# GRAVITAS FINANCIAL INC.

## MANAGEMENT DISCUSSION AND ANALYSIS

## FOR THE THREE AND SIX MONTHS ENDED

## JUNE 30, 2016

## AS OF AUGUST 25, 2016

## SCOPE OF THIS MANAGEMENT DISCUSSION AND ANALYSIS AND NOTICE TO INVESTORS

This management discussion and analysis of financial position and results of operations ("MD&A"), is prepared as of August 25, 2016, and complements the unaudited interim condensed consolidated financial statements of Gravitas Financial Inc. ("Gravitas" or the "Company") and its wholly owned subsidiaries, for the three and six months ended June 31, 2016 and 2015 and December 31, 2015.

The unaudited interim condensed consolidated financial statements and related notes have been prepared in accordance with International Accounting Standard ("IAS 34"), Interim Financial Reporting, as issued by the International Accounting Standard Board. They do not contain all the information required to be disclosed in the annual financial statements. Certain information and notes usually provided in the annual financial statements have been omitted or condensed when not deemed essential to the understanding of the interim financial information of the Company. Therefore, this MD&A should be read in conjunction with the information contained in the annual audited consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2015 and 2014. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS"). As issued by the International Accounting Standards Board. All amounts are in Canadian dollars unless otherwise indicated.

The Company's independent auditors have not conducted a review of the interim condensed consolidated financial statements in accordance with the standard established by the Canadian Institute of Chartered Accountants regarding the review of the interim financial statements

The unaudited interim condensed consolidated financial statements and the MD&A have been reviewed by the audit committee and approved by the Company's Board of Directors on August 25, 2016. These documents and more information about the Company are available on SEDAR at www.sedar.com

## FORWARD LOOKING STATEMENTS

Certain statements made in this MD&A are forward-looking statements or information. The Company is hereby providing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Company has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the business of the Company. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company that could influence actual results include, but are not limited to: future capital requirements; intellectual property protection and infringement risks; competition; reliance on key management personnel and the other risks factors summarized below under the heading "Risks and Uncertainties".

Further, unless otherwise noted, any forward-looking statement speaks only as of the date of this MD&A, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement.

## CORPORATE OVERVIEW AND OPERATIONS

Gravitas is an integrated financial and advisory services company in financial and capital markets. Gravitas Financial Inc. also acquires significant, long-term interest in and develops businesses that have a high potential for value addition through the Company's key strategic inputs and management support. In addition, the Company operates a division that invests in meaningful ownership interests in fast growing companies in both the public and private markets.

Gravitas is focused on creating shareholder value through strategic investments in attractive, scalable businesses. Since formation of Gravitas in June 2013, we have assembled a significant array of investee/portfolio businesses. Our key investee businesses include a Mutual Fund and Exempt Market Dealer and an IIROC registered broker dealer in Canada thereby giving us a strong foothold in the financial services distribution business in Canada.

Our subsidiaries also include companies that offer a variety of services to small and mid-market public and private companies. These services include corporate services, investor exposure platform and strategic advisory services. Our comprehensive platform allows us to build long lasting relationships with promising companies in the small and mid-market space.

We have continued to expand our reach by partnering with strategic groups, both in Canada and in international markets. These partnerships allow us to explore business opportunities in fast growing places like India and China and differentiate us from other financial services firms in Canada. Through our deep understanding of international markets and strong networks, we believe we can access unique opportunities, which are generally not available to most firms in Canada.

We have developed strong domain experience in identifying unique growth opportunities in a number of sectors, including but not limited to financial services, specifically the financial technology ("Fintech") vertical with a special focus on payments. We are also building expertise within digital commerce, real estate, consumables and sports and recreation. We take a hands-on approach to realizing value within each of these areas and look to seek out opportunities in these sectors going forward.

Gravitas believes that international markets represent attractive growth opportunities for many decades to come and has assembled attractive anchor investments into the Middle East and India through its investments in The Mint Corporation ("Mint"), a UAE payments company and Innoviti Payment Solutions Pvt Ltd, a fast growing payments company in India. Apart from India and Middle East, Gravitas is also actively seeking opportunities to establish a presence and entry into China, another attractive market that we believe has significant long term growth opportunity.

In Canada, Gravitas intends to leverage its investments in financial services distribution businesses to launch proprietary financial products that aim to offer retail investors an opportunity to earn better returns by gaining exposure to the mid-market segment which, we believe, represents an attractive risk-reward matrix. Gravitas believes the mid-market segment in Canada represents an opportunity to achieve superior return.

The Company, through its subsidiary Gravitas Financial Services Holdings Inc., continues to seek opportunities to expand into other areas of financial services sector by acquiring a significant ownership interest in well managed financial services companies that generate strong, sustainable cash flows from their operations.

To further advance the Company's strategy to be a significant player in the financial services products area, the Company continues to explore the opportunity to launch niche financial products. We successfully launched, in December 2013, a retail financial product called Gravitas Select Flow-Through Limited

Partnership I (the "Partnership"). Since then, the Company, as General Partner, has launched two additional Flow-Through Funds in 2014 and 2015 and is expected to launch the fourth Flow-Through Fund during the second half of 2016. In 2016, the Company also launched a specialized "Growth & Opportunity Fund" and a "high-yield fund", which will target investment opportunities in growth companies by investing mainly in secured convertible debentures or notes that provide attractive coupons and capital appreciation through warrants positions.

Gravitas is uniquely positioned to serve the mid-market segment and be a partner in their success. Along with providing growth capital, Gravitas will also be able to assist our investee companies in attracting top notch talent, offer corporate services and achieving international growth by giving them access to tough-to-penetrate international markets including India, China and Middle East. This capability to offer capital, market access and related advisory business will help us achieve a competitive advantage to make Gravitas a preferred partner for mid-market companies in Canada who are seeking capital, advisory or other related services.

Gravitas operates in four key segments:

1) **Services**: this group of businesses provides services for the capital markets, advisory, regulatory and compliance needs of private and publicly listed corporation. The following subsidiaries operate within this segment:
   - Ubika Corp;
   - Gravitas Corporate Services Inc.;
   - Branson Corporate Services Inc.;
   - Gravitas Investor Platform; and
   - Global Compliance Network Inc.

2) **Financial services**: this group are operations in financial products and financial products distribution businesses and are operated independently with their own management teams and require high levels of compliance and governance. The following subsidiaries operate within this segment:
   - Gravitas Select Flow-Through GP Inc.;
   - Gravitas Financial Services Holdings Inc.;
   - Gravitas International Corp.;
   - Foundation Investment Management Inc.; and
   - Portfolio Analysts Inc.

3) **Strategic investments:** this group are operations where the company acquires a long-term interests in companies that have a high potential for value additions and where the Company provides key strategic inputs and management support either directly or through board representations. The following subsidiaries operate within this segment:
   - New India Investment Corp.;
   - Luxury Quotient International Inc.;
   - Luxury Quotient India Private Ltd.;
   - The Mint Corporation;
   - Prime City One Capital Corp;
   - Claxton Capital Management; and
   - Claxton Real Estate Company Ltd.

4) **Fast growing investments**: this group's operations acquires meaningful ownership interests in fast growing companies in both the public and private markets. This segment will offer strategic guidance and access to its strong network to investee companies to accelerate their strategic growth plans. Gravitas Venture Inc. operates in this segment.

5) **Corporate:** this group primarily represents the cost of the corporate overhead expenses not allocated to other segment and is comprised of Gravitas Financial Inc.

## HIGHLIGHTS

- Restructured Mint's Series A debentures;
- Received final regulatory approvals for the acquisition of controlling interests in regulated financial services companies; and
- On August 3, 2016, the Company closed a non-brokered private placement for gross proceeds of $600,000 under which 6,000,000 common shares were issued at a price of $0.10 per share.

## ACHIEVEMENTS

On January 8, 2016, Mint restructured the outstanding Series A debentures wherein, the term of the Series A debentures was extended from May 16, 2019 to December 15, 2019 and the interest payable on the Series A debentures was reduced to 3% per annum to January 7, 2017 and 5% thereafter, payable quarterly on March 31, June 30, September 30 and December 31. In consideration, the Corporation issued additional debentures of $3,953,506, increasing the face value of the outstanding Series A debentures to $49,019,962. The debenture restructuring requires an additional payment of cash fee of 2.5% of the principal outstanding if certain "active card" target are not met during the term of the debentures. Since the terms of the Series A debentures were substantially modified, the transaction has been accounted for as an extinguishment of the original liability and the recognition of the revised liability that will be accreted to the face value of the debentures at an effective value of the debentures at an effective rate of 5.5% per annum. As a result, a debenture restructuring expense of $3,583,429 has been recorded in the consolidated statement of loss and comprehensive loss.

On June 30, 2016, the Mint Corporation issued 51,379,998 common shares for an aggregate gross proceeds of $2,568,998 as a rights offering wherein shareholders of the Mint Corporation were entitled to subscribe for one common share at $0.05 per share for each share held as of June 3, 2016. The company subscribed for 46,815,277 of additional shares for an investment of $2,340,764. Non-controlling shareholders subscribed for the remaining 4,564,721 shares for net gross proceeds of $215,389. As a result, the Company's ownership interest in the Mint Corporation increased from 63.5% to 74.9% of the issued and outstanding shares of Mint. The incremental investment in Mint resulted in a decrease in the equity deficit attributable to the non-controlling shareholders and as required under IFRS 10, Consolidated Financial Statements, an adjustment of $1,851,809 has been recorded in the consolidated statement of changes in equity to reduce the non-controlling interest.

