
Balance as at December 31, 2014						
Current portion	421,001	-	-	-	-	421,001
Non-current portion	-	43,636,781	4,331,678	29,717,404	53,021,365	130,707,228
	<u>421,001</u>	<u>43,636,781</u>	<u>4,331,678</u>	<u>29,717,404</u>	<u>53,021,365</u>	<u>131,128,229</u>

(a) Series VII debentures have a face value of \$497,700, carry simple interest at 12% per annum payable quarterly on March 31, June 30, September 30 and December 31 and are redeemable on October 18, 2015. Interest has been paid to December 31, 2014.

(b) Series A debentures have a face value of \$40,828,000 and carry simple interest at 10% per annum payable quarterly on February 16, May 16, August 16 and November 16. Interest for the period up to May 16, 2015 is payable in kind and will be added to principal outstanding. Interest payments from August 16, 2015 onwards are payable in cash. Series A debentures have a term of 5 years and are redeemable on May 16, 2019. Series A debentures can be extended for an additional two (2) years at the Company's option at an interest rate of 12% per annum payable from the date of the extension. These debentures are secured by Mint's assets.

(c) Series B debentures have a face value of \$5,049,000 and carry simple interest at 2% per annum payable quarterly on March 7, June 7, September 7 and December 7 each year in cash. Series B debentures were issued in March 2014, are redeemable at par on March 7, 2017 and require a "bonus interest" of 30% of the principal outstanding on March 7, 2017. Interest has been paid up to December 7, 2014. Series B debentures can be redeemed at any date subject to paying a "bonus interest" such that interest paid and payable on the redeemed amounts aggregates to 12% per annum for the period outstanding. Series B debentures can be extended for an additional two (2) years at the Company's option at an interest rate of 12% per annum. These debentures are secured by Mint's assets and are subordinated the Series A debenture.

(d) The debentures have a face value of \$30,023,000 and carry simple interest at 3.5% payable quarterly, commencing December 31, 2014. The debentures are redeemable on December 3, 2017. The Company has the option to extend the maturity date for a further term of three years upon written notice and the payment of a renewal fee equal to one (1%) percent of the outstanding principal amount due as of the maturity date at the same conditions. These debentures are secured by a first ranking lien over the Collateral assets of Gravitas subject to (i) the security interest previously granted and duly registered in respect the debenture of \$54,022,000 issued in June 2013 and (ii) any specified priority encumbrances that may be incurred during the term of the indenture and the debenture.

(e) The debentures have a face value of \$54,022,000 and carry simple interest at a rate as is equal to the greater of : i) three percent (3%) per annum; or ii) an amount as is equal to eighty percent (80%) of the earnings before interest expense and tax (EBIT) on a consolidated basis, subject to an aggregate maximum amount of eight percent (8%) per annum. The base three percent (3%) interest payment shall be payable quarterly, commencing June 30, 2013, with the annual adjustment made based on the aforementioned net earnings calculation annually and paid out on April 30 of each year. The debentures are redeemable at par value on June 25, 2023. The term of the debentures is ten (10) years, renewable for an additional ten (10) year period upon the payment of a renewal fee equal to one (1%) percent of the principal amount of the debentures outstanding at the date of renewal. Upon any such renewal, the rate of interest on the debentures shall be adjusted such minimum interest rate shall be equal to Government of Canada 10-year bond rate, plus five percent (5%). For the years ended December 31, 2014 and 2013, the Company paid an interest of 3%. These debentures are secured by Gravitas's assets.

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NOTE 23. DERIVATIVE WARRANT LIABILITY

As part of an exchange of old debentures, warrants were issued for the purchase of common share of Mint. These warrants are accounted for as a derivative liability and measured at fair value with subsequent changes in fair value accounted for through the consolidated statements of loss and comprehensive loss. Outstanding warrants are re-measured at fair value in each reporting period and the change in fair value is recognized in profit or loss.

