GRAVITAS FINANCIAL INC.

Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

Independent Auditors' Report

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 statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of income (loss) and comprehensive income (loss), changes in equity (deficiency) and cash flows for the years then ended, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

MNP LLP

Toronto, Ontario — Chartered Professional Accountants

May 3, 2018 — Licensed Public Accountants

MNP

Gravitas Financial Inc.

Consolidated Statements of Financial Position

As at	Notes	December 31, 2017 $	December 31, 2016 $
ASSETS			
Current assets			
Cash and cash equivalents		**9,865,153**	26,967,591
Receivable from brokers and clients	5	**27,708,188**	24,243,034
Trade and other receivables	6	**4,383,212**	4,449,294
Loan receivables	7	**1,736,298**	3,240,687
Convertible debentures held	8	**1,385,579**	420,583
Guaranteed investment certificates	9	**2,227,229**	8,679,939
Investments in associates	10	**5,486,325**	-
Prepaid expenses		**200,469**	246,824
Inventory		**-**	116,260
Current assets		**52,992,453**	68,364,212
Assets held for sale	21	**90,264**	-
Non-current assets			
Loan receivables	7	**1,623,692**	684,704
Investments in associates	10	**3,473,408**	10,231,641
Equity investments and other investments	11	**22,122,655**	13,609,214
Goodwill	4 & 12	**3,366,877**	3,366,877
Convertible debentures held	8	**712,264**	3,072,315
Intangible assets	13	**358,593**	1,230,667
Property and equipment	14	**461,657**	234,503
Non-current assets		**32,119,146**	32,429,921
Total assets		**85,201,863**	100,794,133
LIABILITIES			
Current			
Trade and other payables	15	**12,683,958**	5,140,872
Payable to brokers and clients	5	**26,269,044**	22,976,245
Debentures	16	**58,470,654**	3,330,412
Income taxes payable		**351,559**	-
Customer deposits		**803,607**	469,300
Loans payable and accrued liabilities	17	**1,254,500**	-
Business acquisition cost payable	4	**-**	1,734,092
Current liabilities		**99,833,322**	33,650,921
Liabilities held for sale	21	**542,859**	-
Non-current liabilities			
Debentures	16	**83,370,426**	141,254,066
Deferred taxes	4 & 27	**170,448**	211,666
Loan payable and accrued liabilities	17	**515,000**	-
Lease inducement		**26,668**	37,821
Non-current liabilities		**84,082,542**	141,503,553
Total liabilities		**184,458,723**	175,154,474
EQUITY (DEFICIENCY)			
Share capital	19	**2,000,600**	2,000,600
Contributed surplus		**1,470,151**	471,685
Deficit		**(107,577,744)**	(81,335,914)
Accumulated other comprehensive income		**4,609,758**	3,343,668
Total equity (deficiency)		**(99,497,235)**	(75,519,961)
Non-controlling interest	20	**240,375**	1,159,620
Total equity (deficiency)		**(99,256,860)**	(74,360,341)
Total liabilities and equity (deficiency)		**85,201,863**	100,794,133

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

Going Concern (note 2), Commitments and Contingencies (Note 31), Subsequent Events (Note 33)

On behalf of the Board:

/s/ Vikas Ranjan
Director

/s/ Gerald Goldberg
Director

Gravitas Financial Inc.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Presented in Canadian Dollars)

For the years ended December 31,	Note	2017 $	2016 $
Revenues			
Investment banking and wealth management		**8,540,017**	2,077,727
Consulting and management fees		**1,297,929**	577,788
Listing and research fees		**1,201,691**	1,391,967
Interest		**1,419,936**	2,009,115
Product sales, royalties and other		**597,762**	1,121,629
		13,057,335	7,178,226
Expenses			
Compensation and management fees	24	**8,916,920**	3,264,991
Professional fees	24	**8,813,344**	4,384,599
Interest expense		**8,022,333**	7,207,865
General and administrative		**7,446,810**	3,581,370
Impairment	18	**11,930,961**	3,251,181
Share of results of associates	10	**2,281,521**	1,279,125
Stock based compensation		**1,415,431**	-
Change in fair value of convertible debentures – conversion feature	8	**1,039,635**	(322,743)
Amortization	13 & 14	**417,908**	611,530
Foreign exchange loss (gain)		**124,395**	287,524
Debenture restructuring fee	16	**-**	3,583,429
Share of joint venture profit, net of tax	11	**(3,727)**	(728)
Gain on settlement of loans and receivables	22	**(67,894)**	(751,918)
Change in fair value through profit and loss (“FVTPL”) - investments		**(1,752,887)**	(833,630)
Gain on disposal of subsidiary	4	**(706,164)**	-
(Gain) on disposal of available-for-sale investments		**(1,172,506)**	(448,441)
(Gain) on redemption of debentures	16	**(2,927,455)**	-
		43,778,625	25,094,154
Loss before income taxes		**(30,721,290)**	(17,915,928)
Current income taxes		**374,036**	-
Current deferred tax recovery		**(181,795)**	-
Net loss from continuing operations		**(30,913,531)**	(17,915,928)
Net loss from discontinued operations (net of tax of $229,078)	21	**(2,192,200)**	(546,039)
Net loss from operations		**(33,105,731)**	(18,461,967)
Other comprehensive income (loss)			
Available-for-sale-financial assets:			
Net changes in fair value with tax effect of ($140,577)		**1,319,695**	2,931,762
Reclassification to net loss		**(178,000)**	(1,146,121)
		1,141,695	1,785,641
Foreign currency translation			
Cumulative translation adjustment		**124,395**	(44,788)
Total other comprehensive income		**1,266,090**	1,740,853
Net loss and comprehensive loss		**(31,839,641)**	(16,175,075)
Net loss attributable to:			
Shareholders		**(26,912,049)**	(13,727,928)
Non-controlling interest	20	**(6,193,682)**	(4,734,039)
		(33,105,731)	(18,461,967)
Net comprehensive loss attributable to:			
- Shareholders		**(25,645,959)**	(11,441,036)
- Non-controlling interest	20	**(6,193,682)**	(4,734,039)
		(31,839,641)	(16,175,075)
Loss per common share, basic and diluted			
- Continuing operations		**(0.43)**	(0.26)
- Discontinued operations		**(0.03)**	-
Net Loss Per Share	23	**(0.46)**	(0.26)
Weighted average number of common shares outstanding	23	**72,601,305**	69,060,321

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

Gravitas Financial Inc.

Consolidated Statements of Change in Equity (Deficiency)

(Presented in Canadian Dollars)

	Note	Number of common shares	Share capital	Accumulated other comprehensive (loss) income		Contributed surplus	Deficit	Non-controlling interest	Total
				Available-for-sale financial assets	Foreign currency translation				
			$	$	$	$	$	$	$
Balance, January 1, 2016		**66,601,305**	**1,400,600**	**1,664,881**	**(62,066)**	**471,685**	**(65,398,513)**	**2,694,632**	**(59,228,781)**
Non-brokered private placement		6,000,000	600,000	-	-	-	-	-	600,000
Non-controlling interest – adjustment for change in ownership interest		-	-	-	-	-	(2,209,473)	2,424,862	215,389
Non-controlling interest – acquisitions		-	-	-	-	-	-	774,165	774,165
Net change in fair value, net of tax effects		-	-	2,931,762	(44,788)	-	-	-	2,886,974
Reclassification to net loss, net of tax effect		-	-	(1,146,121)	-	-	-	-	(1,146,121)
Net loss for the year		-	-	-	-	-	(13,727,928)	(4,734,039)	(18,461,967)
Balance, December 31, 2016		**72,601,305**	**2,000,600**	**3,450,522**	**(106,854)**	**471,685**	**(81,335,914)**	**1,159,620**	**(74,360,341)**
Non-controlling interest – acquisitions	4 & 20	-	-	-	-	-	670,219	5,761,401	6,431,620
Non-controlling interest – distribution	4 & 20	-	-	-	-	-	-	(579,204)	(579,204)
Stock-based compensation	25	-	-	-	-	1,090,706	-	-	1,090,706
Stock options awarded in subsidiary	25	-	-	-	-	(92,240)	-	92,240	-
Net change in fair value, net of tax effects		-	-	1,319,695	-	-	-	-	1,319,695
Foreign currency translation		-	-	-	124,395	-	-	-	124,395
Reclassification to net loss, net of tax effect		-	-	(178,000)	-	-	-	-	(178,000)
Net loss for the year		-	-	-	-	-	(26,912,049)	(6,193,682)	(33,105,731)
Balance, December 31 2017		**72,601,305**	**2,000,600**	**4,592,217**	**17,541**	**1,470,151**	**(107,577,744)**	**240,375**	**(99,256,860)**

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

Gravitas Financial Inc.
Consolidated Statements of Cash Flows
(Presented in Canadian Dollars)

	Note	2017	2016
		$	$
OPERATING ACTIVITIES			
Net loss from continuing operations		**(30,913,531)**	(17,915,928)
Net loss from discontinued operations		**(2,192,200)**	(546,039)
Adjustments:			
Amortization - intangible assets	13	**293,377**	553,300
Amortization - equipment	14	**124,531**	58,230
Interest accretion	16	**(475,661)**	1,504,564
Lease inducement		**(11,153)**	(10,122)
Stock based compensation	25	**1,415,431**	-
Gain on settlement of loans and receivables		**67,894**	(751,918)
Gain on redemption of debentures	16	**(2,927,455)**	-
Gain on disposal of available-for-sale investments		**(1,172,506)**	(153,118)
Gain on disposal of subsidiary	4	**(706,164)**	-
Change in fair value of convertible debentures – conversion feature		**1,039,635**	(322,743)
Change in fair value of FVTPL investments		**(1,752,887)**	(833,630)
Impairment		**11,930,961**	3,251,181
Share of results in associates	10	**2,281,521**	1,279,125
Debenture restructuring fee	16	**-**	3,583,429
Unrealized exchange gain		**10,823**	(27,727)
		(22,987,384)	(10,325,396)
Change in working capital	26	**6,588,385**	(2,122,543)
Cash flows used in operating activities		**(16,398,999)**	(12,447,939)
Cash flows from operating activities of discontinued operations		**(166,562)**	224,854
Net cash used in operating activities		**(16,565,561)**	(12,223,088)
INVESTING ACTIVITIES			
Guaranteed investment certificates	9	**6,452,710**	12,159,001
Proceeds from disposal of investments		**3,592,816**	1,370,848
Proceeds from loan receivables		**1,340,970**	324,070
Proceeds from convertible debentures		**293,542**	287,180
Additions to property and equipment	14	**(325,983)**	(41,067)
Convertible debentures held	8	**(1,064,705)**	(328,850)
Investments in loan receivables	7	**(1,235,493)**	(4,800,378)
Purchase of equity investments and other	11	**(7,338,900)**	(5,089,169)
Additional investments in associates	10	**(9,716,791)**	(3,313,513)
Cash acquired through business acquisition		**151,439**	1,094,323
Proceeds from disposition of assets held for sale, net of costs	21	**-**	2,520,664
Net cash generated (used in) investing activities		**(7,850,395)**	4,563,109
FINANCING ACTIVITIES			
Proceeds from issuance of shares to non-controlling interest		**5,869,949**	-
Loan payable		**1,769,500**	-
Dividends received on investment in associates	10	**280,000**	380,000
Issuance on non-brokered private placement		**-**	600,000
Re-purchase of debentures		**-**	(689,500)
Non-controlling interest		**(579,204)**	315,388
Net cash generated (used in) from financing activities		**7,340,245**	225,888
Foreign currency translation effect on cash and cash equivalents		**(26,727)**	(25,632)
Net change in cash and cash equivalents during the year		**(17,102,438)**	(7,459,720)
Cash and cash equivalents, beginning of year		**26,967,591**	34,427,311
Cash and cash equivalents, end of year		**9,865,153**	26,967,591

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

Supplemental cash flow information, including interest and taxes [Note 26]

NOTE 1. NATURE OF OPERATIONS

Gravitas Financial Inc. (the "Company" or "Gravitas") is an integrated financial and advisory services firm providing services in financial and capital markets. Gravitas has significant ownership interests in numerous financial services entities. Gravitas provides capital markets, portfolio management, merchant banking, corporate services and investor exposure services to its clients. Gravitas has made numerous equity, debt and convertible debt investments in early-stage public and private companies.

Gravitas is a publicly listed company on the Canada Securities Exchange ("CSE") and trades under the symbol, GFI. The Company was incorporated under the Canada Business Corporation Act with its registered office and principal place of business at 333 Bay Street, Suite 1700, Toronto, Ontario M5H 2R2.

These Consolidated Financial Statements ("Financial Statements") were approved by the Board of Directors on May 3, 2018.

NOTE 2. STATEMENT OF COMPLIANCE, BASIS OF PRESENTATION AND GOING CONCERN

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These Financial Statements are prepared on a going concern basis, under the historical cost convention, modified to include the fair valuation of certain financial instruments to the extent required or permitted under accounting standards as set out in the relevant accounting policies. Certain comparative amounts have been reclassified to conform with the current year's Financial Statement presentation.

These Financial Statements have been prepared on a going concern basis, which assumes the Company will continue its operations in the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has incurred several years of losses and as at December 31, 2017, had a working capital deficiency of $46,840,869 (2016: surplus of $34,713,291). These conditions represent material uncertainties that may cast significant doubts about the ability of the Company to continue as a going concern.

A significant portion of the Company's historical losses relate to one of the Company's subsidiaries, the Mint Corporation ("Mint"). However, subsequent to year end Mint renegotiated its short term debentures due totalling $58,470,655. This debt has been reduced to $20,000,000 and its term extended to December 31, 2021. So far Mint raised a total of $3,750,000 and another partially owned subsidiary of the Company, Gravitas Mining Corp. raised a total of $575,000 in financings after the year ended December 31, 2017. It is expected that additional subsidiaries and potentially the Company itself will raise additional capital in 2018. Due to these subsequent events and the Company's aim of monetizing non-core holdings and raise capital within other subsidiaries, it is expected that it will continue as a going concern in the future.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates, Judgements and Assumptions
The preparation of these Financial Statements requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. Judgments, estimates and assumptions affect the Company's reported amounts of assets, liabilities, and items in net income or loss, and related disclosure. Estimates are based on various assumptions that the Company believes are reasonable under the circumstances. These estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amounts of items in net earnings or loss that are not readily apparent from other sources. The Company evaluates its estimates on an ongoing basis. Actual results may differ from the Company's estimates. The following are significant management judgments and estimates in applying the accounting policies of the Company that have the most significant effect on these Financial Statements.