## FINANCIAL INFORMATION

### RESTATEMENT

Subsequent to the issuance of the Company's consolidated financial statements for the year ended December 31, 2014, it was determined that the calculations of the accretion and interest on Mint, Series A and Series B debentures were incorrect and that the carrying value of the debentures were overstated. The effects of the restatement on the consolidated statement of loss and comprehensive loss and consolidated statement of changes in equity for the three and months ended June 30, 2015 are summarized below. The adjustments between amounts previously reported and amounts restated had no effect on the consolidated statement of cash flows.

| | For the three months ended June 30, 2015 | | |
|---|---|---|---|
| | Previously reported $ | Adjustments $ | Restated $ |
| **Revenues** | **817,954** | **-** | **817,954** |
| **Expenses** | | | |
| Salaries and management fees | 285,216 | - | 285,216 |
| Consulting and professional fees | 747,767 | - | 747,767 |
| General and administrative | 782,365 | - | 782,365 |
| Interest expense | 2,373,431 | (188,559) | 2,184,872 |
| Exchange gain | 181,116 | - | 181,116 |
| Loss on settlement | (17,123) | - | (17,123) |
| Gain on disposal of available-for-sale investments | (109,523) | - | (109,523) |
| Change in fair value of convertible debentures – conversion feature | 112,760 | - | 112,760 |
| Change in fair value of FVTPL investments | (259,761) | - | (259,761) |
| Impairment of investments | 449,390 | - | 449,390 |
| Share of results of associates | 299,927 | - | 299,927 |
| | **4,845,565** | **(188,559)** | **4,657,006** |
| **Loss before income taxes** | **(4,027,611)** | **188,559** | **(3,839,052)** |
| Current income taxes | 1,157 | - | 1,157 |
| **Net loss** | **(4,028,768)** | **188,559** | **(3,840,209)** |
| Other comprehensive loss | **564,176** | **-** | 564,176 |
| **Net loss and comprehensive loss** | **(3,464,592)** | **188,559** | **(3,276,033)** |
| **Net loss attributable to:** | | | |
| Shareholders of the Company | (2,872,727) | 94,279 | (2,778,448) |
| Non-controlling interest | (1,156,041) | 94,280 | (1,061,761) |
| | **(5,028,768)** | **188,559** | **(3,840,209)** |
| **Comprehensive loss attributable to:** | | | |
| Shareholders of the Company | (2,308,551) | 94,279 | (2,214,272) |
| Non-controlling interest | (1,156,041) | 94,280 | (1,061,761) |
| | **(3,464,592)** | **188,559** | **(3,276,033)** |
| **Loss per common share, basic and diluted** | **(0.060)** | **0.002** | **(0.058)** |

| | For the six months ended June 30, 2015 | | |
|---|---|---|---|
| | **Previously reported $** | **Adjustments $** | **Restated $** |
| **Revenues** | **1,781,999** | **-** | **1,781,999** |
| **Expenses** | | | |
| Salaries and management fees | 575,640 | - | 575,640 |
| Consulting and professional fees | 1,345,319 | - | 1,345,319 |
| General and administrative | 1,455,473 | - | 1,455,473 |
| Interest expense | 5,531,715 | (1,412,533) | 4,119,182 |
| Exchange gain | (53,046) | - | (53,046) |
| Loss on settlement | 9,982 | - | 9,982 |
| Gain on disposal of available-for-sale investments | (389,907) | - | (389,907) |
| Change in fair value of convertible debentures – conversion feature | 133,123 | - | 133,123 |
| Change in fair value of FVTPL investments | (293,444) | - | (293,444) |
| Change in fair value of derivative warrant liability | (44,423) | - | (44,423) |
| Impairment of investments | 449,390 | - | 449,390 |
| Share of results of associates | 610,650 | - | 610,650 |
| | **9,330,469** | **(1,412,533)** | **7,917,936** |
| **Loss before income taxes** | **(7,548,470)** | **1,412,533** | **(6,135,937)** |
| Current income taxes | 1,157 | - | 1,157 |
| **Net loss** | **(7,549,627)** | **1,412,533** | **(6,137,094)** |
| Other comprehensive loss | **(1,265,224)** | **-** | (1,265,224) |
| **Net loss and comprehensive loss** | **(8,814,851)** | **1,412,533** | **(7,402,318)** |
| **Net loss attributable to:** | | | |
| Shareholders of the Company | (4,842,223) | 706,266 | (4,135,957) |
| Non-controlling interest | (2,707,404) | 706,267 | (2,001,137) |
| | **(7,549,627)** | **1,412,533** | **(6,137,094)** |
| **Comprehensive loss attributable to:** | | | |
| Shareholders of the Company | (6,091,051) | 706,266 | (5,384,785) |
| Non-controlling interest | (2,723,800) | 706,267 | (2,017,533) |
| | **(8,814,851)** | **1,412,533** | **(7,402,318)** |
| **Loss per common share, basic and diluted** | **(0.113)** | **0.021** | **(0.092)** |

| | As at June 30, 2015 | | |
|---|---|---|---|
| | Previously reported $ | Adjustments $ | Restated $ |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 28,646,477 | - | 28,646,477 |
| Restricted cash | 9,624,203 | | 9,624,203 |
| Guaranteed investment certificates | 25,089,000 | - | 25,089,000 |
| Trade and other receivables | 1,742,447 | - | 1,742,447 |
| Prepaid | 270,272 | - | 270,272 |
| Inventory | 157,389 | - | 157,389 |
| Loan receivables | 2,778,320 | - | 2,778,320 |
| Convertible debentures | 396,663 | - | 396,663 |
| **Current assets** | **68,704,771** | **-** | **68,704,771** |
| **Non-current assets** | | | |
| Property and equipment | 168,426 | - | 168,426 |
| Equity investments and other | 5,483,386 | - | 5,483,386 |
| Investments in associates | 5,844,382 | - | 5,844,382 |
| Loan receivables | 2,775,000 | - | 2,775,000 |
| Convertible debentures | 1,525,752 | - | 1,525,752 |
| Intangible assets | 780,168 | - | 780,168 |
| **Non-current assets** | **16,355,691** | **-** | **16,355,691** |
| **Total assets** | **85,281,885** | **-** | **85,281,885** |
| **LIABILITIES** | | | |
| **Current** | | | |
| Trade and other payables | 4,031,691 | (1,492,737) | 2,538,954 |
| Customer deposits | 179,000 | - | 179,000 |
| Debentures | 457,924 | - | 457,924 |
| **Current liabilities** | **4,668,615** | **(1,492,737)** | **3,175,878** |
| **Non-current liabilities** | | | |
| Lease inducement | 27,647 | - | 27,647 |
| Debentures | 142,194,316 | (2,269,677) | 139,924,639 |
| **Non-current liabilities** | **142,221,963** | **(2,495,956)** | **139,726,007** |
| **Total liabilities** | **146,890,578** | **(3,762,414)** | **143,128,164** |
| **EQUITY (DEFICIENCY)** | | | |
| Share capital | 1,400,600 | - | 1,400,600 |
| Contributed surplus | 471,685 | - | 471,685 |
| Deficit | (61,740,521) | 3,116,402 | (58,624,119) |
| Accumulated other comprehensive loss | 426,572 | - | 426,572 |
| **Total equity deficiency attributable to owners of the parent company** | **(59,441,664)** | **3,116,402** | **(56,325,261)** |
| Non-controlling interest | (2,167,029) | 646,012 | (1,521,017) |
| **Total equity deficiency** | **(61,608,693)** | **3,762,414** | **(57,846,279)** |
| **Total equity deficiency and liabilities** | **85,281,885** | **-** | **85,281,885** |

**DISCONTINUED OPERATIONS**

**Loss from discontinued operations**

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2016** $ | **2015** $ | **2016** $ | **2015** $ |
| Gain (loss) from Claxton (a) | 105,019 | - | (72,315) | - |
| Gain on wind-up of subsidiary (b) | - | - | 295,011 | - |
| **Net gain** | **105,019** | **-** | **222,696** | **-** |

a) Subsequent to December 31, 2015, the Company commenced discussions with listing brokers to list, for sale, the Palm Valley property. The Company has listed the Palm Valley property for sale, and as a result, the operations of Claxton have been presented as "discontinued operations" in the consolidated statement of loss and comprehensive loss.

The following table shows the statement of loss and comprehensive loss for the discontinued operations for the three and six months ended June 30, 2016:

| | For the three months ended June 30, 2016 $ | For the six months ended June 30, 2016 $ |
|---|---|---|
| **Rent revenues** | 286,916 | 517,331 |
| **Expenses** | | |
| Salaries and management fees | (9,886) | - |
| Consulting and professional fees | 11,932 | 26,000 |
| Rental expenses | 219,398 | 405,738 |
| Change in fair value less cost to sell | - | 450,000 |
| Exchange loss | (39,547) | (292,093) |
| | **181,897** | **596,546** |
| **Net income (loss)** | **105,019** | **(72,315)** |

On June 23, 2016, the Company entered into a conditional agreement for the sale of the Palm Valley property for gross proceeds of USD$5,825,000. The purchaser will also assume the mortgage loan secured against this property (see Note 17). The conditions on this agreement were waived on July 5, 2016 and the transaction is expected to close on October 2016 once the purchaser completes the process for the assumption of the loan.

b) During the three months ended March 31, 2016, the Company completed the winding up of Mint Technology Inc. ("MTI"). Accordingly, the Company de-consolidated the operations and balance sheet of MTI. MTI was an inactive 100% subsidiary of Mint based in the United States. The net gain from discontinued operations of MTI was determined as follows:

| | $ |
|---|---|
| Foreign exchange translation differences relating to MTI | (32,791) |
| Carrying value of MTI liabilities | 327,802 |
| Proceeds | - |
| **Net gain on wind-up** | **295,011** |

The following table shows the statement of financial position for the discontinued operations as at June 30, 2016 and December 31, 2015:

| | **June 30, 2016 $** | **December 31, 2015 $** |
|---|---|---|
| **ASSETS** | | |
| Cash | 191,955 | 220,270 |
| Trade and other receivables | 289,182 | 240,308 |
| Prepaid | 33,257 | 51,703 |
| Property and equipment | 7,286,276 | 7,717,484 |
| | **7,800,670** | **8,229,765** |
| **LIABILITIES** | | |
| Trade and other payables | 491,680 | 515,303 |
| Loan payable | 4,329,704 | 4,662,862 |
| | **4,821,384** | **5,178,165** |
| **Net assets directly associated with the discontinued operations** | **2,979,286** | **3,051,600** |

The following table shows the statement of cash flows for Claxton for the six months ended June 30, 2016:

| | $ |
|---|---|
| Cash flows from operating activities of discontinued operations | 358,316 |
| Cash flows from investing activities of discontinued operations | - |
| Cash flow from financing activities of discontinued operations | (31,654) |
| | **326,662** |

## FINANCIAL POSITION ANALYSIS

| | June 30, 2016 $ | December 31, 2015 $ | Variation $ |
|---|---|---|---|
| Assets | 82,972,068 | 89,623,165 | (6,651,097) |
| Liabilities | 151,028,914 | 148,851,946 | 2,176,968 |
| Equity (deficiency) | (68,056,846) | (59,228,781) | (8,828,065) |

Total assets as at June 30, 2016 were $82,972,068 compared to $89,623,165 at December 31, 2015, a decrease of $6,651,097.