The following table shows the changes in warrants:

			2014
	Number of warrants	Weighted average exercise price	Fair value
			\$
Outstanding on January 1st	-	-	-
Acquired through the business acquisition (Note 3)	12,630,883	0.50	286,249
Change in fair value	-	-	123,962
Outstanding and exercisable	<u>12,630,883</u>	<u>0.50</u>	<u>410,211</u>

The fair value of the warrants was determined using the Black-Scholes option pricing model. Expected volatility is based on the historical share price volatility of Mint over the relevant warrant period to expiry. The following inputs were used in the model:

	2014
Share price	\$0.045
Exercise price	\$0.25 - \$2.25
Expected dividend	-
Expected volatility	181.1 % - 205.9 %
Risk-free interest rate	1.00 % - 1.09 %
Expected average life (years)	0.77 - 4.05
Fair value per warrant	\$0.001 - \$0.04

The table below presents a summary of the outstanding warrants as at December 31, 2014.

					2014
	Number of warrants	Grant date	Expiry date	Exercise price	Fair value
					\$
	400,000	20/04/2012	20/04/2015	2.25	1,080
	100,000	27/04/2012	20/04/2015	2.25	270
	80,000	27/04/2012	27/04/2015	2.25	216
	600,000	01/05/2012	01/05/2015	2.25	1,740
	374,430	04/05/2012	04/05/2015	2.25	1,198
	50,000	05/02/2013	05/02/2015	1.50	35
	9,524	12/03/2013	12/03/2015	1.50	24
	200,000	12/03/2013	12/03/2015	1.50	500
	40,000	22/03/2013	12/03/2015	1.50	452
	7,106,041	07/03/2014	07/03/2017	0.25	261,502
	3,000,000	16/05/2014	16/05/2018	0.15	119,100
	150,000	16/05/2014	16/05/2017	0.25	5,550
	<u>520,888</u>	30/05/2014	07/03/2017	<u>0.25</u>	<u>18,544</u>
	<u>12,630,883</u>			<u>0.50</u>	<u>410,211</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 24. SHARE CAPITAL

Share capital

The share capital of the Company consists only of fully paid ordinary shares.

Authorized

Unlimited number of common shares voting and participating

Transaction on share capital

On May 15, 2013, the Company repurchased 400 common shares of Ubika's valued at \$400 for a total consideration of \$135,822, as \$45,000 in cash and \$90,822 recognized against an amount receivable.

On June 21, 2013, the Company repurchased 1,240,000 common shares of the Company following the signature of an asset sale agreement on its Mandiana property described in Note 16.

On June 25, 2013, the Company issued 35,000,000 common shares of the Company as part of the reverse takeover described in Note 4.

On September 6, 2013, the Company repurchased 50,000 common shares of the Company for a total consideration of \$1,000 following the signature of an asset purchase agreement describe in Note 5.

Restricted shares

As required by applicable securities commissions and those of the CSE, and under an agreement entered with a transfer agent from Computershare Investor Services Inc., a total of 36,649,958 common shares have been placed in escrow and deposited with a trustee under an escrow agreement before the completion of the Qualifying Transaction described in Note 4. On July 8, 2013, 10% of the escrowed shares were released. The balances of restricted shares will be released at a rate of 15% in each of the anniversaries of 6, 12, 18, 24, 30 and 36 months following the initial release. At December 31, 2014, the balance of the escrowed shares is 21,989,976.

Dividend paid

In connection with the reverse takeover transaction described in Note 4, the Company agreed to transfer, to the previous shareholders of Ubika, all investments owned by Ubika prior to the reverse takeover. The Company recorded a dividend of \$316,106 for the year ended December 31, 2013 representing the fair value of the investments at the time of transfer.

Warrants

The following table shows the changes in warrants:

	2014		2013	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Outstanding on January 1st	4,300,000	0.10	-	-
Assumed as part of the reverse takeover (Note 4)	-	-	4,300,000	0.10
Expired	(4,300,000)	0.10		
Outstanding and exercisable	<u>-</u>	<u>-</u>	<u>4,300,000</u>	<u>0.10</u>

NOTE 25. SHARE-BASED PAYMENT

Share option plan

The Company has adopted a stock-based compensation plan under which members of the Board of Directors may award options for common shares to directors, officers, employees and consultants. The maximum number of common shares issuable pursuant to the share option plan must not exceed 10% of the total number of common shares outstanding from time to time.