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 including 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 established fair values. The judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

Consolidation - Judgment is applied in assessing whether the Company exercises control and has significant influence over entities in which the Company directly or indirectly owns an interest. The Company has control when it has the 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, judgment is applied in determining the effective date on which control was obtained.

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. Two of the most significant areas of judgment and estimates relates to the determination of the fair value of these assets, including the fair value of contingent consideration, if applicable and the fair value of the non controlling interest of subsidiaries. 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 circumstance where estimates have been made, the Company may obtain third party valuation of certain assets, which could result in further refinement of the fair value allocation of certain purchase prices and accounting adjustment.

Control over Capital Ideas Media Inc. – During 2017, the Company invested 50% plus one share of the outstanding capital of Capital Ideas Media Inc. ("CIM") for a total of $500,000. In addition, two of the three directors are senior officers of the Company. The Company assessed whether it has control over CIM based on whether it has the practical ability to direct the relevant activities of CIM unilaterally. The Company considered its percentage interest in CIM and the voting control. After assessment, the Company concluded that it has control over CIM.

Control over Bay Talent Group – During 2017, the Company and its controlled subsidiary, GIC Merchant Bank Corporation ("GICMB") together acquired a 50.8% interest in Bay Talent Group ("BTG") by investing in its private placement. Three of the five directors of BTG are senior officers of either the Company or GICMB. The Company assessed whether it has control over BTG based on whether it has the practical ability to direct the relevant activities of BTG unilaterally by considering its percentage interest and related voting control. After assessment, the Company concluded that it has control over BTG.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Control over Gravitas Ilium Corporation – During 2016, the Company incorporated a new subsidiary, Gravitas Ilium Corporation ("GIC") and acquired a 50% interest (46.1% as of December 31, 2017), plus voting control. Accordingly, the Company has beneficial interest in GIC. The Company assessed whether it has control over GIC based on whether its practical ability to direct the relevant activities of GIC unilaterally by considering its percentage interest in GIC and the voting control. After assessment, the Company concluded that it has control over GIC. Such assessments were applicable as at December 31, 2017.

Control over 2242257 Ontario Inc. and Foregrowth Inc., subsidiaries of Gravitas Ilium Corp. - The Company assessed whether it has control over both of GIC's subsidiaries, namely 2242 and FGI. This assessment was made based on whether its practical ability to direct the relevant activities of 2242 and FGI unilaterally by considering its percentage interest in GIC and the voting control. After its assessment, the Company has determined that it controls 2242 and FGI.

Control over GIC Merchant Bank Corporation – During 2016, the Company incorporated a new subsidiary, GIC Merchant Bank Corp. ("GICMB"). As of December 31, 2017, the Company owned 42.86% of the outstanding common shares of GICMB, plus voting control. Accordingly, the Company has beneficial interest in GICMB. The Company assessed whether it has control over GICMB based on whether its practical ability to direct the relevant activities of GICMB unilaterally by considering its percentage interest in GIC and the voting control. After assessment, the Company concluded that it has control over GICMB. Such assessments were applicable as at December 31, 2017.

Control over Claxton – Claxton is a subsidiary of the Company even though the Company only has a 42% ownership interest in Claxton. The Company acquired its 42% ownership by converting its investment in preferred shares into common shares. However, through various investments within the Claxton group, the Company has voting control over 55.74% of the issued capital of Claxton. The Company assessed whether it has control over Claxton based on whether it has the practical ability to direct the relevant activities of Claxton unilaterally by considering its total holdings in Claxton and the relative size and dispersion of the shareholdings owned by the other shareholders. After assessment, the Company concluded that it has control over Claxton. As at December 31, 2017, Claxton has been classified within these Financial Statements as an discountinued operation.

Control over 2474184 Ontario Inc. – The Company assessed whether it has control over 2474184 Ontario Inc ("2474"). This assessment was made based on whether its practical ability to direct the relevant activities of 2474 unilaterally by considering its percentage interest in 2474 and the voting control. After its assessment, the Company has determined that it controls 2242 and FGI.

Significant influence over Mint Middle East - The Mint UAE operations ("MME") are associates of the Company. The Company has significant influence over MME LLC by virtue of its representation on the board of directors of MME LLC and the ability to participate in certain decision making processes by exercising veto rights. The Company does not control MME LLC by virtue of management agreement entered into with the other shareholder, which provides them the current ability to direct the key and strategic activities that most significantly affect the returns.

Fair value of available-for-sale ("AFS") financial assets - The Company reviews AFS investments and records its fair value at each financial statement reporting date. For public companies, fair value is determined based on the quoted market value. For private companies, certain subjective measures, including recent share transactions, prices for comparable entities, review of cash flow projections and the company prospects, financial ratios and discounted cash flows are techniques used to determine fair value.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment of Goodwill and other intangible assets - The values associated with goodwill and other intangible assets involve significant estimates and assumptions, including those with respect to the determination of cash generating units, future cash inflows and outflows, discount rates and asset lives. At least annually, the carrying amount of goodwill and other intangible assets are 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 value change.

Determination of cash generating units - For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows. The Company determines which groups of assets can generate cash flows that are largely independent of other operations within the Company. To create these groupings, the Company makes critical judgment about where active markets exist including an analysis of the degree of autonomy various operations have in negotiating prices with customers. The Company has identified 2242257 Ontario Inc., Elitify.com, Revenue.com, Bay Talent Group Inc. and Capital Ideas Media Inc. as separate CGUs. The Company identified these as separate CGUs on basis of the nature of business of the afore-mentioned CGUs and the assessment that these CGUs generate cash inflows that are significantly independent of the cash inflows from other assets that are deployed in the Company.

Fair value of the conversion feature component of convertible debentures - 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 income (loss).

Income taxes - The estimate 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, the Company 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 the Company's assessment regarding its ability to use future tax deductions, the Company may be required to recognize more or fewer deferred tax assets and future income tax provisions or recoveries could be affected.

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 considering the specific credit risk to its customers, historical trends and economic conditions.

Share-based compensation – The determination of the share-based compensation expense resulting from the Company granting stock options or options to certain of the Company's assets depends on the use of option pricing and probability weighted models, which are subject to measurement uncertainty. Subjective assumptions are required for these models, including expected stock price volatility and the use of historical data points which may or may not be indicative of future performance.

Provisions – The Company and its subsidiaries from time to time are subject to legal proceedings. Contingent loss provisions are recorded by the Company when it is probable that loss will occur, and the loss can be estimated.

Basis of consolidation
These Financial Statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities which the Company has power over decisions about relevant activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Entities are deconsolidated from the date on which control ceases. Accounting policies of subsidiaries have been changed, where necessary, to ensure

(Presented in Canadian Dollars)

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

consistency with the Company's policies. The purchase method of accounting is used to account for the acquisition of subsidiaries. Purchase consideration is measured as the fair value of the assets given, equity instruments issued, and liabilities assumed at the date of exchange. The transaction costs directly attributable to the acquisition are expensed.

Consolidated subsidiaries	Jurisdiction of incorporation	Direct or Indirect Percentage Ownership (a)
The Mint Corporation ("Mint")	Canada	68.23% (2016: 76.75%)
Gravitas Ventures Inc.	Canada	100%
New India Investment Corporation	Canada	100%
2474184 Ontario Inc. ("2474")	Canada	44.3% (2016: 51.17%)
Revenue.com US Corporation ("Revenue.com")	USA	100% (by 2474)
Gravitas Ilium Corporation ("GIC")	Canada	46.10%
2242257 Ontario Inc. ("2242")	Canada	54.99% (2016: 50.99%) (by GIC)
Gravitas Securities Inc.	Canada	95.2% (by 2242)
Gravitas Wealth Advisors, LLC	USA	100% (by 2242)
2434355 Ontario Inc. ("2434355")	Canada	100% (by 2242)
Gravitas Capital International Inc.	USA	100% (by 2242)
Gravitas Independent Portfolio Manager Inc.	Canada	100% (by 2242)
Foregrowth Inc. ("FGI")	Canada	96% (2016: 100%) (by GIC)
Foregrowth Holdco Inc. ("FGH")	Canada	100% (by FGI)
Foregrowth Holdco 1 Inc.	Canada	100% (by FGI)
Foregrowth Holdco 2 Inc.	Canada	100% (by FGI)
Foregrowth Wealth Management Inc. (formerly Gravitas Investments Inc.)	Canada	100% (by FGI)
Gravitas Corporate Services Inc. ("GCS")	Canada	100%
Ubika Corp. ("Ubika")	Canada	100% (by GCS)
SmallCapPower Corp.	Canada	100% (by Ubika)
Capital Ideas Media Inc.	Canada	50.02% (by Ubika)
Branson Corporate Services Inc.	Canada	51% (by GCS)
Gravitas Financial Services Holdings Inc. ("GFSHI")	Canada	100%
GIC Merchant Bank Corporation	Canada	42.86%
Gravitas Mining Corporation ("GMC")	Canada	70.7% (2016: 83%)
Gravitas Investment GP Inc	Canada	100% (by GMC)
Zhaojin Gravitas Mining Investments Inc.	Canada	60%
Gravitas Special Situations GP Inc.	Canada	80%
Gravitas Global GP Inc.	Canada	100%
Gravitas Global Resource LP Inc.	Canada	100%
Gravitas Siraj Holdco Inc.	Canada	100%
Siraj Ontario Corporation	Canada	100%
Gravitas Select Flow-Through GP Inc.	Canada	100%
Claxton Capital Management Inc.	Canada	100%
Claxton Real Estate Company Ltd.	USA	55.74%
SearchGold Guinee SARL	Guinee, Africa	100%
Global Compliance Corp.	Canada	100% (2016: 100%)
Luxury Quotient International Inc. ("LQII")	Canada	Nil% (2016 : 100%)
Luxury Quotient India Private Limited	India	Nil% (2016 : 100%) (by LQII)
Bay Talent Group Inc.	Canada	50.8% (by GFI & GICMB)
PTC Accounting and Finance Inc.	Canada	100% (by BTG)

(a) Unless otherwise noted, the percentage noted in the table is as of December 31, 2017 and 2016.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investment 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 loss and comprehensive loss.

The Company assesses annually 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 loss and comprehensive loss. If the financial statements of an associate are prepared on a date different from that used by the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the date of these Financial Statements. The Company's investments in associates are as follows:

Investment in associates	Jurisdiction of incorporation	Percentage of ownership (%)
Portfolio Analysts Inc. ("PAI")	Canada	40%
Mint United Arab Emirates ("UAE") Operations	U.A.E.	51% (by Mint)
Prime City One Capital Corporation	Canada	18%

Joint ventures

The Company's interests in equity investment and other includes amounts related to joint ventures. A joint venture is an arrangement which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint ventures are accounted for using the equity method. The interest is initially recognized at cost and subsequently these Financial Statements include the Company's share of the profit or loss and other comprehensive income of the joint venture arrangement, less any distributions received, until the date on which joint control ceases. The Company has one joint venture, Foregrowth-Grenville Investments Inc.

Non-controlling interests

Non-controlling interests ("NCI") represent equity interests owned by outside parties. NCI may be initially measured 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 NCI are presented as a component of equity. Their share of net income or loss and comprehensive income or loss is recognized directly in equity. Total comprehensive income or loss 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.

Functional and presentation currency and basis of evaluation

These Financial Statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries, unless otherwise stated. Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the statement of financial position 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 consolidated statement of loss and comprehensive loss for the year.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional and presentation currency and basis of evaluation - continued
Each subsidiary determines its own functional currency and items included in their financial statements are measured using that functional currency. The determination of functional currency is based on the primary economic environment (including monetary policy) in which an entity operates. The functional currency of an entity reflects the underlying transactions, events and conditions that are relevant to the entity. Factors that an entity considers when determining its functional currency include: (1) the currency that mainly influences sale price for goods and services; (ii) the currency of the country whose competitive forces and regulations mainly determine that sale price of its goods and services; (iii) the currency that mainly influences labour, material and other costs of providing goods and services; (iv) the currency in which funds from financing activities are generated; and (v) the currency in which receipts from operating activities are usually retained. When the indicators are mixed, and the functional currency of an entity is not obvious, management uses its judgement to determine the functional currency that most accurately represents the economic effects of the underlying transactions, events and conditions.

The functional currency of Claxton and Revenue.com is the United States dollar and the functional currency Luxury Quotient India Private Ltd. (disposed of during 2017) is the Indian Rupee. The assets and liabilities of these foreign operations having a functional currency other than the Canadian dollar are translated into Canadian dollar at the exchange rate prevailing at the consolidated statement of financial position date, and at the average exchange rate for the reporting period for revenue and expense accounts. The cumulative foreign currency translation adjustment is recorded as a component of accumulated other comprehensive income or loss in shareholder's equity.

On disposal of a subsidiaries entire interest in a foreign operation or the Company's loss control of that operation: (i) all of the exchange differences accumulated in equity in respect of that operation attributable to the Company are reclassified to profit or loss; and (ii) any cumulative amount of exchange differences relating to that foreign operation attributable to the non-controlling interests is de-recognized but is not reclassified to profit or loss. In the case of a partial disposal that does not result in the Company losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and not recognized in profit of loss.

Cash and cash equivalents
Cash and cash equivalents include all cash and investments with an original maturity of three months or less. The Company maintains its cash in bank accounts in amounts that may exceed federally insured limits. The Company has not experienced any losses in these accounts in the past. The fair value of cash and cash equivalents approximates their current carrying amounts since all such items are short-term in nature.

Business combinations, goodwill and intangible assets
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 value at the date of acquisition. When the Company acquires control of a business, any previously held equity interest also is re-measured 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 statements of loss and comprehensive loss immediately as a gain or loss on step acquisition.