The following table present the important variations on the Company's key assets:

| | June 30, 2016 $ | December 31, 2015 $ | Variation $ |
|---|---|---|---|
| **Assets of continuing operations** | | | |
| Guaranteed investment certificates | 13,460,892 | 20,089,000 | (6,628,108) |
| Trade and other receivables | 2,948,351 | 2,542,079 | 406,272 |
| Equity investments and other | 9,247,782 | 6,437,240 | 2,810,542 |
| Investment in associates | 7,528,401 | 7,606,423 | (78,022) |
| Loan receivable | 9,958,288 | 6,534,011 | 3,424,277 |
| Convertible debentures | 3,740,872 | 2,610,002 | 1,130,80 |
| **Assets held for sale** | 7,800,670 | 8,229,765 | (429,095) |

### Guaranteed investments certificates

During the six months ended June 30, 2016, the Company redeemed a total amount of $6,628,108 of GICs to primarily make additional loans and advance and other equity investments.

### Trade and other receivables

| | June 30, 2016 $ | December 31, 2015 $ | Variation $ |
|---|---|---|---|
| Trade receivables, net of provisions | 764,887 | 478,482 | 286,405 |
| Royalty receivable | 325,000 | 238,686 | 86,314 |
| Interest receivables | 721,333 | 473,030 | 248,303 |
| Harmonized sales tax receivables | 486,553 | 393,233 | 93,320 |
| Advances to related companies, non-interest bearing, due on demand | 1,189,296 | 753,905 | (106,466) |
| Advances to company controlled by an officer | - | 189,426 | 189,426 |
| Other | 22,521 | 15,317 | 10,343 |
| Impairment | (561,239) | - | (561,239) |
| | **2,948,351** | **2,542,079** | **406,272** |

The advances to related companies are mainly to Gravitas Select Flow-Through LP I, II and III and the Growth and Opportunity and High Yield Funds. These advances will be reimbursed when the underlying Funds sell their investments. Gravitas has also advanced $561,239 to a company controlled by the Chief Executive Officer ("CEO"). This advance is non-interest bearing and does not have any set repayment terms. As at June 30, 2016, this advance has been impaired and an impairment charge of $246,953 and $561,239 has been recorded in the consolidated statement of loss and comprehensive loss for the three and six months ended June 30, 2016, respectively. See also discussion below on Related Party Transactions.

**Equity investments and other**

| | June 30, 2016 $ | December 31, 2015 $ | Variation $ |
|---|---|---|---|
| Common shares in quoted companies | 4,729,455 | 3,528,722 | 1,200,733 |
| Options | 9,213 | 19,998 | (10,785) |
| Warrants | 1,332,229 | 1,081,775 | 250,454 |
| Debentures | 404,379 | 370,393 | 33,986 |
| Common shares in private companies | 208,517 | 218,292 | (10,095) |
| Preferred shares in private companies | 1,814,308 | 1,218,059 | 596,249 |
| Investment fund | 750,000 | - | 750,000 |
| Mining property | 1 | 1 | - |
| | **9,247,782** | **6,437,240** | **2,810,542** |

During the six months ended June 30, 2016, the Company invested a total amount of $2,857,967 in new equity investments and other and sold equity investments and other for a total amount of $652,289 realizing a gain on disposal of $181,455. In addition, the fair value of equity investments and other have increased by $265,162 which was recognized through the consolidated statement of comprehensive loss for an amount of $41,100 and through the accumulated comprehensive loss for an amount of $224,063.

As at June 30, 2016, the Company had the following top ten investments:

| Company name | Symbol | Number of shares $ | Cost $ | Closing price $ | Fair value $ |
|---|---|---|---|---|---|
| Gilla Inc. | GLLA | 6,071,193 | 404,597 | 0.1675 | 1,238,335 |
| DealNet Capital Corp. | DLS | 1,677,545 | 619,587 | 0.49 | 821,997 |
| Viscount Mining Corp. | VML | 858,834 | 254,753 | 0.73 | 626,949 |
| TIO Network Corp. | TNC | 160,000 | 300,800 | 2.26 | 361,600 |
| West Red Lake Gold Mines Inc. | RLG | 925,600 | 58,054 | 0.26 | 240,656 |
| Nicola Mining Inc. | NIM | 1,195,000 | 51,012 | 0.165 | 197,175 |
| Hit Technologies | HIT | 3,000,000 | 71,111 | 0.05 | 150,000 |
| SustainCo Inc. | SMS | 2,874,000 | 134,682 | 0.05 | 143,700 |
| Hempco Food and Fibre Inc. | HFF | 250,000 | 100,000 | 0.54 | 135,000 |
| Secova Metals Corp. | SEK | 1,890,000 | 94,500 | 0.055 | 134,678 |
| | | 19,002,172 | 2,089,096 | 0.198 | 4,050,090 |

**Investments in associates**

*Portfolio Analysts Inc. ("PAI")*
The Company owns 40% of the issued and outstanding shares of Portfolio Analysts Inc. ("PAI"), giving it significant influence over PAI's operations. 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. PAI fiscal year-end is September 30.

*Mint UAE Operations*
Through its acquisition of Mint, the company acquired a 51% interest in Mint associates in the United Arab Emirates (“UAE”). Mint Middle East comprises four entities: Mint Middle East LLC ("MME LLC"), Mint Electronic Payment Services Ltd. ("MEPS"), Mint Capital LLC ("MCO") and Mint Gateway for Electronic Payment Services ("MGEPS"). MME 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. MCO is a 100% subsidiary of Mint and MGEPS is owned 49% by MCO. The remaining ownership interest in each of these four entities is held by Global Business Systems for Multimedia (“GBS”). These four entities are together referred to as Mint UAE Operations. In June 2015, GBS and Mint entered into a Nominee Agreement under which GBS has nominated a two percent share of its ownership and commercial interest in MGEPS in favor of MCO. Accordingly, MCO beneficially owns 51% of MGEPS.

The Mint UAE Operations operate under the terms of a Management Agreement with GPS, which provides for a payment of a fixed management fee of UAE Dirham (“AED”) 120,000 per month to GBS and a variable fee of 20% of net income of Mint UAE Operations. GBS is also responsible for the day-to-day oversight of these entities. As a result, the Mint UAE Operations have been accounted for as associates, as the Company does not control them.

Mint UAE Operations operate through their registered offices at G02, CBD Building, Sheikh Zayed Road, Dubai, United Arab Emirates ("UAE"), and focus on payroll cards, merchant network solutions and microfinance products to payroll cardholders.

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

*Prime City One Capital Corp.*
The Company acquired 18% interest in the issued and outstanding shares of Prime City One Capital Corp. ("Prime"), giving it significant influence over Prime's operations following the finalization of a purchase and assignment of debt agreement, under which GFI assigned 50% of its rights, interests and obligation in a loan of $125,000 in exchange for 13,645,825 common shares in the capital of Prime valued at $68,229. At December 31, 2015, the Company had also advanced a loan $100,000 and held an investment in convertible debenture for $250,000 in Prime. These investments were reclassified to investments in associates and are recognized on the equity method of accounting. The Company recorded a loss on settlement of $56,771 following that transaction. Prime was incorporated under the Business Corporations Act (Ontario) on September 2, 2004 and is currently reviewing several strategic options. Prime's shares are currently listed on the NEX under the Symbol “PMO.H”. The head office, principal address and records office are located at 141 Adelaide Street West, Suite 110, Toronto, Ontario, M5H 3L5.

During 2015, the Company evaluated the recoverability of its investment in Prime and determined that as a result of the financial conditions and result of operations at Prime, the Company's entire investment value of $415,932 was impaired and recognized a loss in the statement of loss and comprehensive loss.

During the current year, the Company advanced an additional $20,000 to Prime and has recorded an impairment loss of $20,000 in the consolidated statement of loss and comprehensive loss.

