# GRAVITAS FINANCIAL INC.

## Unaudited Interim Condensed Consolidated Financial Statements

As at September 30, 2018 and
for the three and nine-month periods ended September 30, 2018 and 2017

## Notice of Disclosure of Non-Auditor Review of Interim Condensed Consolidated Financial Statements as at September 30, 2018 for the three and nine-month periods ended September 30, 2018 and 2017.

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice indicating that these interim condensed consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of Gravitas Financial Inc. (the "Company") and its subsidiaries as at September 30, 2018 and for the three and nine-month periods ended September 30, 2018 and 2017, have been prepared in accordance with International Financial Reporting Standards and are the responsibility of the Company's management.

The Company's independent auditors, MNP LLP, have not performed a review of the interim condensed consolidated financial statements as at September 30, 2018 and for the three and nine-month periods ended September 30, 2018 and 2017 in accordance with the standards established by the Chartered Professional Accountants Canada for a review of interim condensed consolidated financial statements by an entity's auditor.

## Management's Responsibility for Financial Reporting

The accompanying interim condensed consolidated financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of these interim condensed consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

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

| | |
|---|---|
| "Vikas Ranjan" | "Gerald Goldberg" |
| **Chief Executive Officer** | **Director** |

# Gravitas Financial Inc.

## Unaudited Interim Condensed Consolidated Statements of Financial Position

(Presented in Canadian Dollars)

| As at | Notes | September 30, 2018 | December 31, 2017 |
|---|---|---|---|
| | | $ | $ |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | **7,131,348** | 9,865,153 |
| Receivable from brokers and clients | 5 | **32,767,902** | 27,708,188 |
| Trade and other receivables | 6 | **7,256,471** | 4,383,212 |
| Loan receivables | 7 | **2,430,484** | 1,736,298 |
| Convertible debentures held | 8 | **2,893,589** | 1,385,579 |
| Guaranteed investment certificates | 9 | **1,269,010** | 2,227,229 |
| Investments in associates | 10 | **930,644** | 5,486,325 |
| Prepaid expenses | | **207,132** | 200,469 |
| **Current assets** | | **54,886,580** | 52,992,453 |
| Assets held for sale | 21 | **13,638** | 90,264 |
| **Non-current assets** | | | |
| Loan receivables | 7 | - | 1,623,692 |
| Convertible debentures held | 8 | - | 712,264 |
| Investments in associates | 10 | **3,497,513** | 3,473,408 |
| Equity investments and other investments | 11 | **20,592,492** | 22,122,655 |
| Goodwill | 4 & 12 | **3,844,627** | 3,366,877 |
| Intangible assets | 13 | **1,171,535** | 358,593 |
| Property and equipment | 14 | **462,345** | 461,657 |
| **Non-current assets** | | **29,568,512** | 32,119,146 |
| **Total assets** | | **84,468,730** | 85,201,863 |
| **LIABILITIES** | | | |
| **Current** | | | |
| Trade and other payables | 15 | **11,135,219** | 12,683,956 |
| Payable to brokers and clients | 5 | **30,476,883** | 26,269,044 |
| Debentures | 16 | - | 58,470,656 |
| Loans payable and accrued liabilities | 17 | **2,763,629** | 1,254,500 |
| Income taxes payable | 26 | **282,537** | 351,559 |
| Customer deposits | | **2,996,062** | 803,607 |
| **Current liabilities** | | **47,654,330** | 99,833,322 |
| Liabilities held for sale | 21 | - | 542,859 |
| **Non-current liabilities** | | | |
| Debentures | 16 | **95,179,924** | 83,370,426 |
| Loan payable and accrued liabilities | 17 | **1,142,500** | 515,000 |
| Deferred taxes | 26 | **5,671** | 170,448 |
| Lease inducement | | **11,345** | 26,668 |
| **Non-current liabilities** | | **96,339,440** | 84,082,542 |
| **Total liabilities** | | **143,993,770** | 184,458,723 |
| **DEFICIENCY** | | | |
| Share capital | 19 | **2,000,600** | 2,000,600 |
| Contributed surplus | | **3,483,692** | 1,470,151 |
| Deficit | | **(100,044,591)** | (107,577,744) |
| Accumulated other comprehensive income | | **27,953** | 4,609,758 |
| **Total deficiency to shareholders** | | **(94,532,346)** | (99,497,235) |
| Non-controlling interest | 20 | **35,007,306** | 240,375 |
| **Total deficiency** | | **(59,525,040)** | (99,256,860) |
| **Total liabilities and deficiency** | | **84,468,730** | 85,201,863 |

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

*Going Concern (Note 2), Commitments and Contingencies (Note 30), Subsequent Events (Note 32)*

On behalf of the Board:

/s/ Vikas Ranjan
**Director**

/s/ Gerald Goldberg
**Director**

# Gravitas Financial Inc.

## Unaudited Interim Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

| (Presented in Canadian Dollars) | Note | For the three months ended September 30, 2018 | 2017 | For the nine months ended September 30, 2018 | 2017 |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| **Revenues** | | | | | |
| Investment banking and wealth management | | **2,489,122** | 1,636,551 | **12,472,469** | 5,163,392 |
| Recruitment services fees | | **2,531,755** | - | **5,115,263** | - |
| Listing and research fees | | **933,822** | 297,498 | **2,111,122** | 878,646 |
| Consulting and management fees | | **439,288** | 136,298 | **1,050,496** | 1,037,601 |
| Interest earned | | **437,042** | 628,357 | **745,034** | 1,501,889 |
| Product sales, royalties and other | | **190,838** | 95,700 | **930,468** | 453,163 |
| **Total revenues** | | **7,021,867** | 2,794,404 | **22,424,852** | 9,034,691 |
| **Expenses** | | | | | |
| Professional fees and transaction costs | | **1,853,468** | 2,206,461 | **7,814,848** | 6,195,442 |
| Recruitment services expense | | **2,335,293** | - | **4,904,912** | - |
| Compensation and management fees | | **2,149,725** | 1,157,116 | **7,825,221** | 5,418,916 |
| General and administrative | | **2,446,179** | 1,412,212 | **7,550,223** | 5,035,361 |
| Interest and dividend expense | | **1,398,086** | 1,755,800 | **4,556,182** | 5,352,315 |
| Impairment expense (recovery) | 18 | **(580,364)** | (850,488) | **1,036,553** | (642,926) |
| Stock-based compensation | 24 | **348,006** | - | **2,013,541** | 1,123,100 |
| Share of results in associates | 10 | **568,061** | (255,005) | **1,430,123** | 540,870 |
| Change in fair value of conversion feature of convertible debentures | | **236,649** | (196,623) | **236,649** | 229,843 |
| Amortization | 13 & 14 | **32,495** | 54,056 | **159,909** | 288,965 |
| Gain on restructuring of Mint debentures | 16 | **(58,376)** | (1,599,145) | **(46,158,564)** | (1,599,145) |
| Loss (gain) on disposal of investments | | **346,514** | (981,178) | **51,291** | (1,178,300) |
| Gain on disposal of subsidiary | | - | (835,749) | - | (835,749) |
| Loss on settlements | | - | 20,449 | - | 20,449 |
| Foreign exchange (gain) loss | | **78,613** | 292,488 | **(76,221)** | 482,798 |
| Share of joint venture profit, net of tax | | - | (5,958) | **(80,078)** | (11,377) |
| Change in fair value of investments | | **1,811,008** | 1,837,408 | **6,971,369** | 1,180,135 |
| **Total expenses, net of (gains)** | | **12,965,357** | 4,011,844 | **(1,764,042)** | 21,600,697 |
| **Income (loss) before income taxes** | | **(5,943,490)** | (1,217,440) | **24,188,894** | (12,566,006) |
| Current income taxes | 26 | **(145)** | (186) | **(40,430)** | (248,247) |
| **Net income (loss) from continuing operations** | | **(5,943,635)** | (1,217,626) | **24,148,464** | (12,814,253) |
| **Net income (loss) from discontinued operations** | 21 | **(12,434)** | - | **414,067** | - |
| **Net income (loss)** | | **(5,956,069)** | (1,217,626) | **24,562,531** | (12,814,253) |
| **Other comprehensive income (loss)** | | | | | |
| Available-for-sale-financial assets: | | | | | |
| Net changes in fair value, net of tax effect | | - | 697,431 | - | (357,257) |
| Reclassification to net income | | - | 45,861 | - | 49,517 |
| | | - | 743,292 | - | (307,740) |
| Foreign currency translation | | | | | |
| Cumulative translation adjustment | | **(8,714)** | (112,770) | **10,412** | 68,211 |
| **Total other comprehensive income (loss)** | | **(8,714)** | 630,522 | **10,412** | (239,529) |
| **Net income (loss) and comprehensive income (loss)** | | **(5,964,783)** | (587,104) | **24,572,943** | (13,053,782) |
| **Net income (loss) attributable to:** | | | | | |
| Shareholders | | **(3,648,175)** | 1,194,316 | **3,171,332** | (7,149,708) |
| Non-controlling interest | 20 | **(2,307,894)** | (2,411,942) | **21,391,199** | (5,664,545) |
| | | **(5,956,069)** | (1,217,626) | **24,562,531** | (12,814,253) |
| **Net income (loss) and comprehensive income (loss) attributable to:** | | | | | |
| - Shareholders | | **(3,656,889)** | 1,824,838 | **3,181,744** | (7,389,237) |
| - Non-controlling interest | | **(2,307,894)** | (2,411,942) | **21,391,199** | (5,664,545) |
| | | **(5,964,783)** | (587,104) | **24,572,943** | (13,053,782) |
| **Income (loss) per share, basic and diluted** | | | | | |
| - Continuing operations | | **(0.08)** | (0.02) | **0.34** | (0.18) |
| - Discontinued operations | | - | - | **(0.01)** | - |
| **Net income (loss) per share, basic and diluted** | 22 | **(0.08)** | (0.02) | **0.33** | (0.18) |
| **Weighted average shares outstanding:** | | | | | |
| Basic | 22 | **72,601,305** | 72,601,305 | **72,601,305** | 72,601,305 |
| Diluted | 22 | **72,601,305** | 72,601,305 | **72,601,305** | 72,601,305 |