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

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Intangible assets
Existing intangible assets consist of brand names and licenses and backlog and customers. These intangibles are recognized at their fair value and are amortized over their estimated useful lives on a straight line basis.

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 sale 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 sell the asset. Financial assets are de-recognized 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 de-recognized when it is extinguished, discharged, cancelled or when it expires. Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. The Company classifies its financial instruments by category 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 financial liabilities as outlined below:

Assets / liabilities	Category	Measurement
Assets		
Cash and cash equivalents	Fair value through profit or loss	Fair value
Receivable from brokers and clients	Loans and receivables	Amortized cost
Trade and other receivables (other than HST receivable)	Loans and receivables	Amortized cost
Loan receivables	Loans and receivables	Amortized cost
Convertible debentures		
Loan component of convertible debentures	Loans and receivables	Amortized cost
Conversion feature of convertible debentures	Fair value through profit or loss	Fair value
Guaranteed investment certificates	Loans and receivables	Amortized cost
Equity investment and other (a)		
Common shares in quoted and private companies	Available for sale financial assets	Fair value
Options and warrants investments	Fair value through profit or loss	Fair value
Debentures	Loans and receivables	Amortized cost
Subscription receipts	Available for sale financial assets	Fair value
Preferred shares in private companies	Available for sale financial assets	Fair value
Investment fund	Fair value through profit or loss	Fair value
Liabilities		
Trade and other payables	Other financial liabilities	Amortized cost
Payable to brokers and clients	Other financial liabilities	Amortized cost
Business acquisition cost payable	Other financial liabilities	Amortized cost
Customer deposits	Other financial liabilities	Amortized cost
Debentures, current and non-current	Other financial liabilities	Amortized cost
Loans payable	Other financial liabilities	Amortized cost

(a) Certain equity investments within one of the Company's subsidiaries, 2242257 Ontario Inc., are classified at Fair Value Through Profit and Loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed and 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.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Available for sale ("AFS") financial assets
AFS financial 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. In the absence of quoted market prices, the equity interests in private entities are measured at fair value using subjective measures, including recent share transactions, prices for comparable entities, review of cash flow projections and the company prospects, financial ratios and other discounted cash flow techniques. For public companies, fair value is based on the last quoted bid price, within the bid-ask price spread. A change in fair value is recognized in other comprehensive income (loss). When the asset is de-recognized, the cumulated net change in fair value that was 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 of loss ("FVTPL")
Financial assets at fair value through profit of loss 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 and 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. The embedded derivative is not closely related to the host contract (the debenture) from the Company's perspective. Such equity conversion feature is classified as FVTPL, with the debenture being classified as loans and receivables. 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.

Financial liabilities at fair value through profit of loss ("FVTPL")
The Company's warrants issued with exercise price denominated in a currency other than the Company's functional currency, 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.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment of non-financial assets
Goodwill and indefinite life intangibles 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 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 of disposal. Value in use is defined as the present value of the future cash flows expected to be derived from an asset or a 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. The carrying amount after a reversal must not exceed the carrying amount (net of depreciation) that would have been determined had no impairment loss been recognized.

Goodwill represents the excess of the purchase price of the acquired companies over the estimated fair value assigned to the individual assets acquired and liabilities assumed.

The Company assesses at least annually for impairment its goodwill on a cash generating unit ("CGUs") level. For the purposes of impairment testing, goodwill is allocated to each of the Company's CGUs or a group of CGUs 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 group of assets. Assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognized for the amount by which the asset's carrying value exceeds it recoverable value. Impairment losses recognized in respect of CGUs are first allocated reduce goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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/or a decline under its cost over two consecutive fiscal years. Financial health of the short term business outlook for the investee, including factors such as industry and sector performance and operating and financing cash flows 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 (loss), 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 the 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 indicators: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payment; and it has become probable that the borrower will enter bankruptcy or financial re-organization.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment of financial assets - continued
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 amounts of receivables is reduced using an allowance account, when a receivable is considered uncollectible, it is written off. 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. Except for AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases, and the decrease related 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 through profit or loss.

Basic and diluted net income (loss) per share
Basic income (loss) per share is calculated by dividing the income (loss) attributable to ordinary equity holders of the Company by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share is calculated by adjusting the income (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.

Revenue recognition
Revenues are measured at 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, and collection is reasonably assured. Revenue that does 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. With respect the Company's lines of business, it follows the following principles: (i) investment banking and wealth management revenue represents the commission paid on successful placement of newly issued securities and is recognized when the underlying transaction is substantially completed under the terms of the engagement; (ii) consulting and management fees are recognized on an accrual basis based on the level of services provided; (iii) listing and research fees are recognized over a straight line basis over the terms of the contracts; (iv) interest income is recognized based on the number of days the investment was held during the year using the effective interest rate method; (v) product sales and other revenue is recognized when the amount can be measured reliably and it is probably that future economic benefits will flow and collection is reasonable assured and consists of items that to not fall under the other categories of the Company's revenue recognition; and (vi) royalties are recognized when the right to receive payment is established.

Inventories
Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on a first-in, first-out basis. Net realizable value is the estimated selling price of inventory during the normal course of business less estimated selling expenses.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Receivable from and payable to brokers and clients
The Company's partially-owned subsidiary, Gravitas Securities Inc. ("GSI") is required to carry clients' accounts and accordingly, receives, delivers or holds cash or securities in connection with such clients. Balances due from the carrying brokers relate to GSI's share of client balances. In addition, the GSI is required to indemnify the carrying brokers for any liabilities, damages, costs or expenses incurred by reason of failure of clients to make payment or delivery with respect to client accounts. To secure the payment of any amount due under this agreement, GSI is required to maintain a minimum deposit of $250,000 with its carrying brokers. The Company's liability under these arrangements is not quantifiable. However, GSI considers the potential to be remote for the Company to be required to make payments under these agreements. Accordingly, no contingent liability is carried on the statement of financial position related to these transactions.

Assets held for sale
Non-current assets, or disposal groups comprising of assets and liabilities are classified as held for sale, if it is highly probable that they will recovered primarily through the sale rather than through continuing use. Such assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell.

Property and equipment
Property and equipment are stated at historical cost, less any accumulated amortization and any accumulated impairment losses. Historical costs include all costs directly attributable to the acquisition. Amortization of property and equipment are calculated on components that have homogeneous useful lives, using the declining balance basis method to depreciate the initial cost as follows: (i) office furniture and office equipment - 10% to 33%; (ii) computer equipment - 20% to 63%; and (iii) amortization of leasehold improvements are recognized over the lease term of six years. Useful lives, residual values, amortization rates and amortization methods are reviewed annually for reasonableness. Any gain or loss on disposal of property and equipment is determined by comparing the proceeds with the carrying amount and are 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. Transactions costs directly attributable to the acquisition of financial assets classified as FVTPL are recognized immediately in net income. The fair value of the Company's investments as at the financial reporting date are 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 to spread that is most representative of the 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 pricing model which considers factors such as the market value of the underlying security, strike price, volatility and terms.

Investments in private companies - Investments in private companies are valued by certain subjective measures, including recent share transactions, prices for comparable entities, review of cash flow projections and the company prospects, financial ratios and discounted cash flows are techniques used to determine fair value

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

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. 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. Lease inducement, which corresponds to free rents, are deferred and recognized as an expense on a straight line basis over six years, which represents the lease duration for which the inducement was received.

Provisions
Provisions represent a liability to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a legal obligation as a result of prior events, it is probable that a financial outflow of resources will occur, and the amount can be reasonably estimated.

Income taxes
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 to previous period. 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 differences 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 benefits 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 assets 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. Other elements of equity include the following: (i) contributed surplus includes share-based payments related to options and warrants until such equity instruments are exercised; (ii) retained earnings (deficit) includes all current and prior period profits or losses and issuance costs net of any tax benefits; and (iii) accumulated other comprehensive income (loss) includes the net change in fair value recognition on AFS assets and foreign currency translation adjustments.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Equity settled share-based remuneration
The Company operates equity settled share-based remuneration plans for its eligible directors, officers, employees and consultants. Occasionally during the process of raising capital, the Company or its subsidiaries 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 value unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods and services 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 the 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 the previous estimate. 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.

Certain share-based payment awards might provide the employee with either cash or equity, but the choice as to which option occurs is outside the control of both the employee and the Company. Such arrangements are accounted as cash settled and equity settled. The probability of cash settlement is reflected in the fair value of the liability and the results in recognition of a change (with the expected outcome applied to the fair value) over the vesting period. If the award is ultimately settled in equity, the fair value of the liability is reduced to nil.

Standards, Amendments, and Interpretations Issued and Adopted
Statement of Cash Flows (IAS 7) - In January 2016, the International Accounting Standard Board (“IASB”) issued Disclosure Initiative Amendments to IAS 7 – Statement of Cash Flows as part of the IASB’s Disclosure Initiative. These amendments require entities to provide additional disclosures that will enable financial statement users to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. These amendments were effective for annual periods beginning on or after January 1, 2017. The impact of adoption of this amendment is not significant.

Standards, Amendments, and Interpretations Issued but not yet Adopted
The following new standards, amendments, and interpretations have been issued and are expected to impact the Company but are not effective for the fiscal year ending December 30, 2017 and, accordingly, have not been applied in preparing the Financial Statements.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

IFRS 9 – Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments (IFRS 9), which replaces the guidance in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39). This final version includes requirements on: (1) classification and measurement of financial assets and liabilities; (2) impairment of financial assets; and (3) general hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively, with certain exceptions. IFRS 9 does not require restatement of comparative period financial statements except in limited circumstances related to aspects of hedge accounting. Entities are permitted to restate comparatives if hindsight is not applied. The Company has made the decision not to restate comparative period financial information and will recognize any measurement difference between the previous carrying amount and the new carrying amount as of the date of adoption, through an adjustment to opening deficit. Consequential amendments were made to IFRS 7, Financial Instruments: Disclosures (IFRS 7) introducing expanded qualitative and quantitative disclosures related to IFRS 9, which are required to be adopted for the annual period beginning on January 1, 2018, when the Company first applies IFRS 9.

The adoption of IFRS 9 is a significant initiative for the Company supported by a formal governance framework and a robust implementation plan. The Company defines IFRS 9 risk methodology and accounting policy, identifying data and system requirements, and developing an appropriate operating model and governance framework. Controls surrounding IFRS 9 processes continue to be developed and refined. The Company's implementation plan includes the following phases: (a) initiation and planning; (b) detailed assessment; (c) design and solution development; and (d) implementation, with work streams focused on classification and measurement, impairment and reporting and disclosures requirements of IFRS 9.

Classification and Measurement
Financial assets will be classified based on the Company's business model for managing its financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are classified into one of the following three categories, which determine how it is measured after initial recognition: (a) amortized cost, (b) fair value through other comprehensive income ("FVOCI"), and (c) fair value through profit or loss ("FVTPL").

An election may be made to hold certain equity securities at FVOCI, with no subsequent recycling of gains and losses to net income. In addition to designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

The classification and measurement of financial liabilities remain largely unchanged under IFRS 9, except for removal costs for derivative liabilities and changes in fair value as a result of the entity's own credit risk (which should now be recognized in other comprehensive income). The Company has defined its significant business models and has assessed the cash flow characteristics for all financial assets under the scope of IFRS 9. The classification and measurement of financial assets remain largely unchanged under IFRS 9. However, the Company does expect certain significant classification changes.

The Company's investments in convertible debentures held and investments in equity of publicly listed and private companies will be classified as fair value through profit and loss. As a result, the Company expects a fair value adjustment, which the Company is in the process of evaluating. In addition, the Company expects an increase to the allowance for credit losses as a result of the transition to the expected credit loss model, investments in loans receivable and trade receivables are expected to be significantly affected due to the adoption of the expected credit loss model. The Company is in the process of finalizing and refining the model. The impact of the above-noted two changes may be material and will be recognized through opening deficit. The Company does not expect any significant impact from changes in hedge accounting.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

General Hedge Accounting
IFRS 9 introduces a new general hedge accounting model which better aligns accounting with risk management activities. The Company has an accounting policy choice to adopt the new general hedge accounting model under IFRS 9 or continue to apply the hedge accounting requirements under IAS 39. The Company expect no significant impact on its consolidated financial statements due changes in hedge as the Company does not apply hedge accounting. Based on the internal assessment of the new IFRS 9 requirements, overall, the Company expects a significant impact on its consolidated financial on the adoption of IFRS 9 with regard to impairment losses and fair value changes impact on the consolidated statements of income (loss) and comprehensive income (loss).

IFRS 15 – Revenue from Contracts
In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15"), which replaces IAS 11 – Construction Contracts, IAS 18 – Revenue, and International Financial Reporting Interpretations Committee 13 – Customer Loyalty Programmes ("IFRIC 13"), as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers; except for contracts that are within the scope of the standards on leases, insurance contracts, and financial instruments. IFRS 15 also contains enhanced disclosure requirements.

The Company will adopt IFRS 15 for the 2018 annual fiscal period and expects to do so on a modified retrospective basis without restatement of prior period results. Based on the Company's internal analysis of the new IFRS 15 requirements, of its five-step model, it is anticipated that the implementation of this standard will not have a significant impact on the Company's Financial Statements.

IFRS 16 – Leases
IFRS 16, Leases eliminates the distinction between operating and finance leases from the perspective of the lessee. Any contract that is defined as a lease, other than two very narrow exceptions, will be classified as a finance lease and recorded in the Statement of Financial Position. This pronouncement is effective for annual periods commencing on or after January 1, 2019. The Company is in the process of assessing the potential impact of this standard.

IFRS 2 - Share-based Payments
IFRS 2, Share-based Payments. In June 2016, the IASB issued final amendments to this standard. IFRS 2 clarifies the classification and measurement of share-based payments transactions. These amendments deal with variations in the final settlement arrangements including: (a) account for cash settled share-based payment transactions that include a performance condition; (b) classification of share-based payment transactions with net settlement features; and (c) accounting for modifications of share-based payment transactions from cash settled to equity. IFRS 2 is effective for annual periods beginning on or after January 2018, with early adoption permitted. The Company has assessed this standard and will account for share-based payments on this basis as they occur. The Company does not expect any significant impact from the adoption of these amendments.