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

| | June 30, 2016 | | | December 31, 2015 | | |
|---|---|---|---|---|---|---|
| **All amounts in Canadian $000's** | **Prime** | **Mint UAE Operations $** | **PAI $** | **Prime** | **Mint UAE Operations $** | **PAI $** |
| **Financial position** | | | | | | |
| Current assets | 7 | 2,526 | 3,622 | 17 | 2,060 | 3,946 |
| Non-current assets | - | 5,233 | 7,754 | - | 5,159 | 4,344 |
| Current liabilities | 467 | 2,235 | 3,037 | 446 | 2,306 | 3,299 |
| Non-current liabilities | 4 | 341 | 5,239 | 4 | 363 | 1,883 |

| | For the three months ended June 30, 2016 | | | For the three months ended June 30, 2015 | | |
|---|---|---|---|---|---|---|
| **Statement of earnings (loss)** | | | | | | |
| Revenue | - | 1,097 | 6,809 | - | 33 | 6,565 |
| Expenses | 28 | 1,872 | 6,515 | - | (91) | 6,151 |
| Operating income (loss) | (28) | (775) | 282 | - | 124 | 414 |
| Net earnings (loss) | (28) | (775) | 211 | - | 124 | 334 |
| **Cash flows** | | | | | | |
| Dividends paid | - | - | 350 | - | - | 350 |

| | For the six months ended June 30, 2016 | | | For the six months ended June 30, 2015 | | |
|---|---|---|---|---|---|---|
| **Statement of earnings (loss)** | | | | | | |
| Revenue | - | 2,139 | 13,634 | - | 965 | 13,404 |
| Expenses | 54 | 3,601 | 13,140 | - | 1,810 | 12,331 |
| Operating income (loss) | (54) | (1,462) | 646 | - | (845) | 961 |
| Net earnings (loss) | (54) | (1,462) | 484 | - | (845) | 799 |
| **Cash flows** | | | | | | |
| Dividends paid | - | | 600 | - | - | 584 |

**Loans receivable**

During the six months ended June 30, 2016, the Company advanced loans of $3,991,482, and received repayments of loans aggregating $324,070. For the three and six months ended June 30, 2016, the Company earned total interest of $150,146 and $275,301, respectively, representing an average annual interest rate of 4.5% compared to $84,704 and $167,883 in 2015, representing an average annual interest rate of 3.0%.

| | June 30, 2016 $ | December 31, 2015 $ |
|---|---|---|
| Balance, beginning of period | 6,534,011 | 3,446,270 |
| Additional loan | 3,991,482 | 4,815,070 |
| Amount redeemed | (324,070) | (535,000) |
| Amount redeemed as part of a settlement in shares | - | (125,000) |
| Convertible debenture converted into a loan | - | 422,520 |
| Loans concerted into a convertible debenture (a) (Note 14) | (150,000) | (1,052,680) |
| Reclassification due to acquisition of significant influence | - | (100,000) |
| Fair value allocated to the equity components (b) | - | (127,943) |
| Accretion of interest | 23,667 | 82,364 |
| Loss on settlement of a loan | - | (200,000) |
| Impairment | (20,000) | (590,415) |
| Exchange rate | (96,802) | 498,825 |
| **Balance, end of period** | **9,958,288** | **6,534,011** |
| Less: current portion | (1,088,088) | (1,089,421) |
| **Non-current portion** | **8,870,200** | **5,444,590** |

These loans bear interest from 4.5% to 12% per annum and mature from October 2016 to April 2019. As at June 30, 2016, loans for a total amount of $5,934,200 ($3,683,590 as at December 31, 2015) are secured under general security agreements.

During the six months ended June 30, 2016, the Company advanced a further US$1,200,000 ($1,578,482) to MGEPS, an associate of the Company, for the advancement of its on-going information technology upgrades. This loan bears interest at 4.5% and matures on October 23, 2018. In addition, the Company has advanced an additional $1,400,000 to a company where a former director has an interest, this advance bears an interest at 6% and matures on October 31, 2018.

**Convertible debentures**

| | June 30, 2016 $ | December 31, 2015 $ |
|---|---|---|
| **Loan component of convertible debentures:** | | |
| Secured, with a face value ranging from $200,000 to $1,250,000 ($100,000 to $1,250,000 in 2015), maturity on July 16, 2016 to June 1, 2021 (December 17, 2015 to June 30, 2019 in 2015) and bearing interest at 6% to 10.5% (6% to 14% in 2015) | **1,932,676** | 1,939,153 |
| Secured, with a face value ranging from US$100,000 to US$400,000 (US$227,000 to US$400,000 in 2015), maturity ranging from March 17, 2017 to December 9, 2018 (January 31, 2018 to December 9, 2018 in 2015) and interest rates from 6% to 10% (6% to 8% in 2015) | **524,757** | 369,359 |
| Unsecured, with a face value ranging from $17,000 to $250,000 ($17,000 to $250,000 in 2015), maturity ranging from November 24, 2016 to August 14, 2019 (November 24, 2016 to August 14, 2019 in 2015) and interest rates from 6% to 12% (6% to 12% in 2015) | **481,652** | 433,875 |
| | **2,939,085** | 2,742,387 |
| Conversion feature | **1,999,065** | 1,162,238 |
| | **4,938,150** | 3,904,625 |
| Less: reclassification due to acquisition of significant influence | **-** | (250,000) |
| Less: impairment | **(1,197,278)** | (1,044,623) |
| **Balance, end of the period** | **3,740,872** | 2,610,002 |
| Less: current portion | **(251,604)** | (319,376) |
| **Non-current portion** | **3,489,268** | 2,290,626 |

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

| | June 30, 2016 | | | December 31, 2015 | | |
|---|---|---|---|---|---|---|
| | **Conversion feature $** | **Loan component $** | **Total $** | **Conversion feature $** | **Loan component $** | **Total $** |
| Fair value, beginning of period | 1,162,238 | 1,447,764 | 2,610,002 | 215,827 | 2,123,484 | 2,339,311 |
| Amount invested | 109,004 | 219,846 | 328,850 | 759,561 | 295,266 | 1,054,827 |
| Amount converted | - | - | - | - | (208,000) | (208,000) |
| Amount converted into a loan | - | - | - | - | (422,520) | (422,520) |
| Amount reimbursed | - | (47,180) | (47,180) | - | (150,000) | (150,000) |
| Loan converted into a convertible debenture | 61,575 | 88,425 | 150,000 | - | 1,052,680 | 1,052,680 |
| Fair value allocated to the equity components | - | (6,439) | (6,439) | - | (296,031) | (296,031) |
| Reclassification due to acquisition of significant influence | - | - | - - | - | (250,000) | (250,000) |
| Accretion of interest | | 266,652 | 266,652 | - | 329,338 | 329,338 |
| Change in fair value of convertible debentures – conversion feature | 666,248 | - | 666,248 | 186,850 | - | 186,850 |
| Exchange gain (loss) | - | (21,786) | (21,786) | - | 18,170 | 18,170 |
| Loss on settlement | - | (52,820) | (52,820) | | | |
| Impairment | - | (152,655) | (152,655) | - | (1,044,623) | (1,044,623) |
| **Balance, end of period** | **1,999,065** | **1,741,807** | **3,740,872** | **1,162,238** | **1,447,764** | **2,610,002** |

The initial fair value of the conversion feature of investments in convertible debentures is determined using the Black & Scholes model and reclassified to equity and other investments, with the residual value being allocated to the loan component.

The fair 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 re-measured subsequent to initial recognition.

The fair values of the conversion feature at issuance of $170,579 at June 30, 2016 (December 31, 2015 - $759,561) was estimated using the Black & Scholes option pricing model based on the following assumptions:

| | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Weighted average conversion price | $0.85 | $0.65 |
| Expected dividend yield | 0% | 0% |
| Expected average volatility | 190% | 188% |
| Risk-free average interest rate | 0.54% | 0.51% |
| Expected average life (years) | 2.68 | 2.58 |
| Weighted average fair value | $0.37 | $0.38 |

The fair value of the conversion feature of $1,999,065 as at June 30, 2016 (December 31, 2015 - $1,114,416) was estimated using the Black & Scholes option pricing model based on the following assumptions:

| | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Weighted average conversion price | $0.71 | $0.55 |
| Expected dividend yield | 0% | 0% |
| Expected average volatility | 198% | 222% |
| Risk-free average interest rate | 0.54% | 0.56% |
| Expected average life (years) | 1.90 | 1.88 |
| Weighted average fair value | $0.22 | $0.23 |

***LIABILITIES***

Total liabilities as at June 30, 2016 were $151,028,914 compared to $148,851,946 at December 31, 2015, an increase of $2,176,968 mainly due to Mint's Series A debenture restructuring for a total amount of $3,583,429 offset by decreases in trade payables of $642,999, interest payables of $532,458 and by the settlement of Mint's Series B debentures of $502,000.

***EQUITY (DEFICIENCY)***

The Company had an equity deficiency of $68,056,846 as at June 30, 2016 compared to $59,228,781 at December 31, 2015, an increase of $8,828,065 mainly due to the 2016 net loss from continuing operation of $9,545,544 offset by the increase in fair value of available for sale investments recognized in the consolidated statement of loss and comprehensive loss.

## OPERATING RESULTS ANALYSIS

### FINANCIAL INFORMATION COMPARISON FOR THE THREE MONTHS ENDED JUNE 30, 2016 AND 2015

| | For the three months ended June 30, | | |
|---|---|---|---|
| | **2016<br>$** | **2015<br>$** | **Variation<br>$** |
| Revenues | 1,017,786 | 817,954 | 199,832 |
| Expenses | 3,806,136 | 4,657,006 | 853,870 |
| Net loss from continuing operations | (2,788,350) | (3,839,052) | **1,050,702** |
| Current income taxes | - | 1,157 | **1,157** |
| Net earnings from discontinued operations | 105,019 | - | **105,019** |
| **Net loss** | **(2,683,331)** | **(3,840,209)** | **1,156,878** |

Net loss from continuing operations for the three months ended June 30, 2016 was $2,788,350 ($0.042 per share) as compared to $3,839,052 ($0.058 per share) for the same period in 2015, a decrease of $1,050,702.

*REVENUE*

For the three months ended June 30, 2016, revenues totalled 1,017,786 compared to $817,954 for the same period in 2015, an increase of $199,832, primarily from listing and research fees.

*EXPENSES*

For the three months ended June 30, 2016, expenses totalled $3,806,136 compared to $4,657,006 for the same period of 2015, a decrease of $853,870.