*The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.*

# Gravitas Financial Inc.

## Unaudited Interim Condensed Consolidated Statements of Change in 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, 2017** | | **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 | | - | - | - | - | - | 63,306 | (63,306) | - |
| Non-controlling interest – acquisitions | 4 & 20 | - | - | - | - | - | - | 1,157,766 | 1,157,766 |
| Non-controlling interest – distribution | 4 & 20 | - | - | - | - | - | - | (526,850) | (526,850) |
| Non-controlling interest – adjust for change in ownership | | - | - | - | - | - | 2,079,111 | (949,064) | 1,130,047 |
| Net change in fair value, net of tax effects | | - | - | (1,731,968) | - | - | - | - | (1,731,968) |
| Stock-based compensation | 24 | - | - | - | - | 1,123,100 | - | - | 1,123,100 |
| Foreign currency translation | | - | - | - | 282,836 | - | - | - | 282,836 |
| Reclassification to net loss, net of tax effect | | - | - | (345,721) | - | - | - | - | (345,721) |
| Net loss for the period | | - | - | - | - | - | (7,149,709) | (5,664,545) | (12,814,254) |
| **Balance, September 30, 2017** | | **72,601,305** | **2,000,600** | **1,372,833** | **175,982** | **1,594,785** | **(86,343,206)** | **(4,886,379)** | **(86,085,385)** |
| **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)** |
| Impact of adopting IFRS 9 and IFRS 15 | 3 | - | - | (4,592,217) | - | - | 4,361,821 | - | (230,396) |
| **Restated as at January 1, 2018** | | **72,601,305** | **2,000,600** | **-** | **17,541** | **1,470,151** | **(103,215,923)** | **240,375** | **(99,487,256)** |
| Non-controlling interest – adjustment to change in ownership | 20 | - | - | - | - | - | - | 13,375,732 | 13,375,732 |
| Foreign currency translation | | - | - | - | 10,412 | - | - | - | 10,412 |
| Stock-based compensation | 24 | - | - | - | - | 2,013,541 | - | - | 2,013,541 |
| Net income for the period | | - | - | - | - | - | 3,171,332 | 21,391,199 | 24,562,531 |
| **Balance, September 30, 2018** | | **72,601,305** | **2,000,600** | **-** | **27,953** | **3,483,692** | **(100,044,591)** | **35,007,306** | **(59,525,040)** |

*The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.*

# Gravitas Financial Inc.

## Unaudited Interim Condensed Consolidated Statements of Cash Flows

(Presented in Canadian Dollars)

| For the nine months ended September 30, | Note | 2018 | 2017 |
|---|---|---|---|
| | | $ | $ |
| **OPERATING ACTIVITIES** | | | |
| Net income (loss) from continuing operations | | **24,148,464** | (12,814,253) |
| Net loss from discontinued operations | | **414,067** | - |
| Adjustments: | | | |
| Amortization - intangible assets | 13 | **60,060** | 241,441 |
| Amortization - equipment | 14 | **99,849** | 47,524 |
| Interest accretion - Investment in convertible debts | | **(157,578)** | - |
| Interest accretion - debentures | 16 | **1,151,348** | (106,444) |
| Lease inducement | | **(15,323)** | (11,693) |
| Stock based compensation | 24 | **2,013,543** | 1,123,100 |
| Gain on settlements | 16 | **(46,158,564)** | (2,897,551) |
| Gain on settlement of receivables | | **14,345** | - |
| Loss on disposal of investments | | **51,291** | (1,178,300) |
| Gain on disposal of subsidiary | | **-** | (835,749) |
| Change in fair value of convertible debentures – conversion feature | | **236,649** | 229,843 |
| Change in fair value of FVTPL investments | | **6,971,369** | 1,180,135 |
| Impairment | 18 | **1,036,553** | (642,926) |
| Share of results in associates | 10 | **1,430,123** | 540,870 |
| Share of joint venture profit, Net of tax | | **(80,078)** | - |
| Unrealized exchange gain (loss) | | **(76,221)** | 2,129 |
| | | **(8,860,103)** | (15,121,874) |
| Change in working capital | 25 | **3,651,199** | 2,279,311 |
| **Cash flows used in operating activities** | | **(5,208,904)** | (12,842,563) |
| **Cash flows used in operating activities of discontinued operations** | 21 | **(454,277)** | - |
| **Net used in operating activities** | | **(5,663,181)** | (12,842,563) |
| **INVESTING ACTIVITIES** | | | |
| Transaction cost related to investment in debentures | | **(417,265)** | - |
| Settlement of debentures | | **(8,081)** | - |
| Net consideration paid for business acquisition | 4 | **(683,105)** | - |
| Net cash acquired in business combination | 4 | **305,063** | - |
| Guaranteed investment certificates | | **958,219** | 6,723,000 |
| Proceeds from disposal of investments | | **8,751,567** | 2,051,558 |
| Proceeds from loan receivables | 29 | **1,176,331** | 1,241,000 |
| Purchase of loan receivables | 29 | **(1,164,336)** | - |
| Dividends received from associates | | **-** | 220,000 |
| Proceeds from convertible debentures | | **284,252** | - |
| Additions to property and equipment | 14 | **(27,970)** | (294,056) |
| Purchase of loan receivables | | **-** | (1,418,454) |
| Purchase of convertible debentures | | **(1,149,068)** | (924,631) |
| Purchase of equity investments and other | | **(14,032,190)** | (4,434,772) |
| Additional investments in associates | | **(1,780,321)** | (10,159,735) |
| Repayment of deposit held by investment in associates | | **4,693,003** | - |
| **Net cash generated (used in) investing activities** | | **(3,093,901)** | (6,996,090) |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from issuance of shares to non-controlling interest | | **6,007,282** | 1,760,963 |
| **Net cash generated (used in) from financing activities** | | **6,007,282** | 1,760,963 |
| **Foreign currency translation effect on cash and cash equivalents** | | **15,997** | 273,655 |
| **Net change in cash and cash equivalents during the period** | | **(2,733,805)** | (17,804,035) |
| Cash and cash equivalents, beginning of period | | **9,865,153** | 27,681,208 |
| **Cash and cash equivalents, end of period** | | **7,131,348** | 9,877,173 |

*The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.*
*Supplemental cash flow information [Note 25]*

## 1. NATURE OF OPERATIONS

Gravitas Financial Inc. (the "Company" or "Gravitas") is an investment holding and merchant banking firm with a focus on financial services, financial technology and mining verticals. It has an active presence in North America, as well as in the fast-growing international regions including China, India and the Middle East. Gravitas seeks to make strategic investments in high quality and well-managed financial technology and mining companies and aims to generate significant shareholders' value through the growth in its investments. 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 Unaudited Interim Condensed Consolidated Financial Statements ("Financial Statements") were approved by the Board of Directors on November 26, 2018.

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

These Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These Financial Statements should be read in conjunction with the Company's audited financial statements as at and for the year ended December 31, 2017, which were prepared in accordance with IFRS as applicable for the annual financial statements. 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. This condition represents significant uncertainty that may cast doubt on the Company's ability to continue as a going concern. A material portion of the Company's historical losses relate to one of the Company's subsidiaries, the Mint Corporation ("Mint"). During the nine-month period ended September 30, 2018, Mint renegotiated its $58,562,040 short-term debentures. This debt has been reduced to $20,000,000 and the term extended to December 31, 2021. For the nine-month period ended September 30, 2018, certain subsidiaries of the Company raised capital to fund their operations, as and when it is required. With the Company's aim of monetizing non-core holdings and raising capital itself and in core subsidiaries, it is expected that the Company will continue as a going concern into the future.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company are the same as those applied as at and for the year ended December 31, 2017 as described in Note 3 of the Company's audited consolidated financial statements, except for changes to the accounting for financial instruments resulting from the adoption of International Financial Reporting Standards ("IFRS") 9, Financial Instruments ("IFRS 9") and IFRS 15, Revenue from Contracts with Customers ("IFRS 15").

**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 apparent from other sources. The Company evaluates its estimates on an ongoing basis. Actual results may differ from the Company's estimates.

(Presented in Canadian Dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**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 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 | 53.9% (2017: 68.2%) |
| Gravitas Ventures Inc. | Canada | 100% |
| New India Investment Corporation | Canada | 100% |
| 2474184 Ontario Inc. ("2474") | Canada | 44.3% |
| Gravitas Ilium Corporation ("GIC") | Canada | 46.1% |
| 2242257 Ontario Inc. ("2242") | Canada | 49.54% (by GIC) |
| Gravitas Securities Inc. | Canada | 95.2% (by 2242) |
| Gravitas Wealth Advisors, LLC | USA | 100% (by 2242) |
| 2434355 Ontario Inc. | 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% (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. | 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. (See Note 32) | Canada | 50.02% (by Ubika) |
| Branson Corporate Services Inc. | Canada | 51% (by GCS) |
| Gravitas Financial Services Holdings Inc. ("GFSHI") | Canada | 100% |
| Gravitas Siraj Holdco Inc. | Canada | 100% |
| Gravitas Mining Corporation ("GMC") | Canada | 64.6% (2017: 70.7%) |
| 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% |
| 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 Network Inc. | Canada | 100% |
| GIC Merchant Bank Corporation ("GICMB") | Canada | 39.4% (2017: 42.9%) |
| Bay Talent Group Inc. ("BTG") | Canada | 38.1% (2017: 50.8%) (GFI & GICMB) |
| PTC Accounting and Finance Inc. | Canada | 100% (by BTG) |
| Pro Vision IT Resources Ltd. ("Pro Vision") | Canada | 100% (by BTG) |

(a) Unless otherwise noted, the percentage noted in the table are as of September 30, 2018 and December 31, 2017.