NOTE 4. ACQUISITIONS AND DISPOSALS

The Company has determined that the below acquisitions are business combinations under IFRS 3, Business Combinations. Each are accounted for by applying the acquisition method, whereby the assets acquired, and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Operating results have been included in these Financial Statements from the date of the acquisition. Any goodwill recognized is attributed based on CGUs.

(Presented in Canadian Dollars)

NOTE 4. ACQUISITIONS AND DISPOSALS – CONTINUED

Acquisition of PTC Accounting and Finance Inc. by Bay Talent Group

On December 1, 2017, the Company and its subsidiary, GICMB, acquired a total of a 50.8% interest in Bay Talent Group, which subsequently purchased a 100% interest in PTC Accounting and Finance Inc. ("PTC"). The Company and GICMB feel that this acquisition of PTC fits well into its strategy of making significant equity investments in companies that have potential to be quick turnaround situations. The Company accounted for this purchase using IFRS 3, Business Combinations. Operating results have been included in these Financial Statements from the date of the acquisition. The allocated purchase price calculation is as follows:

	$
Fair Value of Identifiable Net Assets	
Cash and cash equivalents	87,259
Accounts receivable and prepayments	493,333
Property and equipment	81,299
Trade payables, accruals and short-term loans	(928,009)
Net liabilities acquired	**(266,118)**
Consideration paid	
Shares issued (a)	149,713
Total consideration paid	**149,173**
Total Goodwill (b)	**415,831**

(a) The shares were measured based on a market price of $0.05.
(b) The goodwill was impaired subsequently due to the uncertainty of the future cash flows of the business.

Had the above noted business combination occurred on January 1, 2017, the revenues and net loss for the year ended December 31, 2017 would have been $18,057,194 and $13,386,390, respectively. BTG's revenue and net loss for the period from the date of acquisition to December 31, 2017 are $3,144,211 and $1,306,039, respectively.

Acquisition of Capital Ideas Media Inc. by Ubika Corp.

On November 22, 2017, the Company's wholly owned subsidiary, Ubika Corp., acquired Capital Ideas Media Inc. ("CIM") business operations, and certain assets and assumed certain liabilities. Ubika Corp. believes that CIM fits in well with its business of providing investor relations, content and research to companies in the small cap space. The Company accounted for this purchase using IFRS 3, Business Combinations. Operating results have been included in the Financial Statements from the date of the acquisition. Operating results have been included in these Financial Statements from the date of the acquisition. The allocated purchase price calculation is as follows:

	$
Fair Value of Identifiable Net Assets	
Cash and cash equivalents	63,917
Property and equipment	27,358
Trade and other payable	(56,787)
Net assets acquired	**34,488**
Consideration paid	
Cash consideration paid	200,000
Cash consideration to be paid in 2018	300,000
Non-controlling interest	17,235
Total consideration paid	**517,235**
Total goodwill (a)	**482,747**

(a) The goodwill was impaired subsequently due to the uncertainty of the future cash flows of the business.

Had the above noted business combination occurred on January 1, 2017, revenues and net loss for the year ended December 31, 2017 would have been $11,456,448 and $32,843,847, respectively. CIM's revenue and net loss for the period from the date of acquisition to December 31, 2017 are $1,096,606 and $2,813,624, respectively.

(Presented in Canadian Dollars)

NOTE 4. ACQUISITIONS AND DISPOSALS – CONTINUED

Acquisition of 2242257 Ontario Inc. and its subsidiaries by Gravitas Ilium Corp.

On October 1, 2016, Gravitas Illium Corporation ("GIC"), a 50% controlled subsidiary of the Company, acquired 50.99% of 2242 a holding company, for the conversion of $750,000 of outstanding indebtedness due from 2242 to GIC (the "2242 Acquisition"). 2242 owns a 95.2% interest in Gravitas Securities Inc. ("GSI"), and a 100% interest in each of Gravitas Capital International Inc. (an investment dealer in the United States of America), Gravitas Wealth Advisors LLC, Gravitas Independent Portfolio Manager Inc. and 2434355 Ontario Inc. The purchase price allocation is as follows:

	$
NET ASSETS	
Cash and cash equivalents	1,276,079
Guaranteed investment certificates	749,940
Trade and other receivables	241,352
Receivable from brokers and clients	21,118,142
Loans receivable	473,936
Prepaid expenses	13,190
Equity investments and other	338,510
Customer relationships – investment banking	114,240
Backlog – investment banking	142,800
Tradename/brands	133,280
US investment banking license	196,755
Goodwill (non-deductible for tax purposes)	3,366,877
Trade and other payables	(992,566)
Payable to brokers and clients	(21,118,142)
Due to related parties	(4,418,562)
Deferred tax liability	(211,666)
Non-controlling interest	46,712
Net assets acquired	**1,470,877**
Consideration paid	
Conversion of debt	750,000
Non-controlling interest	720,877
Total consideration paid	**1,470,877**

On April 1, 2017, GIC increased its ownership in 2242 by 4% to 54.99%.

Acquisition of Revenue.com by 2474184 Ontario Inc.

On November 9, 2015, the Company assigned convertible debentures held of Revenue.com US Corporation ("Revenue.com") of $434,232, that were previously fully impaired, to 2474184 Ontario Inc. ("2474184"), a 44.3% (2016: 51.17%) subsidiary of the Company, in exchange for 1,062,559 preferred shares of 2474184 Ontario Inc. The preferred shares have certain preferred rights and are convertible into common shares on the occurrence of specific events. Revenue.com has been assessed as a stand-alone CGU. On November 8, 2016, Gravitas Ventures Inc ("GVI"), a 100% subsidiary of the Company, and 2474184 entered into a debt conversion agreement, effective October 26, 2016, wherein GVI received an aggregate of 2,701,354 common shares of 2474184. in exchange for the $696,509 loans due from 2474184. In addition, GVI received 1,218,367 shares of 2474184 as settlement for certain debts.

(Presented in Canadian Dollars)

NOTE 4. ACQUISITIONS AND DISPOSALS – CONTINUED

The Company recorded an allocation of the purchase price to tangible assets acquired and liabilities assumed, based on their fair values on the acquisition date. The allocated purchase price calculation is as follows.

	$
Fair Value of Identifiable Net Assets	
Cash and cash equivalents	10,272
Trade and other receivables	43,506
Trade and other payables	(322,378)
Due to related parties	(177,101)
Goodwill (subsequently impaired) (a)	445,701
Net assets acquired	-
Consideration paid	
Conversion of debt, management and loan fees	1,010,649
Provision for impairment on debt	(1,010,649)
Total consideration paid	-

(a) The goodwill was impaired on acquisition due to the uncertainty of the future cash flows of the business.

During 2017, 2474184 Ontario Inc. issued an additional 1,322,000 common shares reducing the Company's ownership to 44.3%. However, as the Company continues to control the Board of 2474184, it consolidated the accounts of the Company within these Financial Statements.

Disposal of Luxury Quotient International Inc.

On September 7, 2017, the Company completed a share purchase agreement, whereby vMobo Inc., a private company, purchased all outstanding the shares of Luxury Quotient International Inc. ("LQII") and its subsidiaries for total consideration of $1 plus the assumption of certain debts and liabilities. The purchase price consisted of the issuance of 3,460,015 vMobo Inc.'s common shares. The results of operations of LQII have been presented in these Financial Statements as discontinued operations. The following table shows the gain on disposition:

	$
Fair Value of Identifiable Net Assets	
Cash and cash equivalents	4,678
Trade and other receivables	584,650
Inventory	119,648
Prepaids	52,802
Property and equipment	82,955
Intangible assets	578,697
Trade and other payables	(395,501)
Long term loan and debenture	(1,734,092)
Net assets disposed of	**(706,163)**
Consideration received	
Shares of vMobo Inc.	1
Gain on disposition of subsidiary	**706,164**

(Presented in Canadian Dollars)

NOTE 4. ACQUISITIONS AND DISPOSALS – CONTINUED

Acquisition of Elitify (subsequently disposed as a part of the Luxury Quotient International Inc. disposition)
On July 21, 2016, Luxury Quotient India Private Limited, a 100% subsidiary of the Company, acquired Elitify.com, an on-line retail business operation, and certain assets and assumed certain liabilities from Lavida Luxe Lifestyle Solutions Private Limited for $2,403,592. Elitify is an on-line marketing branded luxury goods to customers in India. The Company considers Elitify a strategic supplement to Luxury Quotient's business activities. The Company accounted for this purchase using IFRS 3, Business Combinations, using the acquisition method of accounting. The Company recorded an allocation of the purchase price to tangible assets acquired and liabilities assumed, based on their fair values as of the July 21, 2016 acquisition date. The allocated purchase price calculation is as follows.

	$
Fair Value of Identifiable Net Assets	
Current assets	20,633
Property and equipment	102,956
Intangible assets (a)	1,173,327
Goodwill (non-deductible for tax purposes and subsequently impaired)	746,676
Net assets acquired	**2,043,592**
Consideration paid	
Cash payment	291,000
Other non-interest bearing notes payable	782,592
Unsecured compulsorily convertible debenture ("CCD") at 0.0001% due July, 2017	970,000
Total consideration paid	**2,043,592**

(a) The intangible assets consist of brand names of $932,286, option to return assets of $200,139 and proprietary software of $40,902.

During 2017, the Company's investment in Elitify was transferred to vMobo Inc. through the sale of LQII.

Disposal of Mint Technology
In 2016, the Company completed the winding up of Mint Technology Inc. ("MTI"), an inactive 100% subsidiary of Mint based in the United States. Accordingly, the Company de-consolidated the operations and balance sheet of MTI. The balances of MTI have been presented in these Financial Statements as discontinued operations. The net gain from discontinued operations of MTI was determined as follows:

Carrying value of MTI liabilities	327,801
Proceeds	-
Net gain on disposal	**327,801**

Disposal of Claxton
In 2016, the Company completed its sale of the Palm Valley property for gross proceeds of $7,716,960 (US$5,825,000). As part of the sale, the purchaser of the Palm Valley property assumed the outstanding mortgage of $4,458,756 (US$3,365,607). The Company incurred customary costs and adjustments related to the disposition of $104,713 and the net proceeds realized were $2,520,664 (US$1,902,675), resulting in a net loss of $295,323 (US$220,202) included in net loss from discontinued operations. The balances of Claxton have been presented in these Financial Statements as discontinued operations.

NOTE 5. RECEIVABLE FROM AND PAYABLE TO BROKERS AND CLIENTS

The Company's partially owned subsidiary, Gravitas Securities Inc. ("GSI") is required to carry clients' accounts on its statement of financial position, and accordingly receives, delivers or holds cash or securities in connection with such clients. As at December 31, 2017, GSI held client money in segregated accounts totalling $27,708,188 (December 31, 2016: $24,243,034). All amounts receivable from clients and brokers on the Company's books in the amount of $26,269,044 (2016: $22,976,245). As GSI does not have a legal right to offset these amounts, they have been presented as a receivable and a payable on the statement of financial position.

(Presented in Canadian Dollars)

NOTE 6. TRADE AND OTHER RECEIVABLES

	December 31, 2017	December 31, 2016
	$	$
Trade receivables [(a)]	**1,503,424**	1,801,248
Less: Allowance for doubtful accounts	**(28,021)**	(235,235)
Interest receivable	**1,071,462**	1,085,718
Harmonized sales tax receivables	**255,387**	617,477
Advances to related companies [(b)]	**802,692**	460,031
Advances to related companies, at 8% per annum, due on demand	**300,000**	300,000
Royalty	**-**	243,307
Other [(c)]	**478,268**	176,748
	4,383,212	4,449,294

(a) Trade receivables include $Nil (December 31, 2016: $80,950) due from related entities.
(b) The Company has advanced $802,692 (December 31, 2016: $460,031) to the Limited Partnerships managed by two of the Company's subsidiaries. Advances are non-interest bearing and due on demand.
(c) Includes subscription receivables.

NOTE 7. LOAN RECEIVABLES

	December 31, 2017	December 31, 2016
	$	$
Secured Loans	**2,959,759**	3,198,126
Unsecured Loans	**309,924**	289,055
Employee forgivable loan	**613,231**	542,265
Settlements	**(63,000)**	-
Less: Impairment	**(459,924)**	(104,055)
Balance, end of the year	**3,359,990**	3,925,391
Less: current portion	**(1,736,298)**	(3,240,687)
Non-current portion	**1,623,692**	684,704

Secured loans and unsecured loans
These loan receivables bear interest rates ranging from Nil% to 12% per annum with maturity dates of up to April 2019. Secured loans are secured under general security agreements.

Employee forgivable loans
With the acquisition of 2242, certain interest free employee forgivable loans were assumed. Under the terms of these loans, the Company will forgive 14.3% (one-seventh) of the principal amount annually. Loan recipients would be required to repay their outstanding loan balance immediately upon ending their employment with 2242 or its subsidiary, GSI. The Company amortizes the original amount of the loan on a straight-line basis over a seven-year term. As of December 31, 2017, outstanding loans totaled, $613,231 (2016: $542,265).

(Presented in Canadian Dollars)

NOTE 8. CONVERTIBLE DEBENTURES HELD

	December 31, 2017 $	December 31, 2016 $
Secured against certain assets of the borrower, with a face value ranging from $100,000 to $1,250,000 (2016: $200,000 to $1,250,000), maturity up to July 7, 2019 (2016: up to June 1, 2021) and bearing interest at 6% to 10.5% (2016: 6% to 10.5%)	**2,307,944**	1,780,940
Secured against certain assets of the borrower, with a face value ranging from $100,000 to $500,000 (2016: US$100,000 to US$400,000), maturity up to July 29, 2019 (2016: up to December 9, 2018) and interest rates from 6% to 10% (2016: 6% to 10%)	**969,409**	661,166
Unsecured, with a face value ranging from $50,000 to $100,000 (2016: $17,000 to $250,000), up to March 30, 2018 (2016: up to August 14, 2019) and interest rates from 6% to 12% (2016: 6% to 12%)	**190,409**	532,045
Subtotal	**3,467,762**	2,974,151
Conversion feature	**485,718**	1,640,524
Subtotal	**3,953,480**	4,614,675
Add: Amount received from previous impairment	**200,000**	-
Less: accumulated impairment	**(2,055,637)**	(1,121,777)
Balance, end of the year	**2,097,843**	3,492,898
Less: current portion	**(1,385,579)**	(420,583)
Non-current portion	**712,264**	3,072,315

The initial value of the underlying loan is determined by measuring the conversion features and assigning the residual value to the loan component. The loan component is not re-valued subsequent to its initial recognition. The change in the fair value of the conversion feature for the year ended December 31, 2017, was a decrease of $1,039,635 (an increase for the year ended December 31, 2016 of $322,743).