The following table shows items that have fluctuated significantly during the three months ended June 30, 2016:

| | For the three months ended June 30, | | |
|---|---|---|---|
| | **2016** | **2015** | **Variation** |
| | **$** | **$** | **$** |
| Salaries and management fees | **542,693** | 285,216 | (257,477) |
| Consulting and professional fees | **889,606** | 747,767 | (141,839) |
| General and administrative | **544,755** | 782,365 | 237,610 |
| Interest expense | **1,749,674** | 2,184,872 | 435,198 |
| Change in fair value of convertible debentures – conversion feature | **(237,786)** | 112,760 | 350,546 |

**Salaries and management fees and Consulting and professional fees**

The increase in salaries and management fees and consulting and professional fees for the three months ended June 30, 2016 is primarily due to the general growth of the Company.

**General and administrative**

The decrease was primarily due to the Mint's cost reduction activities undertaken over the past 21 months and is the result of reduced travel and other administrative expenses incurred at Mint.

**Interest expense**

Interest decreased in 2016 primarily as a result of the Mint's Series A debenture restructuring that occurred on January 8, 2016 wherein the rate of interest payable on these debentures was reduced to 3% per annum to January 8, 2017 and 5% thereafter from 10% per annum previously, as well as the on-going repurchase and cancellation of the Series B debentures.

**Change in fair value of convertible debentures - conversion feature**

When the Company holds debentures that are convertible into the issuer's equity shares, the equity conversion feature represents an embedded option written by the issuer on its equity shares. Such equity conversion feature is classified as fair value through profit or loss ("FVTPL"). Assets in this category are measured at fair value with gains or losses recognized in profit or loss. Each reporting period, the fair value of these investments is determined using the Black & Scholes pricing model.

For the three months ended June 30, 2016, the fair value of these conversion feature increased by $237,786 compared to a decrease of $112,760 for the same period in 2015, primarily due to changes in the market values of the underlying issuers.

**Share in results in associates**

The Company owns a 40% interest of the issued and outstanding shares of Portfolio Analysts Inc. ("PAI") and a 51% interest in Mint UAE Operations. During three months ended June 30, 2016, the Company recorded the following share in results:

| | For the three months ended June 30, | |
|---|---|---|
| | 2016 | 2015 |
| | $ | $ |
| Prime | - | - |
| PAI | (12,867) | (299,543) |
| Mint UAE Operations | 405,390 | 559,470 |
| **Total share of losses at associates** | **392,523** | **299,927** |

## OPERATING RESULTS ANALYSIS

FINANCIAL INFORMATION COMPARISON FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

| | For the six months ended June 30, | | |
|---|---|---|---|
| | 2016 | 2015 | Variation |
| | $ | $ | $ |
| Revenues | 2,037,627 | 1,781,999 | 255,628 |
| Expenses | 11,583,171 | 7,917,936 | (3,665,235) |
| Net loss from continuing operations | (9,545,544) | (6,135,937) | **(3,409,607)** |
| Current income taxes | - | 1,157 | **1,157** |
| Net earnings from discontinued operations | 222,696 | - | **222,696** |
| **Net loss** | **(9,322,848)** | **(6,137,094)** | **(3,185,754)** |

Net loss from continuing operations for the six months ended June 30, 2016 was $9,545,544 ($0.143 per share) as compared to $6,135,937 ($0.092 per share) for the same period in 2015, an increase of $3,409,607.

*REVENUE*

For the six months ended June 30, 2016, revenue remained relatively comparable to the same period in 2015 with revenue totalling $2,037,627 compared to $1,781,999 for the same period of 2015, an increase of 255,628 primarily from listing and research fees.

*EXPENSES*

For the six months ended June 30, 2016, expenses totalled $11,583,171 compared to $7,917,936 for the same period of 2015, an increase of $3,665,235.

The following table shows items that have fluctuated significantly during the six months ended June 30, 2016:

| | For the six months ended June 30, | | |
|---|---|---|---|
| | **2016** | **2015** | **Variation** |
| | **$** | **$** | **$** |
| Salaries and management fees | **1,045,762** | 575,640 | (470,122) |
| Consulting and professional fees | **1,515,579** | 1,345,316 | (170,263) |
| General and administrative | **1,091,588** | 1,455,473 | 363,885 |
| Interest expense | **3,558,651** | 4,119,182 | 560,531 |
| Exchange loss (gain) | **581,923** | (53,046) | (634,969) |
| Loss (gain) on settlements | **(584,914)** | 9,982 | 594,896 |
| Gain on disposal of available-for-sale investments | **(181,455)** | (389,907) | (208,452) |
| Change in fair value of convertible debentures – conversion feature | **(668,308)** | 133,123 | 801,431 |
| Change in fair value of FVTPL investments | **(41,100)** | (293,444) | (252,344) |
| Impairment | **980,164** | 449,390 | (530,774) |
| Debenture restructuring fee | **3,583,429** | - | (3,583,429) |
| Share of losses at associates | **701,852** | 610,650 | (91,202) |

**Salaries and management fees / Consulting and professional fees**

The increase in salaries and management fees and consulting and professional fees for the six months ended June 30, 2016 is primarily due to the general growth of the Company.

**General and administrative**

The decrease was primarily due to the Mint's cost reduction activities undertaken over the past 21 months and is the result of reduced travel and other administrative expenses.

**Interest expense**

Interest decreased in 2016 primarily as a result of the Series A restructuring that occurred on January 8, 2016 wherein the rate of interest payable on these debentures was reduced to 3% per annum to January 8, 2017 and 5% thereafter, as well as the on-going repurchase and cancellation of the Series B debentures.

**Exchange loss (gain)**

The increases in foreign exchange loss is related in part to the investments held in US dollars and to the cash position held in US dollars at June 30, 2016 and the movement of the exchange rate against the United States dollar during the six months ended June 30, 2016.

**Loss (gain) on settlements**

During the six months ended June 30, 2016, the Company purchased and cancelled Mint's Series B debentures of face value of $1,004,000 for a cash payment of $502,000 and recognized a gain on settlement of $615,834.

| | For the three months ended June 30, 2016 $ | 2015 $ | For the six months ended June 30, 2016 $ | 2015 $ |
|---|---|---|---|---|
| Gain on settlement of receivables | - | (17,123) | (21,900) | (17,123) |
| Gain on settlement of debenture payable | (147,011) | - | (615,834) | (22,895) |
| Loss on settlement of debenture | - | - | - | 50,000 |
| Loss on settlement of convertible debentures | - | - | 52,820 | - |
| **(Gain) loss for the period** | **(147,011)** | **(17,123)** | **(584,914)** | **9,982** |

**Gain on disposal of available-for-sale investments**

During the six months ended June 30, 2016, the Company sold common shares held in quoted companies realizing a gain of $181,455 compared to $389,907 in the same period in 2015.

**Change in fair value of convertible debentures - conversion feature and debenture restructuring fee**

When the Company holds debentures that are convertible into the issuer's equity shares, the equity conversion feature represents an embedded option written by the issuer on its equity shares. Such equity conversion feature is classified as fair value through profit or loss ("FVTPL"). Assets in this category are measured at fair value with gains or losses recognized in profit or loss. Each reporting period, the fair value of these investments is determined using the Black & Scholes pricing model.

For the six months ended June 30, 2016, the fair value of these conversion feature increased by $668,308 compared to a decrease of $133,123 for the same period in 2015, primarily due to changes in the market values of the underlying issuers.

**Change in fair value of FVTPL investments**

Financial assets at 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. The Company classifies its investments in options, warrants and common shares in private companies in this category. Each reporting period, the fair value of these investments is determined using the Black & Scholes pricing model.

For the six months ended June 30, 2016, the fair value of these investments increased by $41,100 as compared to an increase in fair value of $293,444 for the same period in 2015.

**Impairment of investments**

Given financial difficulties faced by some companies in which the Company has invested, the Company recorded the following impairments:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | $ | $ | $ | $ |
| Impairment on investments in associates | 20,000 | - | 20,000 | - |
| Impairment on loans | - | 432,390 | - | 432,390 |
| Impairment on convertible debenture (a) | 141,871 | 17,000 | 152,653 | 17,000 |
| Impairment on brand name (b) | - | - | 246,272 | - |
| Impairment of loan to a company controlled by the CEO (c) | 246,953 | - | 561,239 | - |
| | **408,724** | 449,390 | **980,164** | 449,390 |

(a) The impairment on investments in convertible debentures, including on the conversion features, are recorded when the Company determines that it is likely that the debentures will default based on its review of available financial information relating to the issuers or when the debentures have defaulted due to non-payment of interest due and payable. The Company estimates potential recoveries from security held and recognizes an impairment loss for the difference. During February 2016, the Company sold a non-secured convertible debenture of face value of $100,000 for a cash proceeds of $47,180 and recorded a loss on settlement of $52,820.

(b) During the six months ended June 30, 2016, the Company determined that the intangible asset relating to its brand name of $246,272 had to be impaired due to the continuing losses at Gravitas and its subsidiaries.

(c) During the six months ended June 30, 2016, the Company impaired an advance to a company controlled by the Chief Executive Officer of $561,239.

**Mint's Series A debentures restructuring**

On January 8, 2016, Mint re-structured the outstanding Series A debentures. Subsequent to the re-restructuring, the terms of Series A debentures were extended from May 16, 2019 to December 15, 20419 and interest payable on the Series A debenture was reduced to 3% per annum to January 7, 2017 and thereafter 5%, payable quarterly on March 31, June 30, September 30 and December 31. In consideration, the Company issued additional debentures of $3,953,506, increasing the face value of the outstanding Series A debenture to $49,019,962. The debenture restructuring requires an additional payment of cash fee of 2.5% of the principal outstanding if certain "active Card" target are not met during the term of the debentures. Since the terms of the Series A debentures were substantially modified, the transaction has been accounted for as an extinguishment of the original liability and the recognition of the revised liability that will be accreted to the face value of the debentures at an effective rate of 5.5% per annum. As a result, a debenture restructuring expense of $3,583,429 has been recorded in the consolidated statement of loss and comprehensive loss.