(Presented in Canadian Dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**Investment in associates**

Associates are all entities over which the Company has significant influence but not control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method after initially being recognized at cost.

| 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 ("Prime City") (See Note 32) | Canada | 4.7% |

**Standards, Amendments, and Interpretations Issued and Adopted**

The significant accounting policies applied by the Company in these Financial Statements are the same as those applied by the Company as at and for the year ended December 31, 2017 as described in Note 3 of the audited consolidated financial statements of the Company, except for changes to the accounting for financial instruments resulting from the adoption of "IFRS 9" and "IFRS 15". As a result, the Company changed its accounting policies as outlined below, effective January 1, 2018.

**Adoption of IFRS 9, Financial Instruments**

As permitted by the transition provisions of IFRS 9, the Company elected not to restate comparative period results. As such, all comparative period information is presented in accordance with the previous accounting policies. Adjustments to the carrying amounts of financial assets and liabilities, at the date of initial application have been recognized in opening deficit and other components of equity for the current period. New or amended interim disclosures have been provided for the current period, where applicable, while comparative period disclosures are consistent with those made in prior periods. Effective January 1, 2018, the Company adopted all the requirements of IFRS 9 and the related consequential amendments to IFRS 7 - Financial Instruments: Disclosures. IFRS 9 introduces new requirements for: 1) classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting, which represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, such that the Company's accounting policy with respect to financial liabilities is unchanged. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost ("AMC"), fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables, and available for sale. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortized cost. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

***Debt instruments and business model assessment***

On initial recognition, all debt instruments are classified based on both the business model under which the asset is held and the contractual cash flow characteristics of the financial instrument. The business model assessment involves determining whether financial assets are held and managed by the Company for generating and collecting contractual cash flows, selling the financial assets or both. The Company assesses the business model at a portfolio level using judgment supported by relevant objective evidence including: (i) how the performance of the asset is evaluated and reported to the Company's management; (ii) the frequency, volume, reason and timing of sales in prior periods and expectations about future sales activity; (iii) whether the assets are held purely for trading purposes i.e., assets that are acquired by the Company principally for the purpose of selling or repurchase in the near term or held as part of a portfolio that is managed for short-term profits; and (iv) the risks that affect the performance of assets held within a business model and how those risks are managed.

## 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

***Cash flow characteristics assessment***

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement i.e. if they represent cash flows that are solely payments of principal and interest ("SPPI"). Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains any contractual terms that could change the timing or amount of contractual cash flows such that the financial asset would not meet the SPPI criteria. In making the assessment, the Company considers: (i) contingent events that would change the amount and/or timing of cash flows; (ii) leverage features; (iii) prepayment and extension terms; (iv) penalties relating to prepayments; terms that limit the Company's claim to cash flows from specified assets; and (v) features that modify consideration of the time value of money.

***Debt instruments measured at AMC***

Debt instruments are measured at AMC using the effective interest rate, if they are held within a business model whose objective is to hold the financial asset for collecting contractual cash flows where those cash flows represent SPPI. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. AMC is calculated considering any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization of these deferred costs is included in interest income in the consolidated statements of income (loss). Impairment on debt instruments measured at AMC is calculated using the ECL approach. Loans and debt securities measured at amortized cost are presented net of the allowance for credit losses in the consolidated statements of financial position.

***Equity instruments***

Equity instruments are measured at FVTPL unless they are not held for trading purposes and an irrevocable election is made to designate these instruments at FVOCI upon initial recognition. The measurement election is made on an instrument-by-instrument basis. Changes in fair value are recognized in the consolidated statement of income (loss) for equity instruments measured at FVTPL. These instruments are measured at fair value in the statement of financial position, with transaction costs being added to the cost of the instrument. Dividends received that are return on capital, are recorded in income in the statements of income (loss). Unrealized fair value gains/losses are recognized in OCI and are not subsequently reclassified to the statement of income (loss) when the instrument is derecognized or sold. The realized gain or loss on de-recognition are directly transferred from OCI to retained earnings, unlike AFS under IAS 39 which were recycled through the statement of income (loss).

***Financial assets designated at FVTPL***

Financial assets classified in this category are those that have been designated so by management on initial recognition or are held for trading purposes. Financial assets are designated at FVTPL if doing so eliminates or significantly reduces an accounting mismatch which would otherwise arise. Financial assets designated at FVTPL are recorded in the statement of financial position at fair value. For assets designated at FVTPL, changes in fair values are recognized in income in the statements of income (loss).

Based on this assessment, management has determined that all the debt instruments held are classified as AMC and none of the debt instruments are considered FVTOCI. Further, cash and cash equivalents, receivables from brokers and clients, trade and other receivables, loan receivables, and guaranteed investment certificates that were classified as loans and receivables under IAS 39 are now classified as amortized cost, as their previous category under IAS 39 was eliminated, with no change in the carrying amounts. Convertible debentures held are reclassified as FVTPL.

## 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

There were no changes to the classification of financial liabilities due to the adoption of IFRS 9. The Company does not have any hedge accounting relationship, and thus there is no impact on adoption of IFRS 9.

***Impairment***

The Company applies the three-stage approach to measure allowance for credit losses, using the expected credit loss impairment approach as required under IFRS 9, for the following categories of financial instruments that are not measured at FVTPL: (i) financial assets at AMC; (ii) debt securities as at FVOCI (which there are none); and (iii) off-balance sheet loan commitments (which there are none). The Company has adopted the simplified approach for calculation of impairment for trade and other receivables and receivable from brokers and clients based on a provision matrix, while the staging approach described below is used for loan receivables.

The allowance for credit losses is based on the stage in which the financial instrument falls on the reporting date. The financial instruments migrate through the three stages based on the change in their risk of default since initial recognition. The allowance for credit losses reflects an unbiased, probability-weighted credit loss that considers numerous scenarios based on reasonable and supportable information about past events, current conditions and future forecasts of economic conditions. Forward-looking information is incorporated into the estimation of ECL.

***Measurement of ECL***

The ECL impairment model measures the credit losses using the following three-stage approach based on the extent of credit deterioration of the financial assets since initial recognition:

- Stage 1 – Where there has not been a significant increase in credit risk (“SICR”) since initial recognition of a financial instrument, an amount equal to twelve months ECL is recorded. The ECL is computed using a probability of default (“PD”) occurring over the next twelve months. The 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. For those instruments with a remaining maturity of less than twelve months, a probability of default corresponding to remaining term to maturity is used.
- Stage 2 – When a financial instrument experiences a SICR after initial recognition but is not considered to be in default, it is included in Stage 2. This requires the computation of ECL based on the PD over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures lifetime ECL.

The PD, exposure at default (“EAD”), and loss given default (“LGD”) are inputs used to estimate the ECL. These inputs are modelled based on macroeconomic factors that are closely related with credit losses in the relevant portfolios and are probability-weighted. Details of these statistical parameters/inputs are as follows: (i) PD is an estimate of the likelihood of default over a given time horizon and is expressed as a percentage; (ii) EAD is the expected exposure in the event of default at a future default date and is expressed as an amount; and (iii) LGD is an estimate of the loss arising in case where a default occurs at a given time and is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realization of any collateral. It is expressed as a percentage of the EAD.

***Forward-looking information (“FLI”) and Macroeconomic factors***

The measurement of ECL for each stage and the assessment of SICR considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of FLI requires significant judgement. The Company relies on a broad range of FLIs, such as expected gross domestic product growth, unemployment rates, house price indices and in some cases oil prices. The inputs used in the model for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To capture portfolio characteristics and risks, qualitative adjustments or overlays are made using management judgement.

## 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

***Assessment of significant increase in credit risk ("SICR")***
The determination of whether the ECL on a financial instrument is calculated on a twelve-month period or lifetime basis is dependent on the stage the financial asset falls into at the reporting date. A financial instrument moves across stages based on an increase or decrease in its risk of default at the reporting date compared to its risk of default at initial recognition.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment, delinquency and monitoring, and macroeconomic outlook including forward-looking information. With regards to delinquency and monitoring, there is a rebuttable presumption that the risk of default of the financial instrument has increased since initial recognition when contractual payments are more than 30 days overdue.

With regards to its macroeconomic outlook assessment, the Company considers the movements in gross domestic product, forward looking unemployment rates, the housing price index and in certain cases, oil prices.

***Definition of default***
The Company considers a financial instrument to be in default when: (i) the borrower is unlikely to pay its credit obligations to the Company in full, without recourse like the existence of a general security agreement (if any is held); or (ii) the borrower is past due more than 90 days on any material credit obligation to the Company. The Company classifies a receivable as impaired when, in its opinion, there is a reasonable doubt as to the timely collectability, either in whole or in part, of principal or interest, or the loan is past due greater than 90 days.

***Write-offs***
The Company writes off an impaired financial asset, either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, write-off is after the expected receipts from the realization of collateral. In subsequent periods, recoveries if any, against written off loans are credited to the provision for credit losses in the statements of income (loss) and comprehensive income (loss).