Fair value assumptions at issuance

The fair values of the conversion feature at issuance of $549,284, (December 31, 2016: $170,579) was estimated using the Black Scholes pricing model based on the following assumptions. In the case of convertible debentures held in private companies, the fair value was determined based on recent third-party private placements into the investee company.

	December 31, 2017	December 31, 2016
Weighted average conversion price	$0.22	$0.85
Share price	$0.21	$0.17
Expected dividend yield	0%	0%
Expected average volatility	71%	190%
Risk-free average interest rate	1.04%	0.54%
Expected average life (years)	1.03	2.68
Weighted average fair value	$0.21	$0.37

Fair value assumptions at December 31, 2017

The fair value of the conversion feature of $485,718 as at December 31, 2017, (December 31, 2016: $1,640,524) was estimated using the Black Scholes pricing model based on the following assumptions:

	December 31, 2017	December 31, 2016
Weighted average conversion price	$0.52	$0.63
Expected dividend yield	0%	0%
Expected average volatility	99%	164%
Risk-free average interest rate	1.48%	0.76%
Expected average life (years)	0.69	1.69
Weighted average fair value	$0.45	$0.25

A reasonable possible change in any of the assumptions will not result in a significant change in the fair value.

(Presented in Canadian Dollars)

NOTE 9. GUARANTEED INVESTMENT CERTIFICATES

	December 31, 2017	December 31, 2016
	$	$
Guaranteed investment certificate, 0.45%, maturing during October 2018	**226,000**	226,000
Guaranteed investment certificate, 0.95%, maturing during April 2018	**513,839**	508,500
Guaranteed investment certificate, 0.50%, maturing during April 2018	**202,100**	200,000
Guaranteed investment certificate, 0.95%, maturing on February 2018	**15,000**	-
Guaranteed investment certificate, 0.90%, maturing on May 2018	**1,000,000**	-
Guaranteed investment certificate, 0.90%, maturing on May 2018	**20,000**	-
Guaranteed investment certificate, 1.30%, matured during March 2017	-	5,949,971
Guaranteed investment certificate, 1.30%, matured during March 2017	-	1,045,213
Treasury bill, approximately 1.50%, matured on January 26, 2017	-	250,255
Guaranteed investment certificate, 0.50%, matured on July 4, 2017	-	500,000
Treasury bill, maturing February 18, 2018	**250,290**	-
	2,227,229	8,679,939

NOTE 10. INVESTMENTS IN ASSOCIATES

	December 31, 2017	December 31, 2016
	$	$
Balance, beginning of the year	**10,231,641**	8,577,253
Advances to Mint UAE	**4,226,716**	3,313,513
Advances to Hafed Holdings Inc., net of repayment amounts [(a)]	**5,486,325**	-
Loans to associates	**3,750**	142,000
Less: Dividends received	**(280,000)**	(380,000)
Less: Share of results in associates	**(2,281,521)**	(1,279,125)
Less: Impairment in Mint UAE	**(8,427,178)**	(142,000)
Balance, end of year	**8,959,733**	10,231,641
Less: current portion	**(5,486,325)**	-
Non-current portion	**3,473,408**	10,231,641

(a) As the conditions of the Trizac Holdings LLC, an arms length party to the Company, transaction were not satisfied, the Company to receive the amounts that were previously advanced. As of December 31, 2017, a total of $5,486,325 (2016: $Nil) was due to be received.

Mint UAE and MGEPS

Mint UAE comprises of five primary entities: Mint Middle East LLC ("MME LLC"); Mint Electronic Payment Services Limited ("MEPS"); Mint Capital LLC ("MCO"); Mint Gateway for Electronic Payment Services ("MGEPS"); and Hafed Holding LLC ("Hafed"); MME LLC is 51% owned by Mint.

MME LLC and its affiliates focus on payroll cards, merchant network solutions and micro finance loans to existing payroll card holders. MME LLC manages the issuance, administration, customer support, payment processing and set up and reporting of payroll cards and related activities. MCO provides micro finance loans to payroll card holders.

MEPS is 49% owned by MME LLC but is fully controlled subsidiary of MME LLC by a nominee agreement which provides Board and management control, as well as a 100% commercial interest in the operations of MEPS. MCO is a 100% subsidiary of Mint. MGEPS is 49% owned by MCO and a third party, Global Business Services for Multimedia ("GBS"), owns the remaining 51%. Under the terms of a nominee agreement, GBS has nominated a two percent share of its ownership and commercial interest in favor of MCO. Accordingly, MCO beneficially owns 51% of MGEPS. MEPS LLC and MCO presently have no significant operations. MGEPS owns 10% of Hafed's shares, with 49% commercial interest.

NOTE 10. INVESTMENTS IN ASSOCIATES - CONTINUED

During the year ended December 31, 2017, the Company advanced an additional $4,226,717 to MGEPS (2016: $3,313,513). This loan bears interest at 4.5% and matures on October 23, 2018. As at December 31, 2017, the Company recognized a

full provision on the investments of Mint Gateway, which has been recorded in the statement of loss and comprehensive loss.

In March 2017, the Company announced that, through Hafed Holdings LLC, it had advanced $7.2 million to a third party in the UAE as a deposit to secure the right to acquire a UAE Central Bank licensed financial company. As the conditions of this transaction were not met by the counterparty, the Company is receiving its deposit back through thirteen monthly payments. The last payment is due during November 2018. As a result, the Company has a receivable totalling $5,486,325 (2016: $Nil) at year end.

Portfolio Analysts Inc.
The Company owns a 40% interest in Portfolio Analysts Inc. ("PAI") giving it significant influence over PAI's operations. 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. As the Company does not have the current ability to control the key operating activities of PAI it is accounted for using the equity method.

Prime City One Capital Corp.
The Company has an 18% interest in the outstanding shares of Prime City One Capital Corporation ("Prime"), giving it significant influence over Prime's operations. As the Company does not have the ability to control the key operating activities of Prime, its investment is accounted for using the equity method. As at December 31, 2017, the Company has advanced a total of $495,750 (December 31, 2016: $492,000) to Prime, which has been fully impaired. The amounts loaned bear interest at 12% and are due on demand.

A summary of the assets, liabilities and operations of associates are presented below:

	December 31, 2017			December 31, 2016		
Expressed in thousands	**Prime**	**Mint UAE**	**PAI**	**Prime**	**Mint UAE**	**PAI**
		$	$		$	$
Financial position						
Current assets	4	2,199	4,918	13	2,319	3,943
Non-current assets	-	10,038	7,307	-	5,236	6,945
Current liabilities	622	7,453	2,573	530	2,127	2,168
Non-current liabilities	4	438	5,811	4	397	5,485
For the year ended			**December 31, 2017**			**December 31, 2016**
Statement of earnings (loss)						
Revenue	-	3,973	30,460	-	4,785	27,564
Expenses	102	9,594	28,635	102	7,556	26,911
Operating income (loss)	(102)	(5,621)	1,825	(102)	(2,771)	1,447
Net earnings (loss)	(102)	(5,621)	1,825	(102)	(2,771)	1,095
Cash flows						
Dividends paid	-	-	280	-	-	950

NOTE 10. INVESTMENTS IN ASSOCIATES – CONTINUED

The Company's share of the net (income) loss is as follows:

All amounts in expressed in thousands	For the year ended December 31, 2017 $	2016 $
Mint UAE	2,626	1,425
PAI	(345)	(146)
Prime	-	-
Total share of (income) loss in associates	2,281	1,279

NOTE 11. EQUITY INVESTMENTS AND OTHER

	December 31, 2017 $	December 31, 2016 $
Available for sale ("AFS")		
Investments in public companies:		
Common shares, net of impairment	**8,822,950**	6,409,299
Investment in private companies:		
Common shares, net of impairment	**1,551,873**	604,932
Preferred shares	**1,806,792**	1,806,792
Fair Value through the profit and loss statement ("FVTPL")		
Investments in public companies: Common shares	**1,379,691**	450,289
Options	**425,226**	32,784
Warrants	**5,473,801**	2,147,905
Subscription receipts	-	-
Other investments		
Investment at amortized cost	-	424,183
Investments in funds and related joint venture	**2,662,321**	1,733,029
Mining properties	**1**	1
	22,122,655	13,609,214

Warrants

The fair value of the warrants the Company holds in equity investments was estimated using the Black-Scholes pricing model and was based on the following assumptions:

	December 31, 2017		December 31, 2016	
	Range	Weighted Average	Range	Weighted Average
Fair value of warrant	$0.00 to $0.427	$0.05	$0.00 to $0.503	$0.52
Stock price	$0 to $0.87	$0.15	$0.10 to $8.00	$0.25
Expected life (in years)	0.121 to 7.95	3.08	0.05 to 8.93	2.54
Volatility	0% to 405%	122%	0.00% to 853%	117%
Discount Rate	1.44% to 1.52%	1.47%	0.75% to 0.87%	0.71%

Preferred shares

During 2015, New India Investment Corporation ("NIC"), a wholly owned subsidiary of the Company, invested a total of $1,218,059 (US$981,000) in Innoviti Payments Solutions Private Limited ("Innoviti"), a private company incorporated in India under the Indian Companies Act. The Company acquired 452,061 Series C Preferred shares. These preferred shares are compulsorily convertible into common shares on a one-for-one basis within three years and carry a cumulative dividend of 0.1%. During 2016, NIC made an additional investment of $588,733 (US$475,000). During 2017, Innoviti raised additional funds from third parties, diluting the Company's interest to approximately 4%. As at December 31, 2017, the Company valued this investment at $1,806,792 (2016: $1,806,792).

(Presented in Canadian Dollars)

NOTE 11. EQUITY INVESTMENTS AND OTHER - CONTINUED

Investment in joint venture

On October 17, 2016, a subsidiary of the Company, Foregrowth Inc., created a joint venture with Grenville Strategic Royalty Corp ("GSRC"), called Foregrowth-Grenville Investments Inc. ("FGII"). FGII has the right to co-invest new royalty investments made by GSRC. Foregrowth, holds 85% of the shares of FGII but does not control FGII. Under the license agreement with FGII, GSRC is entitled to a license fee based on 1% of the amount invested and 1% on the total outstanding invested amount. The Company has accounted for its investment under the equity method. The following table summarizes the financial information of FGII:

	December 31, 2017	December 31, 2016
	$	$
Percentage ownership interest (owned by FGII)	**85%**	85%
Royalty agreement acquired	**779,306**	355,338
Current assets	**723,680**	206,651
Current liabilities	**(4,632)**	(673)
Non-current liabilities	**(1,501,926)**	(560,460)
Net assets	**(3,572)**	856
Companies share of net assets and carrying amount of interest	**(3,036)**	728
Revenue	**131,865**	7,986
Operating expenses	**(18,536)**	(4,195)
Interest expense	**(107,363)**	(2,626)
Income tax	**(1,581)**	(309)
Profit (loss) and comprehensive income	**4,385**	856
Companies share of profit and comprehensive income	**3,727**	728
Dividends received	-	-

Investment Fund

During 2016, the Company invested $999,422 in units of an unconsolidated limited partnership called Gravitas Special Situations Limited Partnership or ("GSSLP"). This investment is classified as a FVTPL investment on the statements of financial position. This investment is GSSLP's Class O units. As of December 31, 2017, the value of this investment was $2,010,573 (2016: $1,733,029). Gravitas Special Situations GP Inc., an 80% subsidiary is the general partner of GSSLP. As per the confidential information memorandum, 99.99% of the net income or net loss is allocated to Limited Partners of GSSLP. The manager of GSSLP is Gravitas Securities Inc. (a subsidiary of the Company). The Limited Partners in GSSLP are not entitled to participate in the control of GSSLP. The Company is the promoter of GSSLP.

(Presented in Canadian Dollars)

NOTE 12. GOODWILL

A continuity of goodwill of the Company is as follows:

	$
Balance, January 1, 2016	-
Goodwill acquired – 2242	3,366,877
Goodwill acquired – Revenue.com	445,701
Goodwill impairment - Revenue.com	(445,701)
Goodwill acquired – Elitify	746,676
Goodwill impairment - Elitify	(746,676)
Balance December 31, 2016	**3,366,877**
Goodwill acquired – PTC Accounting and Finance Inc.	415,831
Goodwill impairment – PTC Accounting and Finance Inc.	(415,831)
Goodwill acquired – Capital Ideas Media Inc.	482,747
Goodwill impairment – Capital Ideas Media Inc.	(482,747)
Balance December 31, 2017	**3,366,877**

Goodwill balance at year end relates to the acquisition of 2242, which is a separate CGU. At December 31, 2017, the recoverable amount of the CGU was higher than its carrying value. The key assumption in the calculation of the recoverable amount include sales growth per year, changes in cost of sales and weighted average cost of capital which were projected out 5 years, with a terminal growth rate of 2%. Weighted average cost of capital was determined to be approximately 17.6% based on a risk-free rate, an equity risk premium adjusted for betas of comparable publicly traded companies, an unsystematic risk premium, an after-tax cost of debt based on the Company's financing arrangement. The Company believes that a slight change in the key assumptions would not cause significant changes in the impairment.