**Share in results of associates**

The Company owns a 40% interest of the issued and outstanding shares of Portfolio Analysts Inc. ("PAI"), a 18% interest in Prime City One Capital Corporation and a 51% interest in Mint UAE Operations. During six months ended June 30, 2016, the Company recorded the following share in results at these associates:

| | For the six months ended June 30, | |
|---|---|---|
| | **2016** | **2015** |
| | **$** | **$** |
| Prime | - | - |
| PAI | (50,188) | (319,432) |
| Mint UAE Operations | 752,040 | 930,082 |
| **Total** | **701,852** | **610,650** |

## CASH FLOW ANALYSIS

| | For the six months ended June 30, | |
|---|---|---|
| | **2016** | **2015** |
| | **$** | **$** |
| Net cash used in operating activities of continuing operations | (6,629,856) | (3,989,898) |
| Net cash from used in investing activities of continuing operations | (150,482) | 2,970,842 |
| Net cash used in financing activities of continuing operations | (286,611) | 9,600,095 |

### OPERATING ACTIVITIES

The Company used cash flows of $6,629,856 during the six months ended June 30, 2016, compared to $3,989,898 for the same period in 2015, an increase in the use of cash flows of $2,639,847 primarily due to the working capital items that required cash flows of $1,942,057 in 2016 compared to generated cash flows of $1,218,366 in 2015. This is primarily due the payment of accrued interest on Mint Series A debentures of approximately $965,000 in January 2016 and other trade payables payments.

### INVESTING ACTIVITIES

During the six months ended June 30, 2016, the Company used $150,482 compared to generating cash flows of $2,970,842 for the same period in 2015, a decrease in cash flows generated of $3,121,324. In 2016, the use of cash flows were primarily from purchase of loan receivables of $3,991,482 and equity investments and other of $2,857,967 offset by redemption of guaranteed investment certificates of $6,628,108. In 2015, the generated cash flows were mainly due to the redemption of guaranteed investment certificates for $16,911,000 offset by an investment in restricted cash of $9,624,203, the purchase of equity investments and other of $2,167,745 and an increase in loan receivable of $2,476,920.

### FINANCING ACTIVITIES

During the six months ended June 30, 2016, Mint purchased and cancelled Series B debentures of face value of $1,004,000 for a cash payment of $502,000 and recognized a gain on settlement of $615,834.

## SEGMENTED INFORMATION

The Company operates in four segments as follows:

**Services**
The Company objective is to build and acquire businesses that can service the capital market, advisory, regulatory, compliance and technology needs of publicly listed corporations. The services segment comprises the following entities:

- Ubika Corp.
- Gravitas Corporate Services Inc.
- Branson Corporate Services Inc.
- Gravitas Investor Platform Inc.
- Global Compliance Network Inc.

**Financial services**
Regulated financial services are operations in financial products and financial products distribution businesses. Regulated financial services are operated independently with their own management teams and require high levels of compliance and governance. Regulated financial services comprises the activities and/or operations of the following entities:

- Gravitas Select Flow-Through GP Inc.
- Gravitas Financial Services Holdings Inc.
- Gravitas International Corp.
- Foundation Investment Management Inc.
- Portfolio Analysts Inc.

**Strategic investments**
Strategic investments are operations where the Company acquires significant long-term interests in companies that have a high potential for value addition and where the Company provides key strategic inputs and management support either directly or through Board representation. Strategic investments comprises the following entities:

- New India Investment Corporation
- Luxury Quotient International Inc.
- Luxury Quotient India Private Ltd.
- The Mint Corporation
- Claxton Capital Management
- Claxton Real Estate Company Ltd.
- Prime City One Capital Corp.

**Fast growing investments**
Other investments are operations where the Company acquires meaningful ownership interests in fast growing companies in both public and private markets. The Company will offer strategic guidance and access to its strong network to investee companies to accelerate their strategic growth plans. Other investments comprises Gravitas Venture Inc. operations.

**Corporate**
Corporate results primarily represent the cost of corporate overhead expenses not allocated to a segment. It comprises Gravitas Financial Inc.
The above changes in reporting segments have been applied retrospectively therefore prior period segment information has been amended to be consistent with current period presentation and reports provided to the chief operating decision maker. There is no impact on the consolidated results of the Company and there are no changes to the Company's accounting policies.

| For the three months ended June 30, 2016 | Services<br>$ | Financial services<br>$ | Strategic investments<br>$ | Fast growing investments<br>$ | Corporate<br>$ | Intercompany transactions<br>$ | Total<br>$ |
|---|---|---|---|---|---|---|---|
| **Revenues** | 427,155 | 76,503 | 26,085 | 167,882 | 367,077 | (46,916) | 1,017,786 |
| **Expenses** | | | | | | | |
| Salaries and management fees | 97,655 | 25,000 | 82,636 | - | 337,402 | - | 542,693 |
| Consulting and professional fees | 216,371 | 159,419 | 94,554 | - | 419,262 | - | 889,606 |
| General and administrative | 137,573 | 119,158 | 95,755 | - | 192,269 | - | 544,755 |
| Interest expense | 4,263 | 510 | 1,067,844 | 74 | 723,899 | (46,916) | 1,749,674 |
| Exchange loss (gain) | - | - | 20,600 | (6,378) | 35,868 | - | 50,090 |
| Gain on settlement | - | - | (147,011) | - | - | - | (147,011) |
| Gain on disposal of available for sale investments | (158,197) | - | - | - | - | - | (158,197) |
| Change in fair value of convertible debentures – conversion feature | 7,993 | - | - | (260,771) | 14,992 | - | (237,786) |
| Change in fair value of FVTPL | (261,116) | 654 | - | 31,527 | - | - | (228,935) |
| Impairment | - | - | - | 246,852 | 161,872 | - | 408,724 |
| Share of results in associates | - | (12,867) | 405,390 | - | - | - | 392,523 |
| | 44,542 | 291,874 | 1,619,768 | 11,304 | 1,885,564 | (46,916) | 3,806,136 |
| **Net earnings (loss) from continuing operations** | **382,613** | **(215,371)** | **(1,593,683)** | **156,578** | **(1,518,487)** | **-** | **(2,788,350)** |
| **Net earnings from discontinuing operations** | **-** | **-** | **105,019** | **-** | **-** | **-** | **105,019** |
| **Net earnings (loss)** | **382,613** | **(215,371)** | **(1,488,664)** | **156,578** | **(1,518,487)** | **-** | **(2,683,331)** |

| For the six months ended June 30, 2016 | Services<br>$ | Financial services<br>$ | Strategic investments<br>$ | Fast growing investments<br>$ | Corporate<br>$ | Intercompany transactions<br>$ | Total<br>$ |
|---|---|---|---|---|---|---|---|
| **Revenues** | 897,365 | 94,214 | 48,594 | 321,223 | 769,970 | (93,739) | 2,037,627 |
| **Expenses** | | | | | | | |
| Salaries and management fees | 204,221 | 50,000 | 175,525 | - | 616,016 | - | 1,045,762 |
| Consulting and professional fees | 370,794 | 256,677 | 186,620 | - | 701,488 | - | 1,515,579 |
| General and administrative | 223,838 | 168,144 | 190,001 | - | 509,605 | - | 1,091,588 |
| Interest expense | 7,626 | 919 | 2,196,742 | 155 | 1,446,948 | (93,739) | 3,558,651 |
| Exchange loss | - | | 54,169 | 19,360 | 508,394 | - | 581,923 |
| Loss (gain) on settlement | 30,920 | - | (615,834) | - | - | - | (584,914) |
| Gain on disposal of available for sale investments | (181,455) | - | - | - | - | - | (181,455) |
| Change in fair value of convertible debentures – conversion feature | 8,113 | - | - | (732,716) | 56,295 | - | (668,308) |
| Change in fair value of FVTPL | (178,855) | 1,143 | - | 136,612 | - | - | (41,100) |
| Impairment | - | - | 50,000 | 572,021 | 358,143 | - | 980,164 |
| Debenture restructuring fee | - | - | 3,583,429 | - | - | - | 3,583,429 |
| Share of results in associates | - | (50,188) | 752,040 | - | - | - | 701,852 |
| | 485,202 | 426,695 | 6,572,692 | (4,568) | 4,196,889 | (93,739) | 11,583,171 |
| **Net earnings (loss) from continuing operations** | **412,163** | **(332,481)** | **(6,524,098)** | **325,791** | **(3,426,919)** | **-** | **(9,545,544)** |
| **Net earnings from discontinuing operations** | **-** | **-** | **222,696** | **-** | **-** | **-** | **222,696** |
| **Net earnings (loss)** | **412,163** | **(332,481)** | **(6,301,402)** | **325,791** | **(3,426,919)** | **-** | **(9,322,848)** |

| | Services $ | Financial services $ | Strategic investments $ | Fast growing investments $ | Corporate $ | Intercompany transactions $ | Total $ |
|---|---|---|---|---|---|---|---|
| **As at June 30, 2016** | | | | | | | |
| **Total assets** | **5,050,950** | **11,974,704** | **17,322,138** | **9,100,135** | **74,766,853** | **(35,242,712)** | **82,972,068** |
| **Total liabilities** | **6,151,007** | **4,535,098** | **72,424,213** | **8,198,284** | **84,170,491** | **(24,450,179)** | **151,028,914** |
| **Investment in associates** | **-** | **3,512,269** | **4,016,132** | **-** | **-** | **-** | **7,528,401** |
| **As at December 31, 2015** | | | | | | | |
| **Total assets** | **3,454,577** | **12,770,065** | **18,155,813** | **6,499,320** | **77,828,076** | **(29,084,686)** | **89,623,165** |
| **Total liabilities** | **5,530,913** | **4,997,978** | **69,606,971** | **5,317,839** | **84,031,181** | **(20,632,936)** | **148,851,946** |
| **Investment in associates** | **-** | **3,642,081** | **3,964,342** | **-** | **-** | **-** | **7,606,423** |