***Derecognition***
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in the statements of income (loss) and comprehensive income (loss).

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of income (loss) and comprehensive income (loss).

**Adoption of IFRS 15, Revenue from Contracts with Customers**
Effective January 1, 2018, the Company adopted all the requirements of IFRS 15, issued in May 2014, and amended in September 2015 and April 2016. 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. In accordance with the transitional provisions in IFRS 15, the Company elected to adopt the new standard using the modified retrospective approach. There was no significant impact on the Company's Financial Statements on the adoption of IFRS 15.

(Presented in Canadian Dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**Implications of Adoption of IFRS 9 and IFRS 15**

An extract of statement of financial position items impacted due to the adoption of IFRS 9 and IFRS 15 are as follows:

| Statement of Financial Position Category | December 31, 2017 as previously reported | Reclassification | Remeasurement | January 1, 2018 (as restated)* |
|---|---|---|---|---|
| Trade and other receivables | 4,383,212 | - | (100,699) | 4,282,513 |
| Loan receivables | 3,359,990 | - | (129,697) | 3,230,293 |
| Convertible debentures held | 2,097,843 | - | - | 2,097,843 |
| Accumulated other comprehensive income (AFS) | 4,592,217 | (4,592,217) | - | - |
| Deficit | (107,577,744) | 4,361,821 | - | (103,215,923) |

*All the impacts noted in the table above are due to the adoption of IFRS 9. None of the impacts above are due to the adoption of IFRS 15.

The following table summarizes information regarding the classification of the Company's financial instruments:

| Statement of Financial Position Category | IAS 39 | IFRS 9 |
|---|---|---|
| Cash & cash equivalents | FVTPL | FVTPL |
| Guaranteed investment certificates | Loans and Receivables | AMC |
| Trade and other receivables (other than Harmonized Sales Tax) | Loans and Receivables | AMC |
| Receivable from brokers and clients | Loans and Receivables | AMC |
| Loan receivable | Loans and Receivables | AMC |
| Common Shares in quoted (public) companies | AFS | FVTPL |
| Common Shares in private companies | AFS | FVTPL |
| Warrants (standalone broker warrants) | FVTPL | FVTPL |
| Warrants (embedded with common shares) | AFS | FVTPL |
| Preferred shares in private companies | AFS | FVTPL |
| Debentures | Loans and Receivables | AMC |
| Convertible debentures | Loans and Receivable / conversion feature at FVTPL | FVTPL |

**Standards, amendments, and interpretations Issued but not yet adopted**

*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.

**Comparative Amounts**

Certain comparative amounts have been reclassified in order to conform to the current period's presentation.

## 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.

***Acquisition of Pro Vision IT Resources Ltd. ("Pro Vision") by Bay Talent Group ("BTG")***

On July 25, 2018, BTG, a subsidiary of Gravitas, acquired 100% of the issued and outstanding common shares of Pro Vision, a mid-sized recruiting and staffing agency serving Fortune 500's since 2002. The acquisition will significantly increase the presence of BTG in the market and strategically complements the current operation of BTG. 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.

(Presented in Canadian Dollars)

## 4. ACQUISITIONS AND DISPOSALS – CONTINUED

The allocated purchase price calculation is as follows:

| | $ |
|---|---|
| **Fair value of identifiable net assets** | |
| Cash and cash equivalents | 305,063 |
| Accounts receivable and prepayments | 1,370,013 |
| Property and equipment | 72,568 |
| Trade payables, accruals and short-term loans | (904,015) |
| Customer relationship | 220,000 |
| Brand aame | 306,000 |
| Candidate database | 347,000 |
| **Net assets acquired** | **1,716,629** |
| **Consideration paid** | |
| Cash | 683,105 |
| Shares (a) | 700,000 |
| Other | 507,274 |
| Earn-out (b) | 304,000 |
| **Total consideration paid** | **2,194,379** |
| **Total goodwill** | **477,750** |

(a) The fair value of the 1,555,556 common shares issued as part of the consideration paid was measured using the most recent subscription price of $0.45 to unrelated parties.
(b) The contingent consideration arrangement requires BTG to pay the former owners of Pro Vision a portion of the gross profit over four years for each quarter.

The potential undiscounted amount of all future payments that BTG could be required to make under the contingent consideration is between $15,324 and $366,801. The fair value of contingent consideration arrangement of $304,000 was estimated by applying the income approach. The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 – Fair Value Measurement – refers to as Level 3 inputs. Key assumptions include a discount rate range from 15.30% to 16.10% and assumed probability adjusted gross profits in Pro Vision of $699,707 and $2,414,892. The fair value of the net acquired identifiable assets of $1,716,629 is provisional pending receipt of the final valuations of those assets. Had the acquisition of Pro Vision occurred on January 1, 2018, revenues and net income for the year ended December 31, 2018 would have been $7,872,536 and $93,141, respectively. Pro Vision's revenue and net loss for the period from the date of acquisition to September 30, 2018 are $1,749,452 and $20,699 respectively.

***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 BTG, which subsequently purchased a 100% interest in PTC Accounting and Finance Inc. ("PTC"). The Company and GICMB believe 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** | **149,713** |
| **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.

(Presented in Canadian Dollars)

## 4. ACQUISITIONS AND DISPOSALS – CONTINUED

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 $33,340,554, 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 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 payables | (56,787) |
| **Net assets acquired** | **34,488** |
| **Consideration paid** | |
| Cash consideration paid | 500,000 |
| 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.

***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** | |
| Current assets | 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 liabilities disposed of** | **(706,163)** |
| **Consideration received** | |
| Shares of vMobo Inc. | 1 |
| **Gain on disposition of subsidiary** | **706,164** |

(Presented in Canadian Dollars)

## 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 September 30, 2018, GSI held client money in segregated accounts totalling $32,767,902 (December 31, 2017: $27,708,188). All amounts payable to clients and brokers on the Company's books in the amount of $30,476,883 (December 31, 2017: $26,269,044). 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.

## 6. TRADE AND OTHER RECEIVABLES

| | September 30, 2018 | December 31, 2017* |
|---|---|---|
| | $ | $ |
| Trade receivables | **4,242,871** | 1,503,424 |
| Less: Allowance for doubtful accounts | **(249,265)** | (28,021) |
| Interest receivable | **899,370** | 1,071,462 |
| Harmonized sales tax receivables ("HST") (a) | **536,796** | 255,387 |
| Advances to related companies (b) | **1,085,337** | 802,692 |
| Advances to related companies, at 8% per annum, due on demand | **150,000** | 300,000 |
| Other | **591,362** | 478,268 |
| | **7,256,471** | 4,383,212 |

*Balances as at September 30, 2018 have been prepared in accordance with IFRS 9; prior period amounts have not been restated.

(a) Includes $381,856 due to Mint. This amount is receivable by Mint after a successful appeal in the Tax Court of Canada.

(b) The Company had advanced to the Limited Partnerships managed by the Company's subsidiaries. Advances are non-interest bearing and are due on demand.

## 7. LOAN RECEIVABLES

| | September 30, 2018* | December 31, 2017 |
|---|---|---|
| | $ | $ |
| Secured loans | 1,635,837 | 2,959,759 |
| Unsecured loans | 1,189,336 | 309,924 |
| Employee forgivable loans | 522,822 | 613,231 |
| Settlements | - | (63,000) |
| Less: impairment | (500,000) | (459,924) |
| less: allowance for credit losses | (417,511) | - |
| Balance, end of the period | **2,430,484** | 3,359,990 |
| Less: current portion | (2,430,484) | (1,736,298) |
| Non-current portion | - | 1,623,692 |

*Balances as at September 30, 2018 have been prepared in accordance with IFRS 9; prior period amounts have not been restated.

**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**

Certain employees of 2242257 Ontario Inc, a partially owned subsidiary of the Company, have interest-free 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. The Company amortizes the loan on a straight-line basis over seven years. As of September 30, 2018, loans totaled, $522,822 (December 31, 2017: $613,231).

(Presented in Canadian Dollars)

## 8. CONVERTIBLE DEBENTURES HELD

| | September 30, 2018<br>$ | December 31, 2017*<br>$ |
|---|---|---|
| Secured against certain assets of the borrower, with a face value ranging from $250,000 to $1,000,000 (December 31, 2017: $100,000 to $1,250,000), maturity up to January 30, 2020 (December 31, 2017: up to July 7, 2019) and bearing interest at 8% to 10.5% (December 31, 2017: 6% to 10.5%) | **2,294,560** | 2,307,944 |
| Secured against certain assets of the borrower, with a face value ranging from US$250,000 to US$500,000 (December 31, 2017: US$100,000 to US$500,000), maturity up to July 29, 2019 (December 31, 2017: up to July 29, 2019) and interest rates from 7.5% to 10% (December 31, 2017: 6% to 10%) | - | 969,409 |
| Unsecured, with a face value of $150,000 (December 31, 2017: $50,000 to $100,000), up to March 30, 2019 (December 31, 2017: up to March 30, 2018) and interest rates from 8% to 9% (December 31, 2017: 6% to 12%) | **370,858** | 190,409 |
| Subtotal | **2,665,418** | 3,467,762 |
| Conversion feature | **218,171** | 485,718 |
| Subtotal | **2,883,589** | 3,953,480 |
| Add: Amount received from previous impairment | **10,000** | 200,000 |
| Less: accumulated impairment | - | (2,055,637) |
| **Balance, end of the period** | **2,893,589** | 2,097,843 |
| Less: current portion | **(2,893,589)** | (1,385,579) |
| **Non-current portion** | - | 712,264 |

*Balances for the nine-month period ended September 30, 2018 have been prepared in accordance with IFRS 9; prior period amounts have not been restated. Under IFRS 9, the entire convertible debentures held are reclassified as FVTPL. Under IAS 39, the non-convertible portion was classified as loans and receivables, while the convertible feature was classified as FVTPL.