NOTE 13. INTANGIBLE ASSETS

A continuity of intangible assets of the Company is as follows:

	Brand names and Licenses	Proprietary Software	Option to sell assets	Net smelter royalty	Backlog and Customer	Total
	$	$	$	$	$	$
Balance, January 1, 2016	**246,272**	**-**	**-**	**1,245,760**	**-**	**1,492,032**
Acquisitions	1,262,321	40,902	200,139	-	257,040	1,760,402
Balance, December 31, 2016	**1,508,593**	**40,902**	**200,139**	**1,245,760**	**257,040**	**3,252,434**
Disposals	(555,689)	(23,008)	-	-	-	(578,697)
Balance, December 31, 2017	**952,904**	**17,894**	**200,139**	**1,245,760**	**257,040**	**2,673,737**
Accumulated amortization						
Balance, January 1, 2016	**-**	**-**	**-**	**889,831**	**-**	**889,831**
Amortization	46,614	10,226	100,070	355,930	40,460	553,300
Impairment	578,636	-	-		-	578,636
Balance, December 31, 2016	**625,250**	**10,226**	**100,070**	**1,245,761**	**40,460**	**2,021,767**
Acquisitions	-	-	-	-	-	-
Amortization	-	7,668	100,069	-	185,640	293,377
Balance, December 31, 2017	**625,250**	**17,894**	**200,139**	**1,245,761**	**226,100**	**2,315,144**
Carrying amount						
Balance, December 31, 2016	883,343	30,676	100,069	-	216,580	1,230,667
Balance, December 31, 2017	**327,654**	**-**	**-**	**-**	**30,940**	**358,593**

As a result of the continuing losses at the Company and its subsidiaries, at December 31, 2016, the Company impaired the value of its intangible brand name and recognized an impairment loss of $578,636 during the year ended December 31, 2016.

(Presented in Canadian Dollars)

NOTE 14. PROPERTY AND EQUIPMENT

A continuity of property and equipment of the Company is as follows:

	Equipment	Leasehold improvement	Total
	$	$	$
Cost			
Balance as at January 1, 2016	235,134	31,405	266,539
Additions	143,355	1,575	144,930
Disposals	(907)	-	(907)
Balance as at December 31, 2016	**377,582**	**32,980**	**410,562**
Additions	77,095	248,888	325,983
Acquisitions	89,122	19,535	108,657
Disposals	(82,955)	-	(82,955)
Balance as at December 31, 2017	**460,844**	**301,403**	**762,247**
Accumulated amortization			
Balance as at January 1, 2016	107,513	10,316	117,829
Amortization	52,437	5,793	58,230
Balance as at December 31, 2016	159,950	16,109	176,059
Amortization	67,045	57,486	124,531
Balance as at December 31, 2017	**226,995**	**73,595**	**300,590**
Carrying amount			
Balance as at December 31, 2016	217,632	16,871	234,503
Balance as at December 31, 2017	**233,849**	**227,807**	**461,657**

NOTE 15. TRADE AND OTHER PAYABLES

A summary of trade and other payables of the Company is as follows:

	December 31,2017	December 31, 2016
	$	$
Trade payables	**7,730,736**	3,747,469
Interest payables	**4,616,862**	1,365,567
Option and put liability regarding Foregrwoth	**324,725**	-
Due to related parties, non-interest bearing, due on demand	**11,635**	11,635
Due to non-controlling interest, non-interest bearing, due on demand	**-**	16,201
	12,683,958	5,140,872

(Presented in Canadian Dollars)

NOTE 16. DEBENTURES

A summary of the Company's and Mint's debentures is as follows:

	Gravitas Series #1 (a)	Gravitas Series #2 (b)	Mint Series A (c), (f)	Mint Series B (d)	Mint Series C (e), (f)	Total
	$	$	$	$	$	$
Balance, January 1, 2016	**29,817,688**	**53,124,939**	**43,556,598**	**4,160,164**	**9,688,197**	**140,347,586**
Debenture restructuring	-	-	3,583,429	-	-	3,583,429
Settlement of debentures	-	-	-	(689,500)	-	(689,500)
Gain on settlement of debentures	-	-	-	(750,940)	-	(750,940)
Accretion of interest	107,474	111,827	1,145,232	610,688	118,682	2,093,903
	107,474	111,827	4,728,661	(829,752)	118,682	4,236,892
Balance, December 31, 2016	**29,925,162**	**53,236,766**	**48,285,259**	**3,330,412**	**9,806,879**	**144,584,478**
Accretion of interest	97,838	110,660	249,897	121,588	128,621	708,604
Gain on redemption	-	-	-	(2,927,455)	-	(2,927,455)
Interest accrued	-	-	-	1,035,600	-	1,035,600
Settlement of debentures	-	-	-	(1,560,145)	-	(1,560,145)
Balance, December 31, 2017	**30,023,000**	**53,347,426**	**48,535,156**	**-**	**9,935,500**	**141,841,082**
Less: Current portion (f)	-	-	(48,535,156)	-	(9,935,500)	(58,470,654)
Non-current portion	**30,023,000**	**53,347,426**	**-**	**-**	**-**	**83,370,426**

Company's Debentures

(a) The Company's Debentures #1 have a face value of $30,023,000 with an interest rate of 3.5% payable quarterly. These debentures are secured by a first ranking lien over the collateral assets of the Company, subject to; (i) the security interest previously granted and registered in respect to 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. During May 2017 the Company, for a fee of $300,230, extended the maturity date of this debenture to December 3, 2020. This amount is included within interest expense.

(b) The Company's Debentures #2 has a face value of $54,022,000 with an interest rate to the greater of: (i) 3% per annum; or (ii) an amount as is equal to 80% of the earnings before interest expense and tax ("EBT") on a consolidated basis, subject to an aggregate maximum amount of 8% per annum. The base 3% interest amount shall be payable quarterly, with the annual adjustment made based on the net earnings calculation annually and paid out on April 30 of each year. The debentures are redeemable at par value on June 23, 2023. The debentures are renewable for an additional ten-year period upon the payment of a renewal fee equal to 1% of the principal amount of the debentures outstanding at the date of the renewal. Upon any such renewal, the rate of interest on the debentures shall be adjusted such that the minimum interest rate shall be equal to the Government of Canada ten-year bond rate, plus 5%. This debenture is secured by Gravitas' assets.

Mint's Debentures

(c) Mint's Series A debentures have a face value of $49,019,962 and an interest rate of 3% per annum and increased to 5% per annum as of January 17, 2017. Interest is payable quarterly. Series A debentures were restructured in January 2016 and are redeemable at par on December 15, 2019. 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 a fee of 2.5% of the principal outstanding if certain customer targets 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, during 2016 a debenture restructuring expense of $3,583,429 was recorded. These debentures are treated as floating rate liabilities, with the effective interest rate re-determined periodically, based

NOTE 16. DEBENTURES - CONTINUED

on the expected threshold of active card targets. Accordingly, the additional payment of cash fee of $1,225,499 above the base interest rate is recognized as interest expense in the same period that the related thresholds are met. Series A debentures are guaranteed by MME LLC and secured against the assets of Mint and MME LLC.

(d) During 2016, the Company purchased and cancelled $1,268,000 of the Mint Series B debentures for a cash payment of $689,500. A gain on settlement of $750,940 was recognized.

On September 29, 2017, the Company completed the sale of $2,918,000 principal amount of Series B debentures of Mint for cancellation. As payment for the debentures, Gravitas received 15,066,548 common shares of Mint and a demand promissory notes, bearing interest of 5% per annum, in the amount of $188,808. Gravitas had earlier paid the debentures by transferring the same number of common shares of Mint from its own holding and $188,808 cash payment.

On October 12, 2017, Mint exercised the redemption right and issued a notice for the redemption of the remaining Series B debentures of $534,000. On the redemption date, Mint will issue 1,787,832 common shares and pay $107,259 as the redemption price. The common shares issued as a result of exercising the redemption right will have a fair value of $0.075 per share on the date of settlement for a total fair value of $134,031 and will be subject to a hold period expiring on February 13, 2018.

In total, the Company issued $1,264,078 worth of common shares and cash payment of $296,067 to redeem the Series B debentures with a carrying value of $4,487,600, resulting in a gain on redemption of $2,927,455, which has been recorded on the statement of loss and comprehensive loss. Interest accrued on date of settlement was $1,035,600 (2016 - $974,126), which was included in accruals and other payables.

(e) Mint's Series C debentures have a face value of $10,000,000 and an interest rate of 5.5% per annum. Interest is payable quarterly. The Series C debentures are redeemable on June 23, 2018. These debentures are secured by Mint's assets. On June 23, 2015, Mint issued 500,000 broker warrants to the debt holder and incurred $367,250 in directly attributable issuance costs. The fair value of the broker warrants of $18,650, determined using the Black Scholes model using the following assumptions: an expected volatility of 217%; a risk-free interest rate of 0.62%; an expected unit life of 3.0 years; no expected dividend yield; and a share price of $0.04, has been recorded as a separate component of equity. The fair value of the broker warrants and the issuance costs were deducted from the gross proceeds and will be accreted over the term of the debentures.

(f) On March 1, 2018, Mint had executed a definitive debt restructuring agreement with the holder of substantially all of the Series A debentures and all of its Series C debentures. Mint's Series A and Series C debentures are to be replaced by $20 million of debt, bearing an interest rate of 10% per annum and a maturity date of December 31, 2021. The new debt will be secured by a first position security interest in the assets of Mint, MME and Mint Capital LLC. The debenture-holders will also receive (a) 17,300,000 common shares of Mint, (b) 11,700,000 common share purchase warrants of Mint, and (c) subscription receipts to acquire a total of 16,000,000 common shares of Mint. Each warrant will be exercisable after two years and on or before the maturity date of the newly negotiated debt for one common share of Mint at an exercise price of $0.10. The subscription receipts will become convertible in installments of 2,000,000 common shares of Mint, at the end of each quarter for the next eight quarters following the issuance of the new debt, subject to certain adjustments relating to any prepayment made prior to that conversion date.

(Presented in Canadian Dollars)

NOTE 17. LOANS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2017 $	December 31, 2016 $
Business Development of Canada loan, due from PTC (a)	**105,000**	-
Bridge loan, due from GMC (b)	**1,254,500**	-
Preferred share liability, due from GMC (c)	**360,000**	-
Other	**50,000**	
Balance, end of the year	**1,769,500**	-
Less: current portion	**(1,254,500)**	-
Non-current portion	**(515,000)**	-

(a) PTC has a loan due to the Business Development of Canada totaling $105,000. Interest of 4% is payable annually. The loan matures on June 1, 2021.

(b) GMC was loaned $1,254,500 (US$1,000,000) from a third party. This loan matures on June 19, 2018 and carries an interest rate of 18% per annum.

(c) GMC issued preferred shares totaling $360,000 (2016: $Nil) during the year ended December 31, 2018. These preferred shares carry an interest rate of 8% and redeemable, at the option of the holder, either four or five years from the date of issuance.

NOTE 18. IMPAIRMENT

A summary of impairment expense for the year ended December 31, 2017 and 2016 is as follows:

	December 31, 2017 $	December 31, 2016 $
Impairment of investments in associates	**8,427,178**	142,000
Impairment of goodwill	**898,578**	1,192,377
Impairment of convertible debentures	**933,860**	79,229
Impairment of loan receivables	**355,869**	1,027,114
Impairment of debentures	**290,000**	-
Impairment of common shares - public	**150,000**	-
Impairment of common shares – private	**253,817**	-
Reclassificaton of impairment to net loss on AFS investments	**232,254**	231,824
Impairment of interest receivable	**3,750**	-
Impairment of HST receivable in Mint	**610,655**	-
Subsequent recovery of impairment	**(225,000)**	-
Impairment of brand name	**-**	578,637
	11,930,961	3,251,181

NOTE 19. SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common shares. As at December 31, 2017, outstanding shares were 72,601,305 (December 31, 2016: 72,601,305). There have been no common share issuances during the year ended December 31, 2017.

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 common share.

NOTE 20. INTERESTS IN SUBSIDIARIES

As at December 31, 2017										
Expressed in Thousands	**GIC $**	**CIM $**	**CREC $**	**BCS $**	**Mint $**	**Rev $**	**GICMB $**	**GMC $**	**GSSGP $**	**Total $**
Minority Shareholder %	**53.9%**	**49.99%**	**58%**	**49%**	**31.77%**	**55%***	**57.14%**	**29.3%**	**20%**	
Balance Sheet Amounts										
Current assets	31,872	245	42	318	134	159	4,235	3,989	444	41,438
Non-current assets	10,564	26	-	1,652	-	-	1,964	5,183	-	19,389
Total assets	**42,436**	**271**	**42**	**1,970**	**134**	**159**	**6,199**	**9,172**	**444**	**60,817**
Current liabilities	35,780	76	255	256	67,985	1,277	2,881	209	132	108,851
Non-current liabilities	11	-	-	-	-	-	109	1,614	-	1,734
Total liabilities	**35,791**	**76**	**255**	**256**	**67,985**	**1,277**	**2,990**	**1,823**	**132**	**110,585**
Accumulated NCI	**2,862**	**(3)**	**1,230**	**101**	**(5,852)**	**(611)**	**1,051**	**1,421**	**41**	**240**
Total comprehensive loss (income) allocated to NCI: For the year ended December 31, 2017										
	2,881	**20**	**433**	**(95)**	**2,721**	**316**	**9**	**(51)**	**(41)**	**6,193**

GIC – Gravitas Ilium Corp, CIM – Capital Ideas Media Inc, CREC – Claxton Real Estate Company Ltd, BCS – Branson Corporate Services Inc., Mint – The Mint Corp., Rev – Revenue.com US Corp, GICMB – GIC Merchant Bank Corporation, GMC – Gravitas Mining Corp, GSSGP-Gravitas Special Situations GP, FGI – Foregrowth Inc.

As at December 31, 2016						
Expressed in thousands	**GIC $**	**CREC $**	**BCS $**	**Mint $**	**Rev $**	**Total $**
Proportion of ownership interest and voting rights held by NCI						
Minority Shareholder %	**50%**	**58%**	**49%**	**23.25%**	**49%**	
Balance Sheet Amounts						
Current assets	30,815	2,503	172	1,011	132	34,634
Non-current assets	5,010	-	1,345	4,270	-	10,626
Total assets	**35,825**	**2,503**	**1,517**	**5,281**	**132**	**45,260**
Current liabilities	28,514	463	253	6,932	734	36,896
Non-current liabilities	20	-	-	58,592	-	58,612
Total liabilities	**28,534**	**463**	**253**	**65,524**	**734**	**95,508**
Accumulated NCI	**3,343**	**2,242**	**7**	**(4,137)**	**(295)**	**1,160**
Total comprehensive loss (income) allocated to NCI: For the year ended December 31, 2016						
	1,018	**(307)**	**(42)**	**3,770**	**295**	**4,734**

GIC – Gravitas Ilium Corp, CREC – Claxton Real Estate Company Ltd, BCS – Branson Corporate Services Inc., Mint – The Mint Corp., Rev – Revenue.com US Corp

During 2017, the proportion of the equity held by non-controlling interests changed. This resulted from cash proceeds from equity raise of $6,523,860. The changes in ownership interest was recorded to deficit and non-controlling interests to adjust the carrying amounts of the controlling and non-controlling interests for reflecting the changes in their relative interests in the subsidiary.