| For the three months ended June 30, 2015 | Services | Financial services | Strategic investments | Fast growing investments | Corporate | Intercompany transactions | Total |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| **Revenues** | 292,775 | - | 11,518 | 37,975 | 516,992 | (41,306) | 817,954 |
| **Expenses** | | | | | | | |
| Salaries and management fees | 111,944 | - | 37,165 | - | 136,107 | - | 285,216 |
| Consulting and professional fees | 196,366 | 19,411 | 35,139 | - | 496,851 | - | 747,767 |
| General and administrative | 199,319 | 19,241 | 280,155 | 4,068 | 279,582 | - | 782,365 |
| Interest expense | 2,508 | 153 | 1,501,360 | 381 | 721,776 | (41,306) | 2,184,872 |
| Exchange loss (gain) | 11 | - | 20,026 | (22,177) | 183,256 | - | 181,116 |
| Gain on settlement | (17,123) | - | - | - | - | - | (17,123) |
| Gain on disposal of available for sale investments | (109,523) | | - | - | - | - | (109,523) |
| Change in fair value of convertible debentures – conversion feature | 15,065 | - | - | 27,455 | 70,240 | - | 112,760 |
| Change in fair value of FVTPL | (20,495) | - | - | 46,911 | (286,177) | - | (259,761) |
| Impairment | 17,000 | - | - | - | 432,390 | - | 449,390 |
| Share of results in associates | - | (133,643) | 433,570 | - | - | - | 299,927 |
| | 395,072 | (94,838) | 2,307,415 | 56,638 | 2,034,025 | (41,306) | 4,657,006 |
| **Net earnings (loss) before income taxes** | **(102,297)** | **94,838** | **(2,295,897)** | **(18,663)** | **(1,517,033)** | **-** | **(3,839,052)** |
| Current income taxes | - | - | - | 1,157 | - | - | 1,157 |
| **Net earnings (loss)** | **(102,297)** | **94,838** | **(2,295,897)** | **(19,820)** | **(1,517,033)** | **-** | **(3,840,209)** |

| For the six months ended June 30, 2015 | Services $ | Financial services $ | Strategic investments $ | Fast growing investments $ | Corporate $ | Intercompany transactions $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Revenues** | 642,843 | - | 16,333 | 152,342 | 1,052,639 | (82,158) | 1,781,999 |
| **Expenses** | | | | | | | |
| Salaries and management fees | 219,197 | - | 63,396 | - | 293,047 | - | 575,640 |
| Consulting and professional fees | 356,360 | 56,352 | 65,885 | 11,619 | 855,100 | - | 1,345,316 |
| General and administrative | 304,070 | 34,510 | 593,045 | 4,270 | 519,578 | - | 1,455,473 |
| Interest expense | 4,527 | 234 | 2,764,909 | 688 | 1,430,982 | (82,158) | 4,119,182 |
| Exchange loss (gain) | 79 | - | (17,297) | (22,177) | (13,651) | - | (53,046) |
| Loss (gain) on settlement | (17,123) | - | (22,895) | - | 50,000 | - | 9,982 |
| Gain on disposal of available for sale investments | (389,907) | | - | - | - | - | (389,907) |
| Change in fair value of convertible debentures – conversion feature | 7,696 | - | - | 36,850 | 88,577 | - | 133,123 |
| Change in fair value of FVTPL | (33,048) | - | - | 21,894 | (282,290) | - | (293,444) |
| Change in fair value of derivative warrant liability | - | - | (44,423) | - | - | - | (44,423) |
| Impairment | 17,000 | - | - | - | 432,390 | - | 449,390 |
| Share of results in associates | - | (319,432) | 930,082 | - | - | - | 610,650 |
| | 468,851 | (228,336) | 4,332,702 | 53,144 | 3,373,733 | (82,158) | 7,917,936 |
| **Net earnings (loss) before income taxes** | **173,992** | **228,336** | **(4,316,369)** | **99,198** | **(2,321,094)** | **-** | **(6,135,937)** |
| Current income taxes | - | - | - | 1,157 | - | - | 1,157 |
| **Net earnings (loss)** | **173,992** | **228,336** | **(4,316,369)** | **98,041** | **(2,321,094)** | **-** | **(6,137,094)** |

The Company has operations in four geographical sectors. The following tables presents the Company's revenue and non-current assets by geographic areas. The allocation of revenue between geographic areas was determined by the location where the income was earned. The revenues earned in Africa are related to the net smelter return of 0.75% that the company holds on an exploration project in Gabon, Africa.

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| | **$** | **$** | **$** | **$** |
| **Revenues** | | | | |
| Canada | 911,547 | 716,649 | 1,814,685 | 1,617,484 |
| Africa | 84,347 | 101,305 | 201,050 | 164,515 |
| India | 21,892 | - | 21,892 | - |
| | **1,017,786** | **817,954** | **2,037,627** | **1,781,999** |

| | June 30, 2016 | December 31, 2015 |
|---|---|---|
| | **$** | **$** |
| **Non-current assets** | | |
| Canada | 25,340,134 | 18,209,519 |
| Africa | 177,964 | 355,929 |
| AED | 4,016,132 | 3,964,342 |
| India | 14,685 | - |
| | **29,548,915** | **22,529,790** |

## QUARTERLY RESULTS TRENDS (IN THOUSANDS OF $)

Management considers that the information presented was determined in the same way as for our audited consolidated financial statements for the year ended December 31, 2015.

| | **2016** | | **2015** | | | | **2014** | |
|---|---|---|---|---|---|---|---|---|
| | | | | **Restated [1]** | | | | |
| | **Q2** **$** | **Q1** **$** | **Q4** **$** | **Q3** **$** | **Q2** **$** | **Q1** **$** | **Q4 [2]** **$** | **Q3** **$** |
| Revenue | 1,018 | 1,020 | 1,001 | 871 | 818 | 964 | 1,529 | 571 |
| Net loss from continuing operations | (2,788) | (6,757) | (5,019) | (3,447) | (3,840) | (2,297) | (50,694) | (1,645) |
| Basic and diluted net loss per share from continuing operations | (0.042) | (0,101) | (0.066) | (0.041) | (0.060) | (0.053) | (0.762) | (0.017) |

[1] Results from fourth quarter of 2014 to third quarter of 2015 have been restate to reflect the proper calculation of the accretion and interest expense relating to Mint Series A and Series B debentures.

[2] Increase in net loss for the fourth quarter of 2014 is due to the consolidation of Mint's operations and the corresponding impairment of goodwill of $46,885,824.

## LIQUIDITY, CAPITAL RESOURCES AND SOURCES OF FINANCING

As at June 30, 2016, the Company had a cash position of $27,710,701, guaranteed investment certificates for $13,460,892 and a working capital of $43,021,295.

The Company manages its capital structure and makes adjustments related to changes in the economic environment and underlying risks of its assets.

As of the date of this MD&A, the Company believes it will have sufficient liquidity to fund its operations, capital needs and future acquisitions for at least the next 12 months.

## INFORMATION ON OUTSTANDING SECURITIES

The Company's authorized share capital consists in an unlimited number of common shares of which 66,601,305 are currently outstanding. Please refer to Note 19 of the unaudited interim condensed consolidated financial for more details.

## RELATED PARTIES TRANSACTIONS

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 Chief Executive Officer ("CEO"), the Vice President of Finance and the directors, are included in the following expenses:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | $ | $ | $ | $ |
| Transactions with key management personnel | | | | |
| Salaries and management fees | 238,354 | 123,000 | 476,708 | 266,000 |
| Consulting and professional fees | - | 134,098 | - | 164,509 |
| General and administrative | 47,500 | 46,500 | 96,500 | 92,000 |
| | **285,854** | 303,598 | **573,208** | 522,509 |
| Transactions with companies controlled by key management | | | | |
| Consulting and professional fees | 137,500 | 177,000 | 284,500 | 439,000 |
| | **137,500** | 177,000 | **284,500** | 439,000 |

For the three and six months ended June 30, 2016, the Company incurred legal fees of $13,712 and $24,889 respectively (June 30, 2015 - $38,288 and $80,110, respectively) from a legal firm in which the former Chief Executive Officer ("CEO") and current director is a partner.

During the three and six months ended June 30, 2016, management and consulting charges paid to Global Business Services ("GBS"), the owner of the remaining 49% interest in Mint UAE Operations in connection with the Management Agreement, aggregated to $126,301 (UAE Dirham 360,000) and $260,856 (UAE Dirham 720,000, respectively) (June 30, 2015 - $122,256 (UAE Dirham 360,000) and $248,086 (UAE Dirham 720,000, respectively). These amounts were incurred and recorded in Mint UAE Operations and are included in the Company's share of losses of associates on the consolidated statement of loss and comprehensive loss. As at June 30, 2016, an amount of $424,999 is payable to GBS, representing the remaining amount due for management and consulting charges. This amount is included under trade and other payables in the Company's consolidated statement of financial position.

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.

As at June 30, the Company has advanced $2,461,640 (US$1,900,000) ($970,830 or US$700,000 at December 31, 2015) to MGEPS. This loan bears interest at 4.5% and matures on October 23, 2018. This amount has been recorded in loan receivable in the Company's consolidated statement of financial position.