**Fair value assumptions at issuance and at December 31, 2017, under IAS 39**

Under IAS 39, the fair values of the conversion feature at issuance of $218,171 (December 31, 2017: $485,718) 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. A reasonable possible change in any of the assumptions will not have resulted in a significant change in the fair value.

| | At issuance under IAS 39 | At December 31, 2017 |
|---|---|---|
| Weighted average conversion price | $0.22 | $0.52 |
| Expected dividend yield | 0% | 0% |
| Expected average volatility | 71% | 99% |
| Risk-free average interest rate | 1.04% | 1.48% |
| Expected average life (years) | 1.03 | 0.69 |
| Weighted average fair value | $0.21 | $0.45 |

Under IFRS 9, the conversion feature was not separately valued, rather convertible debentures were valued as a financial instrument in its entirety.

(Presented in Canadian Dollars)

## 9. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates have a maturity date of within one year.

| | June 30, 2018 | December 31, 2017 |
|---|---|---|
| | $ | $ |
| Guaranteed investment certificate, 0.50%, maturing during April 2019 | **203,111** | 202,100 |
| Guaranteed investment certificate, 0.60%, maturing during April 2019 (a) | **518,720** | 513,839 |
| Guaranteed investment certificate, 0.60%, maturing during June 2019 | **20,000** | - |
| Guaranteed investment certificate, 0.90%, maturing during June 2019 | **20,000** | 20,000 |
| Treasury bill, 1.13%, maturing during May 2019 | **251,179** | 250,290 |
| Guaranteed investment certificate, 0.45%, maturing during October 2018 (a) | **226,000** | 226,000 |
| Guaranteed investment certificate, 0.45%, maturing during February 2019 | **15,000** | 15,000 |
| Guaranteed investment certificate, 0.45% maturing during July 2019 | **15,000** | - |
| Guaranteed investment certificate, 0.90%, maturing during May 2018 | **-** | 1,000,000 |
| | **1,269,010** | 2,227,229 |

a) Secure the issuance of two letters of credit for the Company's lease for its office.

## 10. INVESTMENTS IN ASSOCIATES

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| | $ | $ |
| Balance, beginning of the period | **8,959,733** | 10,231,641 |
| Advances to Mint UAE (a) | **1,780,321** | 4,226,716 |
| Net (repayments) advances to Hafed Holdings Inc. (b) | **(4,555,681)** | 5,486,325 |
| Net (repayments) advances to associates | **(137,322)** | 3,750 |
| Less: Dividends received | **-** | (280,000) |
| Less: Share of results in associates | **(1,430,123)** | (2,281,521) |
| Less: Impairment | **(188,771)** | (8,427,178) |
| **Balance, end of period** | **4,428,157** | 8,959,733 |
| Less: current portion | **(930,644)** | (5,486,325) |
| **Non-current portion** | **3,497,513** | 3,473,408 |

(a) During the nine-month period ended September 30, 2018, the Company and Mint advanced $1,780,321 (year ended December 31. 2017: $4,226,716) to Mint UAE. As at December 31, 2017, the Company recognized a full provision on the investments in Mint UAE, which has been recorded in the statement of income (loss).

(b) In March 2017, the Company announced that through Hafed Holdings LLC, an arms length party, it had advanced $7.2 million to a third party in the UAE as a deposit to secure the right to acquire an UAE Central Bank licensed financial company. As the conditions of the transaction were not satisfied, the advance were to be refunded over thirteen monthly payments. As of September 30, 2018, a total of $930,644 (December 31, 2017: $5,486,325) was outstanding, and was fully received by November 2018.

### Mint UAE and MGEPS

Mint UAE comprises 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 a 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. Therefore, 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.

## 10. INVESTMENTS IN ASSOCIATES – CONTINUED

**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.

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

| As at | September 30, 2018 | | | December 31, 2017 | | |
|---|---|---|---|---|---|---|
| **Expressed in thousands** | **Prime*** | **Mint UAE** | **PAI** | **Prime** | **Mint UAE** | **PAI** |
| | $ | $ | $ | $ | $ | $ |
| **Financial position** | | | | | | |
| Current assets | 144 | 1,770 | 18,162 | 4 | 2,199 | 4,918 |
| Non-current assets | - | 5,988 | 2,108 | - | 10,038 | 7,307 |
| Current liabilities | 516 | 7,990 | 14,669 | 622 | 7,453 | 2,573 |
| Non-current liabilities | - | 475 | 1,491 | 4 | 438 | 5,811 |
| **For the nine-month period ended** | **September 30, 2018** | | | **September 30, 2017** | | |
| **Statement of earnings (loss)** | | | | | | |
| Revenue | - | 2,966 | 23,790 | - | 3,730 | 29,066 |
| Expenses | 98 | 5,894 | 23,179 | 70 | 6,160 | 27,316 |
| Operating income (loss) | (98) | (2,928) | 611 | (70) | (2,430) | 1,750 |
| Net earnings (loss) | (98) | (2,928) | 611 | (70) | (2,430) | 1,315 |
| **Cash flows** | | | | | | |
| Dividends paid | - | - | - | - | - | 900 |

* Prime became a subsidiary of the Company in October 2018 (see Note 32(b)).

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

| All amounts in expressed in thousands | September 30, 2018 $ | September 30, 2017 $ |
|---|---|---|
| Mint UAE | 1,488 | 1,249 |
| PAI | (58) | (708) |
| Prime | - | - |
| **Total share of (income) loss in associates** | 1,430 | 541 |

## 11. EQUITY INVESTMENTS AND OTHER

| | September 30, 2018 $ | December 31, 2017* $ |
|---|---|---|
| **Fair value through profit and loss ("FVTPL") (IFRS 9), Available for sale ("AFS") (IAS 39)** | | |
| Investments in public companies: | | |
| Common shares | **8,100,818** | 10,202,641 |
| Investment in private companies: | | |
| Common shares | **1,196,951** | 1,551,873 |
| Preferred shares | **1,851,188** | 1,806,792 |
| Options | **436,815** | 425,226 |
| Warrants | **3,916,390** | 5,473,801 |
| **Other investments** | | |
| Investments in funds and related joint venture | **5,090,329** | 2,662,321 |
| Mining properties | **1** | 1 |
| | **20,592,492** | 22,122,655 |

*Balances as at September 30, 2018 have been prepared in accordance with IFRS 9; prior period amounts have not been restated. Under IFRS 9, all investments in public and private companies, both preferred and equity, are classified as FVTPL.

(Presented in Canadian Dollars)

## 11. EQUITY INVESTMENTS AND OTHER – CONTINUED

**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:

| | September 30, 2018 | | December 31, 2017 | |
|---|---|---|---|---|
| | **Range** | **Weighted Average** | **Range** | **Weighted Average** |
| Fair value of warrant | \$0.00 to \$2.15 | \$0.07 | \$0.00 to \$0.43 | \$0.05 |
| Stock price | \$0.00 to \$1.94 | \$0.57 | \$0 to \$0.87 | \$0.15 |
| Expected life (in years) | 0.14 to 8.73 | 2.67 | 0.121 to 7.95 | 3.08 |
| Volatility | 0% to 100% | 89% | 0% to 405% | 122% |
| Discount Rate | 1.15% to 2.01% | 1.47% | 1.44% to 1.52% | 1.47% |

**Preferred shares**

Through its wholly-owned subsidiary, New India Investment Corporation, the Company invested a total of \$1,806,792 in Innoviti Payments Solutions Private Limited ("Innoviti"), a private company incorporated in India under the Indian Companies Act. The Company acquired Series C Preferred shares of Innoviti, which are compulsorily convertible into common shares on a one-for-one basis within three years and carry a cumulative dividend of 0.1%. During 2017, Innoviti raised additional funds from third parties, diluting the Company's interest to approximately 4%. As at September 30, 2018, the Company valued this investment at \$1,851,188 (December 31, 2017: \$1,806,792) based on the per share value of recent private placements into Innoviti.

**Investment Funds**

Gravitas Mining Corporation, a partially owned subsidiary of the Company has invested in the following funds, which make up the majority of the investment fund balance. Both are classified as a FVTPL investment on the statements of financial position: (i) 90,550 Class O units of an unconsolidated limited partnership called Gravitas Special Situations Limited Partnership or ("GSSLP"). As of September 30, 2018, the value of this investment was \$1,452,286 (December 31, 2017: \$2,010,573). 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; and (ii) 319,740.5 units of an unconsolidated fund called Gravitas Zhaojin Gold Industry Fund. As of September 30, 2018, the value of this investment was \$3,553,510 (December 31, 2017: \$Nil).