The exercise price of each option is determined by the Board of Directors and cannot be less than the discounted market value of the common shares on the eve of the award and the term of the options cannot be more than five years. The options are exercisable immediately.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

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NOTE 25. SHARE-BASED PAYMENT (Continued)

The Company's share options are as follows for the reporting periods presented:

	2014		2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding on January 1st	-	-	-	-
Assumed as part of the reverse takeover (Note 4)	-	-	250,000	0.10
Cancelled	-	-	(250,000)	0.10
Outstanding and exercisable	-	-	-	-

As at December 31, 2014, Mint has a total of 40,002 stock options outstanding at an exercise price of \$1.75 per share. The options will expire on January 23, 2017. A stock-based compensation of \$738 from the date of acquisition until December 31, 2014 was recorded in contributed surplus. In the event that these options were exercised, an adjustment would be made to the minority interest recorded as part of the acquisition of Mint described in Note 3.

NOTE 26. LISTING AND RESEARCH FEES

	2014	2013
	\$	\$
Amount to be settled in cash	677,110	604,202
Amount settled in options	-	122,212
Amount settled in shares	-	47,500
	<u>677,110</u>	<u>773,914</u>

NOTE 27. INTEREST REVENUE

	2014	2013
	\$	\$
Interest on bank	371,173	275,409
Interest on guaranteed investments certificates	313,295	57,723
Interest on loans receivable	376,666	288,417
Interest on debentures	280,626	-
Interest on convertible debentures	501,848	81,369
Accretion of interest on convertible debentures	1,218,637	54,622
	<u>3,062,245</u>	<u>757,540</u>

NOTE 28. INTEREST EXPENSE

	2014	2013
	\$	\$
Interest on loans	-	21,582
Interest on debentures	2,070,859	832,531
Accretion of interest	550,181	57,306
Interest on current liabilities and bank charges	9,831	34,469
	<u>2,630,871</u>	<u>945,888</u>

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NOTE 29. INCOME TAXES

Major components of tax expense (income)

The major components of tax expense (income) are outlined below:

	2014	2013
	\$	\$
Current tax expense		
Current tax expense	-	-
Prior years adjustments	(61,243)	(40)
Total current tax expense (income)	<u>(61,243)</u>	<u>(40)</u>
Deferred tax expense (income)		
Origination and reversal of temporary differences	(1,511,204)	(387,581)
Changes in tax rate and tax laws	-	33,442
Change from unrecognized timing differences	1,511,204	244,174
Total deferred tax expense (income)	<u>-</u>	<u>(109,965)</u>
Total income tax expense (income)	<u><u>(61,243)</u></u>	<u><u>(110,005)</u></u>

Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined federal and provincial income tax rate in Canada and the reported tax expense in the consolidated statement of comprehensive income (loss) can be reconciled as follows:

	2014	2013
	\$	\$
Expected taxes (recovery) calculated using the combined federal and provincial income tax rate in Canada of 26.50% (26.50% as at December 31, 2013)	(14,852,479)	(277,933)
Adjustments for the following items:		
Impact of change in tax rates and other	-	33,442
Prior years adjustments	108,307	(77,404)
Expired non capital losses	-	203,532
Non-deductible stock exchange listing expense	-	74,024
Non-deductible impairment on goodwill	12,952,761	-
Non-deductible expenses and other	312,007	(309,840)
Non-taxable portion of dividend	(31,800)	-
Change in unrecognized temporary differences and other	1,511,204	244,174
Income tax expense (income)	<u><u>-</u></u>	<u><u>(110,005)</u></u>

Recognized deferred tax assets and liabilities

The following differences between the carrying amounts and tax bases from timing differences give rise to the following recognized deferred income tax assets and liabilities.