As at June 30, 2016, the Company has advanced an aggregate of $4,236,000 to a company in which a former director has an interest. This loan bears interest at 6% and matures on October 31, 2018. Interest is payable at maturity and the accrued interest receivable at June 30, 2016 aggregated to $262,521 (December 31, 2015 - $134,225). This amount is recorded in loan receivables in the Company's consolidated statement of financial position.

As at June 30, 2016, the Company has advanced $561,239 (December 31, 2015 - $189,425) to a company ("2474184 Ontario Inc.") controlled by the Chief Executive Officer ("CEO"). This loan is non-interest bearing and has no repayment terms. This amount is recorded in trade and other receivables in the Company's consolidated statement of financial position. This amount has been impaired and impairment charges of $246,953 and $561,239 for the three and six months ended June 30, 2016 have been recorded in the consolidated statement of loss and comprehensive loss. Subsequent to June 30, 2016, the Company has advanced an additional $111,241 to 2474184 Ontario Inc.

During the three and six months ended June 30, 2016, the Company and its subsidiaries paid $9,750 and $28,750 respectively (for the three and six months ended June 30, 2015 - $10,060) to a company ("Soigne Technolgies Inc."), in which an employee has an interest.

The Company has also advanced $628,507 (December 31, 2015 - $753,905) to Limited Partnerships managed by two of the Company's subsidiaries. The amount receivable is recorded in trade and other receivables in the Company's consolidated statement of financial position.

As at June 30, 2016, the Company had dues to related companies are payables to companies in which directors are also directors of the Company of $42,837 (as at December 31, 2015 - $42,837).

On August 12, 2016, the Company advanced $85,000 to a director and officer of Gravitas International Corporation, a 50% subsidiary of the Company.

### OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

### SIGNIFICANT ACCOUNTING POLICIES

The Company prepares its consolidated financial statements in accordance with IFRS, which require management to make estimates and assumptions that affect the amounts of its assets and liabilities, the information provided with regard to future assets and liabilities as well as the amounts of revenues and expenses for the relevant periods.

The elements in the financial statements that require more use of estimates are describe in Note 9 of the audited consolidated financial statements for the year ended December 31, 2015. Actual results may differ from these estimates, but management believes they will not result in material changes versus the results being presented.

Readers are invited to refer to the audited consolidated financial statements for the year ended December 31, 2015 for a full description of the significant accounting policies of the Company at that date.

### SUBSEQUENT EVENTS

In July 2016, Luxury Quotient India Private Limited, a 100% subsidiary of the Company, acquired the business operations, assets and assumed certain liabilities from Lavide Luxe Lifestyle Solutions Private Limited for gross consideration of approximately $2 million. This transaction will be recorded as a business acquisition in the third quarter and the results of operations and the assets acquired and liabilities assumed will be consolidated with effect from the date of acquisition.

Subsequent to June 30, 2016, the Company has advanced an additional $111,241 to 2474184 Ontario Inc., a company controlled by the CEO.

On August 12, 2016, the Company advanced $85,000 to a director and officer of Gravitas International Corporation, a 50% subsidiary of the Company.

On August 3, 2016, the Company closed a non-brokered private placement of 6,000,000 common shares at a price of $0.10 per common share for an aggregate gross proceeds of $600,000.

### FUTURE CHANGES IN ACCOUNTING POLICIES

At the date of authorization of these unaudited interim condensed consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the International Accounting Standards Board (IASB) but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Readers are invited to refer to Note 4 of the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2016, for a full description of these new standards.

### RISKS RELATED TO FINANCIAL INSTRUMENTS

Readers are invited to refer to Note 29 of the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2016, for a full description of these risks.

### RISKS AND UNCERTAINTIES

The Company is involved in an industry that is subject to various risks and uncertainties. The risks and uncertainties listed below are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, it could have a material adverse effect on the Company’s activities, results of operation and financial condition. In any such case, the market price of the common shares could decline.

#### *COMPETITION*

The Company competes with other companies offering investment research and capital market services. Increased competition could reduce the Company's operating margins and profitability and result in a loss of market share. Some of the Company's existing and potential competitors may have competitive advantages, such as significantly greater marketing or other resources, or exclusive arrangements with major clients. The Company cannot assure investors that it will be able to successfully compete against new or existing competitors.

*KEY MANAGEMENT PERSONNEL*

The loss of management members could have a material impact on the implementation of the Company's strategic plan. Success of the Company's business plan depends significantly on the work done by the management team. This team consists of a limited number of individuals. The Company does not carry life insurance on those individuals. The loss of a member of management could hinder the execution of the Company's strategic plan, which could have a material impact on its operations.

*CHANGE MANAGEMENT RISK*

The Company is currently making significant investments at some of its subsidiaries and affiliates to deploy a new technology platform and intends to migrate all of its payroll cards to this new platform. Any delay in the launch of the new platform or technical difficulties post migration to the new platform can impact the service standards that the Company has been providing to its customers. Any prolonged disruption during the migration of cards to a new platform can result in significant harm to the business and lead to customer defection.

The Company is also in the process of migrating the BIN from one of the banks to a new partner. The Company needs the cooperation of both banks and a variety of third party vendors to complete this migration smoothly. Any disruption in this migration activity can result in significant harm to the business.

*MANAGEMENT OF EXPANSION*

The Company plans to continue to rapidly expand its operations. These plans will continue to result, in substantial demands on the Company's management resources. To manage its growth, the Company must develop and improve its existing administrative and operational systems and, its financial and management controls and further expand, train and manage its work force. As the Company continues its effort to grow, it may incur substantial costs and expend substantial resources in connection with any such expansion due to, among other things, different technology standards, legal considerations and cultural differences. The Company may not be able to manage its current or future operations effectively and efficiently or compete effectively in such markets. The Company may also not be able to hire, retain, integrate or motivate its current or new personnel. There can be no assurance that the Company will be able to efficiently or effectively manage the growth of its operations, recruit top talent and train its personnel. Any failure to efficiently manage its expansion may materially and adversely affect the Company's business and future growth.

In addition, while Gravitas' acquisition process typically includes extensive due diligence on the business or assets to be acquired and acquisition agreements typically include detailed representations and warranties respecting the business or assets being acquired, there can be no assurance that Gravitas would not become subject to certain undisclosed liabilities associated with the acquired assets that the Company failed or has been unable to discover during the due diligence process prior to the closing of the acquisition. The discovery of any unrecoverable material liabilities could have an adverse and material effect on the Company's business, results of operations and financial condition.

*NON-CONTROLLING INTEREST RISKS*

As a result of Gravitas' acquisition of Mint, the Company has formed a relationship with Global Business Services ("GBS") by giving GBS a non-controlling minority interest in MME. Any adverse development in our ongoing relationship with GBS can affect the operations of the business and our ability to execute on our strategy. Any change in the financial and reputational standing of GBS in the UAE market place can also indirectly affect the Company as it may impede GBS's ability to bring new business development opportunities to the company.

*LAWS AND REGULATIONS*

The regulation of financial services is extensive and designed to protect consumers and the public, while providing standard guidelines for business operations. The Company's subsidiaries and their partners are subject to governmental laws and regulations relating to financial product offerings, including laws and regulations governing know-your-customer (KYC), anti-money laundering (AML), anti-terrorist financing (ATF) and the privacy of customers' personal information. Failure to comply with, or changes to, existing or future laws and regulations could result in significant unforeseen costs and limitations, and could have an adverse impact on the Company's business, results of operations and financial condition.

Changes may occur in laws and regulations, or the interpretation or enforcement thereof, that could increase Gravitas' compliance and other costs of doing business, require significant systems redevelopment, or render its products or services less profitable or obsolete, any of which could have an adverse effect on the Company's business, results of operations and financial condition.

*ECONOMIC CONDITIONS*

Demand for the Company's services is sensitive to changes in general economic conditions and demand typically decreases during periods of economic downturn. Customers may reduce the money they spend for a number of reasons, including (i) a general decline in economic conditions; (ii) a decision to shift expenditures to other available services; or (iii) a decline in spending in general. Decrease in demand for investment research and capital market services would materially and adversely affect the Company's ability to generate revenue, its financial condition and results of operations.

Management believes it monitors these risks very closely. It is constantly watching each of these elements and takes the necessary action to mitigate its risks.

Readers are referred to the more detailed information described in other disclosure documents filed with the applicable Canadian securities regulatory authorities and available at www.sedar.com.

*SHARE PRICE VOLATILITY*

The market price for the Company's Shares cannot be assured. Securities markets have recently experienced an extreme level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

The trading price of the Gravitas Financial shares may be subject to large fluctuations and may increase or decrease in response to a number of events and factors, both known and unknown. In addition, the market price of the Company's shares will be affected by many variables not directly related to its success and will therefore not be within the Company's control, including other developments that affect the market for securities, the breadth of the public market for the common shares, and the attractiveness of alternative investments.

In the past, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the Company's profitability and reputation.

The market price for the Company's shares may also be affected by its ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of its shares.

*REVENUE DEPENDENT ON FEES*

The Company will generate cash flow and revenue by charging clients for research and investment exposure solutions and other fee based advisory and professional services. The Company's main clients are small and mid-cap public companies who pay a monthly or annual fee to access capital market and related services. If the Company's client base is reduced or does not expand, the revenue may be reduced or not increase. Additionally, unforeseen regulatory changes relating to the capital market services industry may affect the ability of the Company to charge fees.

*DEBT REPAYMENT*

The Company has a significant amount of debt on its financial position. No assurances can be provided that repayments for this debt will ever be made, which could subject the Company to claims in relation to the breach of obligation. No assurances can be made that the Company will be in a position to satisfy such repayment obligations when and as they become due.

Management believes it monitors these risks very closely. It is constantly watching each of these elements and takes the necessary action to mitigate its risks.

Readers are referred to the more detailed information described in other disclosure documents filed with the applicable Canadian securities regulatory authorities and available at www.sedar.com.