## 12. GOODWILL

The goodwill balance relates to the acquisition of 2242 and Pro Vision, which are separate CGUs. A continuity of goodwill of the Company is as follows:

| | \$ |
|---|---|
| **Balance, January 1, 2017** | 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 as at December 31, 2017 | 3,366,877 |
| Goodwill acquired – Pro Vision (note 4) | 477,750 |
| **Balance as at September 30, 2018** | **3,844,627** |

(Presented in Canadian Dollars)

## 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 Customers | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| **Cost** | | | | | | |
| **Balance, January 1, 2017** | **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** |
| Acquisition | 306,000 | - | - | - | 567,000 | 873,000 |
| Impairment | - | - | - | - | - | - |
| **Balance, September 30, 2018** | **1,258,904** | **17,894** | **200,139** | **1,245,760** | **824,040** | **3,546,737** |
| **Accumulated amortization** | | | | | | |
| **Balance, January 1, 2017** | **625,250** | **10,226** | **100,070** | **1,245,760** | **40,460** | **2,021,766** |
| Acquisitions | - | - | - | - | - | - |
| Amortization | - | 7,668 | 100,069 | - | 185,640 | 293,377 |
| **Balance, December 31, 2017** | **625,250** | **17,894** | **200,139** | **1,245,760** | **226,100** | **2,315,143** |
| Amortization | | - | - | - | 60,060 | 60,060 |
| **Balance, September 30, 2018** | **625,250** | **17,894** | **200,139** | **1,245,760** | **286,160** | **2,375,203** |
| **Carrying amount** | | | | | | |
| Balance, December 31, 2017 | 327,654 | - | - | - | 30,940 | 358,594 |
| **Balance, September 30, 2018** | **633,654** | **-** | **-** | **-** | **537,880** | **1,171,535** |

## 14. PROPERTY AND EQUIPMENT

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

| | Equipment | Leasehold improvement | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Cost** | | | |
| **Balance, January 1, 2017** | 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, December 31, 2017** | **460,844** | **301,403** | **762,247** |
| Acquisition | 230,296 | 74,119 | 304,415 |
| Additions | 27,970 | - | 27,970 |
| **Balance, September 30, 2018** | **719,110** | **375,522** | **1,094,632** |
| **Accumulated amortization** | | | |
| **Balance, January 1, 2017** | 159,950 | 16,109 | 176,059 |
| Amortization | 67,045 | 57,486 | 124,531 |
| **Balance, December 31, 2017** | **226,995** | **73,595** | **300,590** |
| Acquisition | 159,937 | 71,911 | 231,848 |
| Amortization | 42,680 | 57,169 | 99,849 |
| **Balance, September 30, 2018** | **429,612** | **202,675** | **632,287** |
| **Carrying amount** | | | |
| Balance, December 31, 2017 | 233,849 | 227,808 | 461,657 |
| **Balance, September 30, 2018** | **289,498** | **172,847** | **462,345** |

(Presented in Canadian Dollars)

## 15. TRADE AND OTHER PAYABLES

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

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| | $ | $ |
| Trade payables | **8,328,334** | 5,560,637 |
| Interest payables | **85,822** | 4,616,862 |
| Option and put liability regarding Foregrowth | **324,725** | 324,725 |
| Due to related parties, non-interest bearing, due on demand | **11,635** | 11,635 |
| Accrued compensation (a) | **2,384,703** | 2,170,097 |
| | **11,135,219** | 12,683,956 |

(a) Amount represents shares and warrants due as compensation for investment banking services provided to third parties by a subsidiary of the Company.

## 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) | Mint Series B (d) | Mint Series C (c) | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| **Balance, January 1, 2017** | **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) |
| | 97,838 | 110,660 | 249,897 | (3,330,412) | 128,621 | (2,743,396) |
| **Balance, December 31, 2017** | **30,023,000** | **53,347,426** | **48,535,156** | **-** | **9,935,500** | **141,841,082** |
| Accretion of interest | - | 81,807 | 1,014,015 | - | 55,526 | 1,151,348 |
| Reduction of liability on debentures | - | - | (48,631,843) | - | (9,991,026) | (58,622,869) |
| Present value of Series A debentures | - | - | 10,810,363 | - | - | 10,810,363 |
| | - | 81,807 | (36,807,465) | - | (9,935,500) | (46,661,158) |
| **Balance, September 30, 2018** | **30,023,000** | **53,429,233** | **11,727,691** | **-** | **-** | **95,179,924** |

**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 have 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.

## 16. DEBENTURES– CONTINUED

**Mint's Debentures**

(c) On May 31, 2018, Mint announced that it had closed a definitive debt restructuring agreement with the Series A and Series C debentureholders, providing for a conversion and restructuring of the debt owing and recorded a gain within its statement of income in the amount of $46,158,564.

As a result of the conversion of the Series A and Series C debentures, the debt owed to the Debentureholders was reduced to a total of $20,000,000 (with a present value of $10,810,363) of restructured Series A debentures (the "Series A Debt"). The Debentureholders also received (a) 17,300,000 common shares of Mint, (b) 11,700,000 common share purchase warrants of Mint, and (c) subscription receipts to acquire, for no additional consideration, 16,000,000 common shares of Mint. Each common share purchase warrant will be exercisable on or after January 1, 2019 and on or before December 31, 2021 for one common share of Mint at an exercise price of $0.10. The subscription receipts are convertible in installments of 2,000,000 shares. The first two such installments became convertible on May 31, 2018 with additional installments becoming convertible on September 30, 2018 and every three months thereafter until September 30, 2019. The subscription receipts may be converted at the election of the holder on or after the date they become convertible and will expire on December 31, 2022. The common shares received upon conversion of the subscription receipts will be subject to a contractual one-year hold period commencing on the date such subscription receipts become convertible. In total, Mint has issued 17,300,00 common shares and may issue up to an additional 27,700,000 common shares (including up to 11.7 million shares issuable upon exercise of common share purchase warrants at an exercise price of $0.10 per share) in exchange for the debt reduction.

The Series A Debt of $20,000,000 is to mature on December 31, 2021 and, commencing on October 1, 2019, will bear cash interest at 10% per annum, payable quarterly. If Mint does not have sufficient funds to pay cash interest when required, the shortfall will be paid by the issuance of subscription receipts convertible into Mint common shares priced at the greater of 95% of the 10-day volume-weighted average price of the common shares preceding the interest payment date and the minimum price permitted by the TSX Venture Exchange for such issuance. Each such subscription receipt will convert, for no additional consideration, into one common share of Mint at the election of the holder, and may be converted within one year from issue.

(d) On September 29, 2017, the Company completed the sale of $2,918,000 principal amount of Series B debentures of Mint for cancellation. As a result, the Company received 15,066,548 common shares of Mint and demand promissory notes, bearing interest of 5% per annum, in the amount of $188,808. The Company had earlier paid for 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 issued 1,787,832 common shares and paid $107,259. The common shares issued as a result of exercising the redemption right had a fair value of $0.075 per share on the date of settlement, for a total fair value of $134,031. 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 for the year ended December 31, 2017. Interest accrued on date of settlement was $Nil (December 31, 2017: $1,035,600), which was included in accruals and other payables.

(Presented in Canadian Dollars)

## 17. LOANS PAYABLE AND ACCRUED LIABILITIES

| | September 30, 2018<br>$ | December 31, 2017<br>$ |
|---|---|---|
| Bridge loans, due by GMC (a) | **1,701,086** | 1,254,500 |
| Operating credit facility with bank, due by BTG (b) | **1,040,000** | - |
| Preferred share liability, due by GMC (c) | **760,000** | 360,000 |
| Promissory notes, due by Mint (d) | **308,886** | - |
| Business Development of Canada loan, due by PTC (e) | **82,500** | 105,000 |
| Other | **13,657** | 50,000 |
| **Balance, end of the period** | **3,906,129** | 1,769,500 |
| **Less: current portion** | **(2,763,629)** | (1,254,500) |
| **Non-current portion** | **1,142,500** | 515,000 |

(a) GMC has bridge loans totaling $1,701,086 (December 31, 2017: $1,254,500). One of the loans of $1,401,086 matures on June 14, 2019 and carries an interest rate of 15% per annum. The other loan of $300,000 matures on July 31, 2020 and carries an interest rate of 8% per annum.

(b) BTG has a revolving demand operating credit facility of up to $1,700,000 from a bank, and had drawn $1,040,000 as at September 30, 2018 (December 31, 2017: Nil). The facility is used to fund working capital, and bears an interest rate based on the bank's prime rate.

(c) GMC issued Class A preferred shares of $360,000 during the year ended December 31, 2017, which carry an interest rate of 8% and are redeemable at the option of the holder, either four or five years from the date of issuance. GMC also issued Class B preferred shares of $400,000 during the period ended September 30, 2018, which carry an interest rate of 10% and are redeemable at the option of the holder, either four or five years from the date of issuance.

(d) Mint has issued promissory notes totaling $305,000 with accrued interest of $3,886 during the nine-month period ended September 30, 2018. The promissory notes mature on August 30, 2019, and carry an interest rate of 18% per annum which are payable on maturity. The noteholders were also issued 2 warrants of Mint for every $1 principal amount of the promissory notes received. Each warrant is exercisable for one common shares of Mint at any time during the 12 months up to August 30, 2019 for an exercise price of $0.20. If the common shares trade at a price that closes at or above $0.40 per share for 10 consecutive trading days, Mint may accelerate the expiration date of the warrants to a date that is at least 30 days from the date Mint provides the notice of such acceleration, provided such accelerated expiration date may not be earlier than December 31, 2018.

(e) PTC has a loan due to the Business Development of Canada totaling $82,500 (December 31, 2017: $105,000). Interest of 4% is payable annually. The loan matures on June 1, 2021.

## 18. IMPAIRMENT

| | September 30, 2018*<br>$ | September 30, 2017<br>$ |
|---|---|---|
| Impairment of investments in associates (a) | **292,520** | - |
| Impairment of loan receivables | **500,000** | - |
| Impairment of trade and other receivables | **27,993** | - |
| Reversal of impairment | **(186,969)** | (642,926) |
| Loss allowance on trade and loan receivable | **403,009** | - |
| | **1,036,553** | (642,926) |

* The impairment charge for the nine-month period ended September 30, 2018 is as per IFRS 9; prior period charges have not been restated.