	Balance on January 1st, 2014	Net loss	Accumulated Other Comprehensive Income (loss)	Business acquisition (Note 3)	Balance on December 31, 2014
	\$	\$	\$		\$
Deferred tax assets (liabilities)					
Convertible debenture	-	-	-	(611,507)	(611,507)
Derivative warrant liability	-	32,850	-	(2,144,940)	(2,112,090)
Intangible assets	(282,965)	94,702	-	-	(188,263)
Non-capital losses	282,965	(127,552)	-	2,756,447	2,911,860
Deferred income tax assets (liabilities)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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NOTE 29. INCOME TAXES (Continued)

	Balance on January 1st, 2013	Net loss	Accumulated Other Comprehensive Income (loss)	Reverse Takeover (Note 4)	Balance on December 31, 2013
	\$	\$	\$	\$	\$
Deferred tax assets (liabilities)					
Investments	(78,007)	109,965	(31,958)	-	-
Intangible assets	-	47,161	-	(330,126)	(282,965)
Non-capital losses	-	(47,161)	-	330,126	282,965
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deferred income tax assets (liabilities)	<u>(78,007)</u>	<u>109,965</u>	<u>(31,958)</u>	<u>-</u>	<u>-</u>

Unrecognized deferred tax assets and liabilities

At December 31, 2014 and 2013, the Company has the following temporary differences for which no deferred tax has been recognized:

	2014	2013
	\$	\$
Property and equipment	126,052	80,491
Investments	7,935,821	4,798,071
Mining properties	1,967,872	1,967,872
Convertible debentures	109,365	-
Issuance costs of equity instruments	4,027,646	19,203
Capital loss carry forward	39,733,943	2,490,942
Non-capital losses carried forward	46,000	4,541,872
Other	903	903
	<u> </u>	<u> </u>
	<u>53,947,602</u>	<u>13,899,354</u>

The ability to realize the tax benefits is dependent upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. Accordingly, no deferred tax assets have been recognized, these deferred tax assets not recognized equal an amount of \$14,315,919 as at December 31, 2014 (\$2,869,933 as at December 31, 2013).

The Company has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the statement of financial position, that can be carried over the following years:

	\$
2024	329,015
2025	557,157
2027	999,807
2028	304,949
2029	458,406
2030	1,984,927
2031	1,752,811
2032	6,444,611
2033	16,788,430
2034	10,113,830
	<u> </u>
	<u>39,733,943</u>

Nature of evidence supporting recognition of deferred tax assets

In assessing the recoverability of deferred tax assets, the Company's management determines, at each balance sheet date, whether it is probable that the amount recognized will be realized. This determination is based on the Company management's quantitative and qualitative assessments and the weighting of all available evidence, both positive and negative. Such evidence included, notably, the scheduled reversal of deferred tax assets, projected future taxable income, and the implementation of tax planning strategies.

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NOTE 30. ADDITIONAL INFORMATIONS – CASH FLOWS

The changes in working capital items are detailed as follows:

	2014	2013
	\$	\$
Trade and other receivables	(447,289)	(431,874)
Prepaid expenses	(192,777)	(34,569)
Trade and other payables	87,877	(25,779)
Customer deposits	130,790	(93,397)
Income taxes payable	(58,919)	-
	(480,318)	(585,619)

Additional disclosures regarding cash flows that did not result in a cash outflow or inflow:

	2014	2013
	\$	\$
Trade and other receivables		
Investments received as a settlement	(30,510)	(107,360)
Shares received as a settlement of interest on a convertible debenture and loan receivable	(84,746)	-
Equity investments and other		
Dividend paid in kind	-	(316,106)
Shares received as a settlement of a convertible debenture and loan interests	84,746	-
Shares received as a settlement of a finder's fee	7,500	-
Shares received as a settlement of trade and other receivable	30,510	-
Loans receivable		
Interest receivable converted in a loan	226,800	-
Customer deposits		
Investments received as services	-	169,712
Trade and other payables		
Redemption of shares	-	(39,551)
Debentures		
Capitalization of accrued interests	1,055,028	-

Cash flows from interest and income taxes

	2014	2013
	\$	\$
Interest paid	(1,426,317)	(888,582)
Interest received	1,646,616	559,119
Income taxes received	2,504	40