NOTE 20. INTERESTS IN SUBSIDIARIES – CONTINUED

On June 30, 2016, the Mint Corporation ("Mint") issued 51,379,952 common shares as a rights offering for total proceeds of $2,568,998. Existing shareholders were entitled to subscribe one common share at $0.05 per share for each share held. As part of this offering, the Company subscribed $2,340,764 and acquired 46,815,277 common shares. Non-controlling shareholders subscribed $228,234 and acquired 4,564,721 common shares. As a result, the Company's ownership percentage increased from 63.5% to 74.9%. The incremental investment resulted in a decrease in the equity deficit attributable to the non-controlling shareholders. An adjustment of $1,851,809 was recorded in the consolidated statement of changes in equity to reduce the non-controlling interest.

During December 2016, the Company paid $500,000 and exercised 10,000,000 warrants. As a result, the Company's ownership interest increased from 74.9% to 76.75%. The incremental investment in Mint resulted in an increase in the equity deficit attributable to the non-controlling shareholder, an adjustment of $357,664 has been recorded in the consolidated statement of changes in equity for a total of $2,209,473 during 2016.

During September 2017, Mint and the Company negotiated a settlement with Series B debenture holders. As a result of the transactions relating to the settlement of the Series B debentures, the Company's ownership decreased from 76.75% to 69.05%. the incremental investment in Mint resulted in an increase in the equity deficit attributable to the non-controlling shareholders. An adjustment of $2,079,111 has been recorded in the consolidated statement of changes in equity to increase the non-controlling interest.

On December 15, 2017, a partially owned subsidiary of the Company, GIC, raised a total of $1,500,000 by way of a private placement. GIC issued 3,000,000 common shares, which represents 10% of the issued and outstanding capital of GIC. As a result of this transaction, the Company's ownership interest in GIC was reduced from 50% to 46.1%

During June 2017, the Company transferred certain assets to GMC and received a total of 2,566,240 common shares. As a result of this transaction, the Company's ownership interest in GMC increased from 83.33% to 90.02%.

During December 2017, a partially owned subsidiary of the Company, GMC raised a total of $1,600,000 by way of a private placement. GMC issued a total of 1,600,000 common shares, which represents 22.3% of the issued and outstanding capital of GMC. As a result of this transaction, the Company's ownership interest in GMC was reduced from 91.02% to 70.70%

During December 2017, FGI a partially owned indirect subsidiary of the Company raised a total of $250,000 by way of a private placement. FGI issued a total of $1,500,000, of which $1,250,000 was subscribed by its parent, GIC. This represents 24% of the issued and outstanding capital of FGI. As a result of this transaction, GIC's and GFI's ownership decreased from 100% and 50% to 96% and 48%, respectively.

Total assets, liabilities and results of operations of Claxton are those that remain after the sale of the Palm Valley property and its related mortgage. During the year ended December 31, 2017, $579,204 was distributed to the non-controlling shareholders of Claxton.

NOTE 20. INTERESTS IN SUBSIDIARIES – CONTINUED

For the year ended December 31, 2017									
Expressed in thousands	**GIC**	**CIM**	**CREC**	**BCS**	**Mint**	**Rev**	**GICMB**	**GMC**	**GSSGP**
	$	**$**	**$**	**$**	**$**	**$**		**$**	**$**
Net cash from (used) in:									
Operating activities	(2,237)	22	(905)	78	(1,695)	(620)	1,432	(273)	(80)
Investing activities	(739)	-	(1,462)	-	(267)	625	(1,000)	(1,121)	-
Financing activities	1,500	200	-	-	1,598	-	1,858	4,692	-
Net cash inflow (outflow)	**(1,476)**	**222**	**(2,367)**	**78**	**(364)**	**5**	**2,290**	**3,298**	**(80)**

GIC – Gravitas Ilium Corp, BTG – Bay Talent Group, CIM – Capital Ideas Media Inc, CREC – Claxton Real Estate Company Ltd, BCS – Branson Corporate Services Inc., Mint – The Mint Corp., Rev – Revenue.com US Corp, GICMB – GIC Merchant Bank Corporation, GMC – Gravitas Mining Corp, GSSGP-Gravitas Special Situations GP

For the year ended December 31, 2016					
Expressed in thousands	**GIC**	**CREC**	**BCS**	**Mint**	**Rev**
	$	$	$	$	$
Net cash from (used) in operating activities	(2,364)	225	91	(3,709)	(397)
Net cash from (used) in investing activities	(952)	7,039	(149)	1,459	-
Net cash from (used) financing activities	826	(4,518)	72	2,367	-
Net cash inflow (outflow)	**(2,490)**	**2,746**	**14**	**117**	**(397)**

GIC – Gravitas Ilium Corp, CREC – Claxton Real Estate Company Ltd, BCS – Branson Corporate Services Inc., Mint – The Mint Corp., Rev – Revenue.com US Corp

NOTE 21. DISPOSITION OF ASSETS IN DISCOUNTUED OPERATIONS

The following table shows the statement of financial position for the discontinued operations of Claxton, 2474184 Ontario Inc. and Luxury Quotient International Inc.

	December 31, 2017	**December 31, 2016**
	$	**$**
Total assets	**90,264**	-
Total liabilities	**(542,859)**	-
	(452,595)	**-**
Total revenue	**277,712**	-
Total expenses	**(2,469,912)**	(546,039)
Net Loss	**2,192,200**	**(546,039)**

The following tables shows statement of cash flows for the Claxton, 2474184 Ontario Inc. and Luxury Quotient Internatoinal Inc.'s operations:

	December 31, 2017	**December 31, 2016**
Cash flows from operating activities	(166,562)	224,854
Cash flows from investing activities	-	2,520,664
Cash flow used in financing activities	(579,204)	-
	(745,766)	**2,745,518**

(Presented in Canadian Dollars)

NOTE 22. GAIN ON SETTLEMENT OF LOANS AND RECEIVABLES

	For the year ended December 31,	
	2017	**2016**
	$	**$**
Loss (gain) on settlement of receivables	55,324	(53,798)
Gain on settlement of debt	-	(698,120)
Gain on settlement of convertible debentures	(123,218)	-
	(67,894)	**(751,918)**

NOTE 23. LOSS PER SHARE

Loss per share are based on the weighted average number of common shares of the Company outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants. Net loss per share for the year ended December 31, 2107 totalled $0.46 (net loss of $0.26 for the year ended December 31, 2016). The weighted average shares outstanding for year ended December 31, 2017 was 72,601,305 (2016: 69,060,321).

NOTE 24. RELATED PARTY TRANSACTIONS

Parties are considered related if the party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. This would include the Company's and their subsidiaries' senior management. Parties are also related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. The following are the related party transactions during the year ended December 31, 2017. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Usually outstanding balances are settled in cash.

During the year ended December 31, 2017, the Company:

- incurred $4,729,581 (2016: $1,795,686) to directors and senior officers of the Company and its subsidiaries, including the Chief Executive Officer, Chief Financial Officer and Executive Vice Presidents of the Company. This amount has been included in compensation and management fees and general and administrative fees. $120,773 (2016: $11,635) was outstanding at year end.
- incurred legal fees of $9,504 (2016: $27,169) from a legal firm in which the former Chief Executive Officer ("CEO") and current director is a partner.
- expensed $51,360 (2016: $37,000) to Soigne Technologies Inc., a company in which an employee has an interest.
- During the year, the Company transferred a total of 3,782,557 shares of vMobo Inc, a private company whose shares were acquired by way of the disposal of LQII, to certain directors or officers at a value of $Nil (2016: $Nil).
- loaned $Nil (2016: $260,000) to directors and officers of partially owned subsidiaries of the Company. During 2017, the Company fully impaired these loans and is included within impairments in the statement of loss and comprehensive loss.

NOTE 24. RELATED PARTY TRANSACTIONS - CONTINUED

Amounts due from and due to related parties are as follows:

- $424,999 (December 31, 2016 - $424,999) represents the interest-free amount outstanding and payable to Global Business Systems ("GBS") by Mint. GBS is the operator of the day-to-day activities of Mint UAE operations. Additionally, Mint had a loan receivable from GBS for $1,750,927, which was impaired during 2017.
- The Company loaned $Nil (2016: $85,000) to a director and officer of GIC Merchant Bank Corporation, a controlled subsidiary of the Company. In addition, $Nil (2016: $175,000) was loaned by 2242257 Ontario Inc. to a senior officer of its subsidiary. During 2017, the Company impaired both loans within the statement of loss and comprehensive loss.
- On October 1, 2016, the Company acquired control of 2242. As of December 31, 2017, the Company had advanced a total of $4,957,635 (2016: $4,418,562) to 2242. This loan bears interest at 6% and matures on October 31, 2018 and has been eliminated on consolidation.
- As at December 31, 2016, the amounts due to related companies in which there are common directors was $132,408 (2016: $11,635).

NOTE 25. STOCK OPTION PLAN AND STOCK BASED COMPENSATION

The Company has adopted a stock-based option plan under which the 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 in the Company. 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. The term of the options cannot exceed five years.

Option and Put Agreement of Subsidiary

On December 22, 2017, Foregrowth Inc., a 96% owned subsidiary of GIC, entered into option and put agreements with certain officers. These agreements offered an option to acquire 5,896,304 shares of Foregrowth Inc., which would represent 25% of the issued and outstanding shares of Foregrowth Inc. In addition, a grant of a put right was issued. This put right allows the officers the right to force Foregrowth to re-purchase for cancellation the same shares on exercise of those options. The Company has treated these options as compensation expense for the services provided by these officers in the amount of $496,720 as cash and equity settled with corresponding credits to liability of $324,725 and contributed surplus of $171,995. Fair value change in the liability component for the year ended December 31, 2017 was $Nil. The following assumptions were used to value the liability: risk-free interest rate: 2.02%, volatility: 100%, dividend yield: $Nil, expected life: 10 years and stock price: $0.0772.

Option on Mint Shares Held by Gravitas

During 2017, to incentivize the directors and officers of the Company to enhance the value of its investment in Mint, the Company agreed to grant a total of 16,250,000 options. These three year options, subject to certain conditions including the requirement that the stock price of Mint trade over $0.50 for a consecutive ten day period, entitle the holder to acquire one share of Mint's shares held by the Company for each option granted. A total of $97,345 (2016: $Nil) has been recorded within stock based compensation relating to the granting of these options. This amount has been recorded in the statement of income (loss) and comprehensive income (loss).

(Presented in Canadian Dollars)

NOTE 25. STOCK OPTION PLAN AND STOCK BASED COMPENSATION - CONTINUED

Stock Options of Subsidiaries

Two of the Company's subsidiaries granted stock options during the year ended December 31, 2017. A total of 8,700,000 options were issued by Mint and 1,510,000 options were issued by 2474184 Ontario Inc. Using the fair value method, the accounting cost of the above noted stock options was $821,366 (2016: $Nil). This amount has been recorded in the statement of loss and comprehensive loss.

The fair value of the stock options granted was estimated using the various valuation models with the following assumptions:

Expected dividend yield	0%
Expected average volatility (a)	100% - 224%
Risk-free average interest rate	0.86% - 1.46%
Expected option life (years)	2.99 -3.00
Share price	$0.10 - $0.13
Exercise price	$0.011 - $0.13

(a) Volatility was determined based on various valuation model and inputs from comparable companies, as appropriate.

NOTE 26. ADDITIONAL INFORMATION – CASH FLOWS

The changes in working capital items are detailed as follows:

	For the year ended December 31, 2017	2016
	$	$
Change in:		
Trade and other receivables	**(855,949)**	(1,832,138)
Receivable from brokers and clients	**(3,465,154)**	(3,124,892)
Prepaid expenses	**(6,447)**	16,133
Inventory	**(3,388)**	32,307
Trade and other payables	**6,981,876**	728,973
Payable to brokers and clients	**3,292,799**	1,858,103
Customer deposits	**334,307**	198,971
Taxes payable	**310,341**	-
	6,588,385	(2,122,543)

Additional supplementary information:

	For the year ended December 31, 2017	2016
	$	$
Interest paid	**(2,571,465)**	(5,325,454)
Interest received	**146,222**	811,106
Taxes paid	**(251,555)**	-
Taxes received	-	-

(Presented in Canadian Dollars)

NOTE 27. INCOME TAXES

Relationship between expected tax expense and accounting net earnings (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 can be reconciled as follows:

	For the years ended December 31, 2017	2016
	$	$
Expected income tax recovery calculated using the combined federal and provincial income tax rate in Canada of 26.5%	**(8,661,369)**	(4,641,083)
Expiry of losses on dissolution of corporation	-	1,182,310
Prior year adjustments	**39,889**	709,563
Reduction of non-capital losses on forgiven debt	-	(153,303)
Non-deductible expenses	**3,492,080**	524,286
Tax rate changes and other adjustments	**(4,495)**	382,575
Non-taxable portion of dividend	**136,052**	(49,502)
Non-taxable portion of capital gain	**(1,349,140)**	-
Changes in unrecognized temporary differences	**6,768,302**	2,045,154
Income tax expense (including $229,078 for tax from discontinued operations)	**421,319**	-

Recognized deferred tax assets and liabilities

The following is a roll forward of carrying amounts and tax bases from timing differences given rise to the following recognized deferred income tax assets and liabilities:

	Balance, January 1, 2017	Recognized in the income statement	Recognized in OCI	Balance, December 31, 2017
	$	$	$	$
Equity investments and other	(350,834)	22,408	(140,577)	(469,003)
Convertible debentures	(214,528)	214,528	-	-
Intangibles	(211,666)	211,666	-	-
Non-capital losses	565,362	(266,807)	-	298,555
Deferred income tax liability	**(211,666)**	**181,795**	**(140,577)**	**(170,448)**

The Company has the following timing differences for which no deferred income tax has been recognized:

	For the years ended December 31, 2017	2016
	$	$
Debentures	639,885	-
Property and equipment	230,625	206,847
Investments	14,530,362	7,588,405
Mining properties	761,991	761,991
Convertible debentures	486,837	139,780
Issuance costs of equity instruments	1,092,194	1,921,011
Capital loss carry forwards	1,846,935	4,042,688
Non-capital losses carried forward	82,778,319	59,777,712
	102,367,148	**74,994,625**

(Presented in Canadian Dollars)

NOTE 27. INCOME TAXES - CONTINUED

The ability to realize the tax benefits is dependent upon several 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. 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 consolidated statement of financial position, that can be carried over the following years:

	For the years ended December 31,	
	2017	**2016**
	$	**$**
2024	1,040,877	1,040,877
2025	557,157	557,157
2027	999,807	999,807
2028	304,949	304,989
2029	458,406	3,201,073
2030	4,373,511	4,578,299
2031	1,431,746	1,431,746
2032	4,836,830	4,836,830
2033	14,470,604	14,269,708
2034	12,380,305	11,840,954
2035	10,882,064	9,689,015
2036	10,540,216	9,160,698
2037	21,628,471	-
	83,904,943	**61,911,153**

NOTE 28. FINANCIAL INSTRUMENTS

Fair value

The carrying value of cash, trade and other receivables and trade and other payables are considered to be a reasonable approximation of the fair value due to the short-term maturity of these instruments. The carrying value of guaranteed investment certificates are considered to be a reasonable approximation of the fair value since these instruments are redeemable at any time. Equity interests in private entities are measured at fair value using subjective measures, including recent share transactions, prices for comparable entities, review of cash flow projections and the company prospects, financial ratios and other discounted cash flow techniques. The carrying value of loan receivables, convertible debentures held, and debentures payable are considered a reasonable approximation of the fair value since they are measured at amortized cost and bear interest at market rates.