(a) The Company impaired a total of $292,520 (September 30, 2017: $Nil) which represents the total amount transferred from Mint to Mint UAE and Mint UAE's net loss for the nine months ended September 30, 2018. As a result of these impairments, the value of Mint UAE within the investment in associates remains $Nil (December 31, 2017: $Nil).

## 19. SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common shares. As at September 30, 2018, outstanding shares were 72,601,305 (December 31, 2017: 72,601,305). Share capital totals $2,000,600 (December 31, 2017: $2,000,600).

## 20. INTERESTS IN SUBSIDIARIES

| | As at September 30, 2018 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Expressed in thousands** | **GIC** | **CIM** | **CREC** | **BCS** | **Mint** | **Rev** | **GICMB** | **GMC** | **Total** |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Minority Shareholder %** | **53.9%** | **49.98%** | **44%** | **49%** | **46.1%** | **55%** | **60.6%** | **35.4%** | |
| **Statement of Financial Position Amounts** | | | | | | | | | |
| Current assets | 32,528 | 676 | 5 | 252 | 1,989 | 6 | 4,853 | 1,258 | 41,567 |
| Non-current assets | 9,564 | 26 | - | 1,341 | - | - | 2,459 | 7,153 | 20,543 |
| **Total assets** | **42,092** | **702** | **5** | **1,593** | **1,989** | **6** | **7,312** | **8,411** | **62,110** |
| Current liabilities | 38,343 | 68 | - | 123 | 6,492 | 1,023 | 5,837 | 1,622 | 53,508 |
| Non-current liabilities | 4 | 6 | - | - | 11,728 | - | 83 | 1,060 | 112,881 |
| **Total liabilities** | **38,347** | **74** | **-** | **123** | **18,220** | **1,023** | **5,920** | **2,682** | **66,389** |
| **Accumulated NCI** | **4,793** | **290** | **1,348** | **(93)** | **26,071** | **(508)** | **1,869** | **1,237** | **35,007** |
| **Total comprehensive (income) loss allocated to NCI:** | | | | | | | | | |
| **For the three months ended September 30, 2018** | | | | | | | | | |
| | **1,153** | **(183)** | **7** | **(167)** | **900** | **-** | **215** | **383** | **2,308** |
| **For the nine months ended September 30, 2018** | | | | | | | | | |
| | **(984)** | **(293)** | **(118)** | **194** | **(21,224)** | **(103)** | **126** | **1,011** | **(21,391)** |

| | As at September 30, 2017 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Expressed in thousands** | **GIC** | **CREC** | **BCS** | **Mint** | **Rev** | **GICMB** | **GMC** | **GSSGP** | **Total** |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Proportion of ownership interest and voting rights held by NCI** | | | | | | | | | |
| **Minority Shareholder %** | **50%** | **58%** | **49%** | **31.77%** | **55%*** | **50%** | **17%** | 20% | |
| **Balance Sheet Amounts** | | | | | | | | | |
| Current assets | 29,457 | 737 | 214 | 728 | 138 | 3,321 | 1,381 | 42 | 36,018 |
| Non-current assets | 3,939 | - | 745 | 3,288 | - | 718 | 3,733 | - | 12,423 |
| **Total assets** | **33,396** | **737** | **959** | **4,016** | **138** | **4,039** | **5,114** | **42** | **48,441** |
| Current liabilities | 31,850 | 335 | 177 | 7,873 | 1,172 | 861 | 211 | 19 | 42,498 |
| Non-current liabilities | 14 | - | - | 58,879 | - | - | - | - | 58,893 |
| **Total liabilities** | **31,864** | **335** | **177** | **66,752** | **1,172** | **861** | **211** | **19** | **101,391** |
| **Accumulated NCI** | **129** | **(1,788)** | **(93)** | **7,425** | **118** | **(1,133)** | **234** | **(5)** | **4,887** |
| **Total comprehensive (loss) income allocated to NCI** | | | | | | | | | |
| **For the three months ended September 30, 2017** | | | | | | | | | |
| | **1,182** | **284** | **(50)** | **864** | **(167)** | **(93)** | **392** | **-** | **2,412** |
| **For the nine months ended September 30, 2017** | | | | | | | | | |
| | **3,730** | **(84)** | **(86)** | **1,980** | **(71)** | **(133)** | **334** | **(5)** | **5,665** |

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.

During the nine-month period ended September 30, 2018, the proportion of the equity held by non-controlling interests changed as a result of cash proceeds from common share equity raises in subsidiaries of $6,007,282 and the conversion by Mint's debentureholders of its debentures into Mint's common shares valued at $6,668,450. The changes in ownership interest was recorded to 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.

## 20. INTERESTS IN SUBSIDIARIES – CONTINUED

Changes in the Company's interest in subsidiaries during the nine-month period ended September 30, 2018 and the year ended December 31, 2017 are as follows.

The Mint Corporation ("Mint")
In September and October 2017, Mint issued 16,854,380 common shares to the debenture holders for the cancellation of Series B debentures. As a result of this share issuance, the Company's ownership decreased from 76.75% to 68.23%.

During January 2018, Mint completed the sale of units (comprising of one common share and one warrant) at $0.20 each for proceeds of $3,000,000 and 3,409,090 units at $0.22 each for proceeds of $750,000. Each unit consists of one common share in Mint 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. As a result of these offerings, the Company issued 791,954 finder warrants. A subsidiary of the Company subscribed for a total of 227,273 shares in the financing. As a result of these financings, the Company's interest in Mint was reduced from 68.23% to 60.63%.

During the nine months ended September 30, 2018, broker warrants in Mint were exercised for a total of $486,018 resulting in the issuance of 3,555,615 common shares. As a result of these issuances, the Company's interest in Mint was reduced from 60.63% to 58.30%.

As noted within Note 16, on May 31, 2018 Mint restructured its Series A and Series C debt resulting in a reduction in debt owed to $20,000,000. As a result of this, during the nine-month period ended September 30, 2018, the debentureholders received 17,300,000 common shares of Mint. As a result of this issuance, the Company's interest in Mint was reduced from 58.30% to 53.90%.

Gravitas Mining Corporation ("GMC")
During June 2017, the Company transferred certain assets at fair market value to GMC and received 2,566,240 common shares. As a result of this transaction, the Company's ownership interest in GMC increased from 83.33% to 91.02%.

During December 2017, 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 its issued and outstanding capital. As a result of this transaction, the Company's ownership interest in GMC was reduced from 91.02% to 70.70%.

During February 2018, GMC raised a total of $575,000 through the 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 interest in GMC decreased from 70.70% to 69.01%.

During June 2018, GMC raised a total of $250,000 through the issuance of 250,000 common shares at $1.00 per share. As a result of the financing, the Company's ownership interest in GMC decreased from 69.01% to 66.7%.

Bay Talent Group
During June 2018, Bay Talent Group ("BTG") closed a financing raising a total of $492,330 through the issuance of 6,446,592 common shares. As a result of the financing, GICMB's and the Company's combined ownership interest in BTG decreased from 50.8% to 38.1%.

Gravitas Ilium Corporation ("GIC")
On December 15, 2017, 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 its issued and outstanding capital. As a result of this transaction, the Company's ownership interest in GIC was reduced from 50% to 46.1%.

(Presented in Canadian Dollars)

## 20. INTERESTS IN SUBSIDIARIES – CONTINUED

On December 15, 2017, 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 its issued and outstanding capital. As a result of this transaction, the Company's ownership interest in GIC was reduced from 50% to 46.1%.

During December 2017, Foregrowth Inc. ("FGI"), a subsidiary of GIC, 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 ownership in FGI decreased from 100% to 96%.

During September 2018, China Central Securities via its Hong Kong subsidiary, Central China International, has acquired a 9.9% interest in 2242 for total consideration of $1,500,000. As a result of this transaction, GIC's interest in 2242 decreased from 54.99% to 49.54%.

Claxton

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 nine-month period ended September 30, 2018 $Nil (year ended December 31, 2017: $579,204) was distributed to the non-controlling shareholders of Claxton. The balances of Claxton have been presented as discontinued operations.

GIC Merchant Bank Corporation ("GICMB")

On February 2, 2018, the Company redeemed its entire $750,000 investment in preferred shares 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.

Revenue.com & 2474184 Ontario Inc.

On February 28, 2018, 2474184 Ontario Inc, a partially owned subsidiary of 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 $12,808,150 (US$10,000,000). The balances of Revenue.com have been presented as discontinued operations.

## 21. DISPOSITION OF ASSETS IN DISCONTINUED OPERATIONS

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

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| | $ | $ |
| Total assets | **13,638** | 90,264 |
| Total liabilities | **-** | (542,859) |
| | **13,638** | (452,595) |

| | September 30, 2018 | September 30, 2017 |
|---|---|---|
| | $ | $ |
| Total revenue | **-** | - |
| Total expenses, net of foreign currency gain | **414,067** | - |
| **Net (Income) Loss** | **414,067** | - |

The following tables shows statement of cash flows for the Claxton and 2474184 Ontario Inc's operations:

| | September 30, 2018 | September 30, 2017 |
|---|---|---|
| | $ | $ |
| Cash flows used in operating activities | **(454,276)** | - |
| | **(454,276)** | **-** |

## 22. INCOME (LOSS) PER SHARE

Income (loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted income (loss) per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants. The weighted average number of shares outstanding for the nine-month period ended September 30, 2018 was 72,601,305 (September 30, 2017: 72,601,305). In addition, 6,250,000 (September 30, 2017: Nil) stock options are outstanding. No warrants were outstanding as of September 30, 2018 and September 30, 2017. The fully diluted outstanding number of shares of the Company was 72,601,305 as of September 30, 2018 (September 30, 2017: 72,601,305) as the outstanding options were antidilutive for the period.