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NOTE 31. RELATED PARTIES

The Company's related parties include its key management and other related parties, as described below.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with key management personnel

Remuneration of the key management personnel, that is, the President and CEO, the Vice-President Finance and the directors, includes the following expenses:

	2014	2013
	\$	\$
Transactions with key management personnel		
Salaries and management fees	492,000	348,000
Consulting and professional fees	100,563	40,728
General and administrative	168,000	81,500
	<u>760,563</u>	<u>470,228</u>
Transactions with companies controlled by key management		
Listing and research	-	9,250
Advisory services	-	1,800
Consulting and professional fees	668,000	549,140
General and administrative	-	19,800
	<u>668,000</u>	<u>570,740</u>

The above transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties.

An amount of \$424,999 is payable to Global Business Services ("GBS"), representing a remaining amount on management and consulting charges. GBS is the owner of the remaining 49% interest in MME. This amount is included under Trade and other payables.

During the year ended December 31, 2014, the Company entered into a settlement agreement with respect to an amount payable to a company controlled by shareholders of \$33,900. Consequently, the Company recorded a gain on settlement in the consolidated statement of comprehensive loss.

In addition, related party transactions are also disclosed in Note 12, 18 and 21.

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NOTE 32. SEGMENTED INFORMATION

Management has determined that during the year the Company operated within three reportable business segments which are related to the sector of activity in which the Company is making its investments. These segments are the investments that can service the capital market, advisory, regulatory, compliance and technology needs of publicly listed companies ("Services"), investments in fast growing companies and/or investments in financial products and financial products distribution businesses ("Investments") and investments in mining assets ("Mining"). These business segments reflect the management structure of the Company and the way in which management reviews business performance. The Company evaluates the performance of its operating segments primarily based on segment income (loss), as presented below. Also, the Company has operations in two geographical sectors which are Canada and Africa.

Corporate results primarily represent the cost of corporate overhead expenses not allocated to a segment.

	Services	Investment	Mining	Corporate	Total
	\$	\$	\$	\$	\$
Revenue	991,800	3,098,530	280,967	-	4,371,297
Expenses					
Salaries and management fees	590,653	270,386	-	-	861,039
Consulting and professional fees	994,826	638,237	2,179	294,609	1,929,851
General and administrative	703,812	1,180,651	362,260	192,735	2,439,458
Interest expense	1,580	2,615,942	-	13,349	2,630,871
Loss on settlement of trade and other receivables	-	1,880	-	-	1,880
Loss on disposal of available-for-sale investments	-	48,000	-	-	48,000
Gain on settlement of a loan payable	-	(33,900)	-	-	(33,900)
Loss on a step acquisition	-	672,007	-	-	672,007
Change in fair value of convertible debentures - conversion feature	-	2,472,798	-	-	2,472,798
Change in fair value of FVTPL investments	-	716,325	-	-	716,325
Change in fair value of derivative warrant liability	-	123,962	-	-	123,962
Impairment of goodwill	-	48,878,344	-	-	48,878,344
Share of results in associates	-	(322,248)	-	-	(322,248)
	<u>2,290,871</u>	<u>57,262,384</u>	<u>364,439</u>	<u>500,693</u>	<u>60,418,387</u>
Loss before income taxes	<u>(1,299,071)</u>	<u>(54,163,854)</u>	<u>(83,472)</u>	<u>(500,693)</u>	<u>(56,047,090)</u>
Income taxes					
Current income taxes	-	-	-	(61,243)	(61,243)
Net loss	<u>(1,299,071)</u>	<u>(54,163,854)</u>	<u>(83,472)</u>	<u>(439,450)</u>	<u>(55,985,847)</u>
Total assets	<u>435,512</u>	<u>18,349,072</u>	<u>775,458</u>	<u>61,225,252</u>	<u>80,785,294</u>
Total liabilities	<u>189,378</u>	<u>1,735,336</u>	<u>9,093</u>	<u>132,030,276</u>	<u>133,964,083</u>
Investments in associates	<u>-</u>	<u>5,528,607</u>	<u>-</u>	<u>-</u>	<u>5,528,607</u>