The table below summarizes the assets and liabilities that are included at their fair values in the Company's statement of financial position as at December 31, 2017 and 2016. These assets and liabilities have been categorized into hierarchical levels, according to the significance and reliability of the inputs used in determining fair value measurements. 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 pries included in 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 are not based on observable market data (unobservable inputs).

(Presented in Canadian Dollars)

NOTE 28. FINANCIAL INSTRUMENTS - CONTINUED

				As at December 31, 2017
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Common shares in quoted companies	10,152,641	-	-	10,152,641
Common and preferred shares in private companies	-	-	1,551,873	1,551,873
Options	-	425,226	-	475,226
Warrants	-	5,473,802	-	5,473,802
Investment fund and related joint venture	-	2,662,321	-	2,662,321
Conversion feature of debentures	-	485,718	-	485,718
	10,152,641	**9,097,067**	**1,551,873**	**20,801,581**

				As at December 31, 2016
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Common shares in quoted companies	6,859,588	-	-	6,859,588
Common and preferred shares in private companies	-	-	-	2,411,724
Options	-	32,784	-	32,784
Warrants	-	2,147,905	-	2,147,905
Investment funds and related joint venture	-	1,733,029	-	1,733,029
Conversion feature of debentures	-	1,640,524	-	1,640,524
	6,859,588	**5,554,242**	**-**	**12,413,830**

The Company's options, warrants, investment funds and related joint venture and conversion features on debentures held 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. The method and valuation techniques used for purpose of measuring fair value, are unchanged compared to the previous reporting periods.

For investments classified in level 3, the fair value was determined through several methods including recent private placements made by third parties. For the year-ended December 31, 2017, the fair value change included in other comprehensive income was $35,233.

NOTE 29. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts 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. There has been no change with respect to the overall capital management strategy during the year ended December 31, 2017.

	December 31, 2017	December 31, 2016
	$	$
Debentures:		
Current Portion	**58,470,654**	3,330,412
Long Term Portion	**83,370,426**	141,254,066
Equity (deficiency)	**(99,256,860)**	(74,360,341)
	42,584,220	70,224,137

(Presented in Canadian Dollars)

NOTE 30. 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 is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk is primarily related to trade and other receivables, debentures, loans and convertible debentures held. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	December 31, 2017	December 31, 2016
	$	$
Cash and cash equivalents	**9,865,153**	27,967,591
Trade and other receivables	**4,383,212**	4,449,294
Loans receivable (current and non-current)	**3,359,990**	3,925,391
Convertible debentures held (current and non-current)	**2,097,843**	3,492,898
Guaranteed investment certificates	**2,227,229**	8,679,939
	21,933,427	48,515,113

The Company invests in fixed income debentures that are subject to credit risk. The value of these securities depends, in part, upon the ability of the borrowers to pay all amounts owed to their lenders. The credit risk regarding cash and cash equivalents and guaranteed investment certificates are considered to be negligible since the counterparties are reputable banks with an investment grade external credit rating. As at December 31, 2017, trade and other receivables which are considered over due were in the amount of $908,315.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations with financial liabilities that would be settled either by delivering cash or another financial asset. The Company has current assets of $54,830,930 which will be used to cover all operating and investing activities. The expected timing of consolidated cash flows relating to financial liabilities as at December 31, 2017, are as follows:

	Less than 1 year	1-5 years	6-10 years	Total
	$	$	$	$
Trade and other payables	12,683,958	-	-	12,683,958
Debentures, at face value (a)	58,470,654	30,023,000	54,022,000	142,515,654
	71,154,612	**30,023,000**	**54,022,000**	**155,199,612**

(a) On March 1, 2018, Mint renegotiated its outstanding debentures totaling $58,470,655. As a result of this renegotiation, the debt has been reduced to $20,000,000, the interest revised to 10% per annum and the maturity date extended to December 31, 2021.

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 types of market risk: 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 due to changes in foreign exchange rates relative to the Company's functional currency, the Canadian dollar. The Company does not hedge its foreign exchange risk. A 10% change in either direction of the United States dollar exchange rate would have changed the net loss by $829,904 (December 31, 2016: $827,013).

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 market interest rates. The Company is exposed to interest rate risk since some of the Company's debentures bear interest at a variable rate based on the earnings before interest expense and tax ("EBIT"). Had the interest rate been 1% higher throughout the year ended December 31, 2017, the net loss would have increased by $1,478,958 (December 31, 2016: $1,478,958).

(Presented in Canadian Dollars)

NOTE 30. FINANCIAL RISKS - CONTINUED

Other price risk - The Company is exposed to fluctuations in the market prices of its investments in quoted companies. The fair value of the investments in quoted and private companies represents the maximum exposure to price risk. As at December 31, 2017, a 10% change in the closing price of common shares held by the Company on the stock market would have changed the total comprehensive loss by $1,020,264 (December 31, 2016: $685,959).

NOTE 31. COMMITMENTS AND CONTINGENCIES

Lease Obligations

The Company has entered into agreement for the lease of premises. Future minimum lease payments aggregate to $1,905,476 and include the following future payments for the next year:

	December 31, 2017
	$
Less than 1 year	654,370
1 to 5 years	1,251,106

Provisions

During 2017, a partially-owned subsidiary of the Company was named as one of several defendants in legal actions relating to the sale of a specific investment product. The combined claims made by two of the plaintiffs totaled approximately $1,500,000. The subsidiaries management have evaluated these two claims and believes that the claims are without merit and intends to vigorously defend itself. A third claim approximates $200,000. The application of the claim has been evaluated by the subsidiaries' management and a provision has been made for a portion of it.

In addition, the subsidiary received an application of claim relating to the cancellation of certain share options which were originally granted for the purchase of its intangible assets. As at December 31, 2017, a provision totalling $200,000 was recorded in the subsidiaries books. Subsequent to year end, this claim was settled for $215,000.

NOTE 32. SEGMENTED INFORMATION

The entire senior management team of the Company, which includes the Chief Executive Officer, the Chief Financial Officer, senior Vice Presidents and the Board of Directors have been identified as the chief operating decision makers with respect to segmented information disclosures. As the Company's senior officers are operational in function, management believes that they represent the appropriate level of management to analyze and determine the distinct operating segments of the Company. The Company operates in two distinct operating segments plus a corporate segment. In some instances, prior year segment information has been amended to be consistent with the current year. The segments are as follows:

1. **Financial Services**: This group of businesses operate in financial products and distribution businesses and are operated independently with their own management teams that require high levels of compliance and governance as well as capital markets, advisory, regulatory and compliance needs of private and publicly listed corporations.
2. **Portfolio Investments:** This group of entities acquires long-term interests in companies that have high potential for value additions and where the Company provides key strategic inputs and management support either directly or through board representations
3. **Corporate:** This group primarily represents the cost of the corporate overhead expenses not allocated to other segment and is comprised of Gravitas Financial Inc.

Segmented Information – Income Statement

For the year ended				December 31, 2017				December 31, 2016
	Financial Services	Portfolio Investments	Corporate	Total	Financial Services	Portfolio Investments	Corporate	Total
(expressed in thousands)	$	$	$	$	$	$	$	$
Revenues	11,083	2,154	(180)	13,057	4,373	5,213	1,497	7,178
Expenses, excluding the undernoted	2,867	7,457	7,902	18,226	1,651	5,213	3,373	10,237
Interest expense	304	5,148	2,570	8,022	112	4,344	2,752	7,208
Compensation & management fees	5,952	1,081	1,884	8,917	1,283	519	1,463	3,265
Professional fees	5,357	2,176	1,080	8,613	2,419	614	1,351	4,384
Net earnings (loss)	**(3,397)**	**(13,710)**	**(13,616)**	**(30,721)**	**(1,092)**	**(9,382)**	**(7,442)**	**(17,916)**

Segmented Information – Balance Sheet

As at				December 31, 2017				December 31, 2016
	Financial Services	Portfolio Investments	Corporate	Total	Financial Services	Portfolio Investments	Corporate	Total
(expressed in thousands)	$	$	$	$	$	$	$	$
Total assets	32,194	16,745	36,263	85,202	31,104	7,102	62,588	100,794
Total liabilities	26,205	76,977	81,276	184,458	26,287	64,884	83,983	175,154
Investment in associates [1]	3,473	-	-	3,473	3,409	6,823	-	10,232

(1) The amount noted within investment in associates is included within total assets.

Segmented Information – Geographic Locations

The Company presently has operations in three geographical locations. 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 year ended
	December 31, 2017	December 31, 2016
(expressed in thousands)	$	$
Revenues		
Canada	13,035	6,652
India (net of costs)	22	186
Africa	-	340
	13,057	**7,178**

As at	December 31, 2017	December 31, 2016
(expressed in thousands)	$	$
Non-current assets		
Canada	32,119	27,438
Asia (United Arab Emirates)	-	4,270
India	-	722
	32,119	**32,430**

NOTE 33. SUBSEQUENT EVENTS

Mint Renegotiation and Reduction of Debt
On March 1, 2018, Mint had executed a definitive debt restructuring agreement with the holder of substantially all of the Series A debentures and all of its Series C debentures. Mint's Series A and Series C debentures are to be replaced by $20 million of debt, bearing an interest rate of 10% per annum and a maturity date of December 31, 2021. The new debt will be secured by a first position security interest in the assets of Mint, MME and Mint Capital LLC. The debenture-holders will also receive (a) 17,300,000 common shares of Mint, (b) 11,700,000 common share purchase warrants of Mint, and (c) subscription receipts to acquire a total of 16,000,000 common shares of Mint. Each warrant will be exercisable after two years and on or before the maturity date of the newly negotiated debt for one common share of Mint at an exercise price of $0.10. The subscription receipts will become convertible in installments of 2,000,000 common shares of Mint, at the end of each quarter for the next eight quarters following the issuance of the new debt, subject to certain adjustments relating to any prepayment made prior to that conversion date.

Mint Equity Financing
During January 2018, the Company completed the sale of units at $0.20 each for proceeds of $3,000,000. Each unit consists of one common share in the Company and one warrant. Each warrant is exercisable for one common share during the 12 months following the first closing of the offering for an exercise price of $0.30. The Company paid finder commission compensation of $132,300 and 661,500 finder warrants. A second sale was completed for the sale of 3,409,090 units for $0.22 each to raise $750,000. In connection with this closing, the Company paid finder compensation consisting of $28,700 and issued 130,454 finder warrants. A subsidiary of the Company subscribed for a total of 227,273 shares in this financing. As a result of this financing, the Company's interest in Mint was reduced from 68.23% to 60.63%.

Sale of a portion of GIC Merchant Bank Corp.
On February 2, 2018, the Company redeemed its entire $750,000 investment in preferred shares in GIC Merchant Bank Corp.("GICMB") for $750,000. In addition, the Company sold $100,000 of its $750,000 common position to treasury for $100,000. Upon completion of the sale, the Company owns a 39.4% stake in GICMB. In addition, the company relinquished one of its two board seats and was replaced by an independent third party. As the Company now controls one of three board seats, it no longer controls GICMB. This Company will be de-consolidated on February 2, 2018.

Capital Raise in Gravitas Mining Corp.
During February 2018, GMC raised a total of $575,000 through this issuance of 175,000 common shares at $1.00 per share for a total of $175,000 and 40,000 preferred shares at $10 per share for a total of $400,000. As a result of the issuance of the common shares, the Company's ownership percentage in GMC decreased from 70.70% to 69.01%.

Sale of all assets of Revenue.com
On February 28, 2018, the Company sold its assets of Revenue.com to a subsidiary of Aeon Ventures Inc ("Aeon"), a United States listed public company on the OTC. The consideration is as follows: (i) cash proceeds of $55,075 (US$43,000), (ii) 500,000 common shares of Aeon, and (iii) a possible earnout of up to $1,280,815 (US$1,000,000). For the year ended December 31, 2017, the balances of Revenue.com have been presented as discontinued operations.

Issuance of stock options
On February 28, 2018, the Company issued a total of 6,250,000 stock options to directors and officers. Each option expires on February 28, 2021 and has an exercise price of $0.10, subject to certain vesting provisions over two years.