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NOTE 32. SEGMENTAL INFORMATION (Continued)

	2013				
	Services	Investment	Mining	Corporate	Total
	\$	\$	\$	\$	\$
Revenue	1,149,714	837,540	235,261	-	2,222,515
Expenses					
Salaries and management fees	146,365	-	-	253,207	399,572
Consulting and professional fees	475,964	118,691	35,423	740,653	1,370,731
General and administrative	287,646	60,806	177,850	284,115	810,417
Interest expense	-	889,837	145	55,906	945,888
Transaction expenses	-	-	-	199,902	199,902
Stock exchange listing expense	-	-	-	279,337	279,337
Loss on settlement of trade and other receivables	10,760	-	-	-	10,760
Loss on disposal of available-for-sale investments	-	324,856	-	-	324,856
Change in fair value of convertible debentures - conversion feature	-	(1,090,144)	-	-	(1,090,144)
Impairment on investments	20,000	-	-	-	20,000
	940,735	304,046	213,418	1,813,120	3,271,319
Loss before income taxes	208,979	533,494	21,843	(1,813,120)	(1,048,804)
Income taxes					
Current income taxes	-	-	-	(40)	(40)
Deferred income taxes	-	-	-	(109,965)	(109,965)
	-	-	-	(110,005)	(110,005)
Net loss	208,979	533,494	21,843	(1,703,115)	(938,799)
Total assets	90,361	8,537,069	1,077,388	44,708,717	54,413,535
Total liabilities	217,879	20,270	9,093	53,814,244	54,061,486

The following tables presents the Company's products and non-current assets by geographic areas. The allocation of revenue between geographic areas was determined by the location where the income was earned.

	2014	2013
	\$	\$
Revenue		
Canada	4,090,330	1,987,254
Africa	280,967	235,261
	4,371,297	2,222,515
Non-current assets		
Canada	14,567,685	7,491,966
Africa	711,862	1,245,760
	15,279,547	8,737,726

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NOTE 33. FINANCIAL INSTRUMENTS

Fair value

The carrying value of cash, trade and other receivables and trade and other payables is considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

The carrying value of guaranteed investment certificates is considered to be a reasonable approximation of fair value because these instruments are redeemable at any time.

The equity interests in a private company are measured at cost less any impairment loss because the fair value could not be reasonably determined.

The carrying value of loans receivable and debentures is also considered to be a reasonable approximation of fair value because they are measured at amortized cost and bear interest at market rates.

The fair value of the debentures payable is approximate to the face value.

The following presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement and are as follows:

				2014
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Common shares in quoted companies	2,974,861	-	-	2,974,861
Options	-	21,959	-	21,959
Warrants	-	105,047	-	105,047
Conversion feature of debentures	-	215,827	-	215,827
Derivative warrant liability	-	410,211	-	410,211
	<u>2,974,861</u>	<u>342,833</u>	<u>-</u>	<u>3,272,905</u>

				2013
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Common shares in quoted companies	448,136	-	-	448,136
Options	-	71,520	-	71,520
Warrants	-	325,786	-	325,786
Conversion feature of debentures	-	1,983,367	-	1,983,367
	<u>448,136</u>	<u>2,380,673</u>	<u>-</u>	<u>2,828,809</u>

The Company's options, warrants and conversion feature on convertible debenture are classified within level 2 of the fair value hierarchy since the fair value is determined using a model that includes the volatility and price of the companies in which the Company invested.

There have been no transfers between Levels 1 and 2 in the reporting periods.

The method and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

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NOTE 34. INFORMATION ON CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments related to changes in the economic environment and the underlying risks of its assets. In its definition of capital, the Company includes debentures and equity (deficiency). The following table shows the items included in the definition of capital:

	2014	2013
	\$	\$
Debentures	131,128,229	52,921,091
Equity (deficiency)	<u>(52,924,708)</u>	<u>352,049</u>
	<u>78,203,521</u>	<u>53,273,140</u>

There has been no change with respect to the overall capital management strategy during the year ended on December 31, 2014 and 2013.

NOTE 35. FINANCIAL RISKS

The Company is exposed to various risks through its financial instruments and the following analysis provides a measure of these risks.

Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to perform any of its obligations and leads, therefore, the Company to incur a financial loss. Credit risk is primarily related to trade and other receivables, debentures, loans and convertible debentures.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	2014	2013
	\$	\$
Cash	20,106,400	26,215,133
Guaranteed investments certificates	42,000,000	15,020,000
Trade and other receivables	1,145,258	693,572
Debentures	150,000	848,272
Loans receivable	3,446,270	3,547,033
Convertible debentures	<u>2,339,311</u>	<u>4,704,454</u>
	<u>69,187,239</u>	<u>51,028,464</u>

The Company evaluates the financial condition of its customers on an ongoing basis and reviews the credit history of each new customer. The Company establishes an allowance for doubtful accounts taking into account the credit risk of specific customers, historical trends and other information.

No impairment loss has been accounted for the periods presented. The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

At December 31, 2014, the Company has a total amount of \$nil (\$6,120,205 at December 2013) in trade and other receivables, loans, debentures and convertible debentures from one company, representing -% (11.5 % at December 2013) of the total assets of the Company.

At December 31, 2014, an amount of \$nil (\$282,500 at December 31, 2013) in trade and other receivables, \$2,116,270 (\$2,970,883 at December 31, 2013) in loans receivable and \$1,508,357 (\$3,007,019 at December 31, 2013) in convertible debentures were secured by collateral or other credit enhancements.

The credit risk regarding cash and guaranteed investments is considered to be negligible because the counterparties are reputable banks with an investment grade external credit rating.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company has current assets for an amount of \$65,505,747 which will be used to cover all operating and investing activities.

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NOTE 35. FINANCIAL RISKS (Continued)

The expected timing of cash flows relating to financial liabilities as at December 31, 2014 is as follows:

	Carrying amounts	Less than a year	1 to 5 years	6 to 10 years	2014 Total
		\$	\$	\$	\$
Trade and other payables	2,237,675	-	-	-	2,237,675
Debentures	-	497,700	75,900,000	54,022,000	130,419,700
	<u>2,237,675</u>	<u>497,700</u>	<u>75,900,000</u>	<u>54,022,000</u>	<u>132,657,375</u>

Also, the Company's commitments are disclosed in Note 36.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to the following three type of market risks: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk as a result of its transactions denominated in foreign currency. The Company had the following balances denominated in foreign currency:

	2014	2013
	\$	\$
USD		
Cash	1,813,589	-
Royalties receivable	53,126	98,638
Equity investments and other	2,077,597	-
Loans receivable	100,000	1,230,870
Convertible debenture	350,000	275,000
	<u>4,394,312</u>	<u>1,604,508</u>

The Company does not enter into arrangements to hedge its foreign exchange risk. A one percent (1%) change in the United States Dollar exchange rate would not have a significant impact on the net loss.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Company is exposed to interest rate risk since some of the Company's debentures are bearing interest at a variable rate based on the earnings before interest expense and tax (EBIT). Had the interest rate been one percent (1%) higher throughout the year ended December 31, 2014, the net loss would have increased by \$540,220 (\$540,220 for the year ended December 31, 2013).

Other price risk

The Company is exposed to fluctuation in the market prices of its investments in quoted companies. The fair value of the investments in quoted companies represents the maximum exposure to price risk.

The Company's investments in debentures are at fixed interest rates and therefore are not exposed to cash flow risk.

As of December 31, 2014, a 10% decrease (increase) in the closing price on the stock market would have increased the total Comprehensive loss by \$297,486 (not significant for the year ended December 31, 2013).

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NOTE 36. COMMITMENTS

The Company entered into agreements for the lease of premises. Future minimum lease payments, aggregate to \$1,923,514 and include the following payments for the next years:

Less than 1 year		\$
		417,320
1-5 years		1,506,194

Lease expenses amounts to \$310,372 (\$126,034 as at December 31, 2013), representing the minimum payments.

The Company also entered into a service agreement for the Company's operations which call for a total payments of \$56,000 in the next year.

NOTE 37. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to current year's presentation.