Basic net income per share for the nine-month period ended September 30, 2018 totaled $0.33 (net loss of $0.18 for the nine-month period ended September 30, 2017). Diluted net income (loss) per share for the nine-month period ended September 30, 2018 totaled $0.33 (net loss of $0.18 for the nine-month period ended September 30, 2017).

## 23. 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 nine-month period ended September 30, 2018. 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 nine-month period ended September 30, 2018, the Company:

- incurred $4,649,286 (September 30, 2017: $3,547,186) to directors and senior officers of the Company and its subsidiaries, including the Chief Executive Officer, its former Chief Financial Officer and Executive Vice Presidents or Vice Presidents of the Company and/or its subsidiary companies. This amount has been included in compensation and management fees and general and administrative fees.
- incurred legal fees of $10,265 (September 30, 2017: $114,206) from a legal firm in which director, David Carbonaro, is a partner.
- Through Mint UAE, paid $378,467 (September 30, 2017: $388,795) to Global Business Systems ("GBS") management and consulting fee in connection with the management agreement for the Mint UAE operations.
- Parties related to the Company purchased $100,000 of Mint's promissory notes described in Note 17(d).

As of September 30, 2018, amounts due from and due to related parties are as follows:

- $424,999 (December 31, 2017: $424,999) represents the interest-free amount outstanding and payable to 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. These amounts are unsecured and due on demand.
- ($11,635) (December 31, 2017: $132,408) is due from/(to) directors or officers or companies controlled by directors or officers of subsidiary companies to subsidiary companies of the Company. These amounts are unsecured, non-interest bearing and due on demand.

(Presented in Canadian Dollars)

## 24. STOCK OPTION PLAN AND STOCK BASED COMPENSATION

The Company has adopted a stock-based option plan under which 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 the Company's outstanding. 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. 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. The Company valued these options at $366,875 using the Black-Scholes option valuation model. Due to the vesting provisions, this amount will be expensed to stock-based compensation over a two-year period. During the nine-month period ended September 30, 2018, a total of $276,989 (September 30, 2017: $Nil) has been expensed. The fair value of the stock options granted was estimated with the following assumptions:

| | September 30, 2018 | September 30, 2017 |
|---|---|---|
| Expected dividend yield | **0%** | - |
| Expected average volatility (a) | **171%** | - |
| Risk-free average interest rate | **2.01%** | - |
| Expected option life (years) | **3.0** | - |
| Share price | **$0.07** | - |
| Exercise price | **$0.10** | - |

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

**Option on Mint Shares Held by Gravitas**

During November 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 (September 30, 2017: Nil) 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. For the nine-month period ended, a total of $256,715 (September 30, 2017: $Nil) has been expensed.

**Stock Options of Subsidiaries**

During the nine-month period ended September 30, 2018, a total of 6,525,000 (September 30, 2017: 8,700,000) options were issued by Mint and Nil (September 30, 2017: 1,510,000) options were issued by 2474184 Ontario Inc. Using the fair value method, the recorded expense of the noted stock options was $1,479,837 (September 30, 2017: $1,123,100). The fair value of the stock options granted was estimated using the various valuation models with the following assumptions:

| | September 30, 2018 | September 30, 2017 |
|---|---|---|
| Expected dividend yield | **0%** | 0% |
| Expected average volatility (a) | **162% - 164%** | 100% - 224% |
| Risk-free average interest rate | **1.35%** | 0.86% - 1.46% |
| Expected option life (years) | **2.95 -3.00** | 2.99 -3.00 |
| Share price | **$0.27 - $0.33** | $0.10 - $0.13 |
| Exercise price | **$0.30 - $0.33** | $0.011 - $0.13 |

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

(Presented in Canadian Dollars)

## 25. ADDITIONAL INFORMATION – CASH FLOWS

The changes in working capital items are detailed as follows:

| For the nine-month period ended September 30 | 2018 | 2017 |
|---|---|---|
| | $ | $ |
| Change in: | | |
| Trade and other receivables | (1,761,379) | (1,288,721) |
| Receivable from brokers and clients | (5,059,714) | (1,894,481) |
| Prepaid expenses | (6,662) | 35,461 |
| Trade and other payables | 4,078,660 | 3,528,217 |
| Payable to brokers and clients | 4,207,838 | 1,894,481 |
| Customer deposits | 2,192,455 | 4,354 |
| | 3,651,199 | 2,279,311 |

There were no cash equivalents as at September 30, 2018 and 2017.

## 26. INCOME TAXES

During the nine-month period ended September 30, 2018, the Company expensed $40,430 (September 30, 2017: $248,247) in income tax expense. In addition, $282,537 (December 31, 2017: $351,559) and $5,671 (December 31, 2017: $170,448) were reflected in the statement of financial position as income taxes payable and deferred taxes payable, respectively.

## 27. 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 table below summarizes the assets and liabilities that are included at their fair values in the Company's statement of financial position as at September 30, 2018 and December 31, 2017. 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)

## 27. FINANCIAL INSTRUMENTS – CONTINUED

| | | | As at September 30, 2018 (under IFRS 9) | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | $ | $ | $ | $ |
| Common shares in quoted companies | 8,100,819 | - | - | 8,100,819 |
| Common shares in private companies | - | - | 1,196,951 | 1,196,951 |
| Preferred shares in private companies | - | - | 1,851,188 | 1,851,188 |
| Options | - | 436,815 | - | 436,815 |
| Warrants | - | 3,916,390 | - | 3,916,390 |
| Investment fund and related joint venture | - | 5,090,329 | - | 5,090,329 |
| Equity investments and other | 8,100,819 | 9,443,534 | 3,048,139 | 20,592,492 |
| Convertible debentures | - | - | 2,893,589 | 2,893,589 |
| | **8,100,819** | **9,443,534** | **5,941,728** | **23,486,081** |

| | | | As at December 31, 2017 (under IAS 39)* | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | $ | $ | $ | $ |
| Common shares in quoted companies | 10,202,641 | - | - | 10,202,641 |
| Common and preferred shares in private companies | - | - | 1,551,873 | 1,551,873 |
| Options | - | 425,226 | - | 425,226 |
| 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 |
| | **10,202,641** | **9,047,067** | **1,551,873** | **20,801,581** |

*Balances as at September 30, 2018 have been prepared in accordance with IFRS 9; prior period amounts have not been restated.

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 and financial models. For the nine-month period September 30, 2018, the fair value change included in other comprehensive income was $Nil (December 31, 2017: $35,233).

## 28. 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 nine-month period ended September 30, 2018.

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| | $ | $ |
| Debentures: | | |
| Current Portion | - | 58,470,654 |
| Long Term Portion | **95,179,924** | 83,370,426 |
| Equity (deficiency) | **(59,525,040)** | (99,256,860) |
| | **35,654,884** | 42,584,220 |

(Presented in Canadian Dollars)

## 29. FINANCIAL RISKS

The Company is exposed to the following risks through its financial instruments.

**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. The Company has two types of financial assets that are subject to the expected credit loss model:

1. Trade and other receivables from wealth management, recruitment, listing and research fees
2. Loans and receivables carried at AMC

While cash and cash equivalents, guaranteed investments certificates and receivable from brokers and clients are also subject to the impairment requirements of IFRS 9, the identified credit risk and impairment loss is immaterial.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade and other receivables and receivables from brokers and clients, while ECL calculation based on stage assessment has been performed for loan receivables. The loss allowance at January 1, 2018 and September 30, 2018 determined under IFRS 9 was as follows.

| As of January 1, 2018 | Current or less than 30 days past due<br>$ | 31-90 days past due<br>$ | Greater than 90 days past due<br>$ | Total<br>$ |
|---|---|---|---|---|
| Loan receivables | | | | |
| Projected loss rate | 1.40% | 0.00% | 5.59% | |
| Gross carrying amount | 1,388,231 | - | 1,971,759 | 3,359,990 |
| Loss allowance | 19,375 | - | 110,221 | 129,596 |
| Trade and other receivables | | | | |
| Projected loss rate | 1.10% | 2.20% | 2.96% | |
| Gross carrying amount | 1,345,062 | 441,060 | 2,597,090 | 4,383,212 |
| Loss allowance | 14,149 | 9,703 | 76,848 | 100,700 |

| As of September 30, 2018 | Current or less than 30 days past due<br>$ | 31-90 days past due<br>$ | Greater than 90 days past due<br>$ | Total<br>$ |
|---|---|---|---|---|
| Loan receivables | | | | |
| Projected loss rate | 1.22% | 0.00% | 14.90% | |
| Gross carrying amount | 50,000 | - | 2,797,995 | 2,847,995 |
| Loss allowance | 610 | - | 416,901 | 417,511 |
| Trade and other receivables | | | | |
| Projected loss rate | 1.50% | 2.50% | 10.00% | |
| Gross carrying amount | 4,015,949 | 914,859 | 1,883,022 | 6,813,829 |
| Loss allowance | 60,239 | 11,767 | 143,887 | 215,893 |

(Presented in Canadian Dollars)

## 29. FINANCIAL RISKS - CONTINUED

**Stage continuity for the allowance for credit losses**

| | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Loans receivable** | | | | |
| Balance at January 1, 2018 | 2,045,461 | - | 1,314,529 | 3,359,990 |
| Transfer from / (to) Stage 1 | - | - | - | - |
| Transfer from / (to) Stage 2 | - | - | - | - |
| Transfer from / (to) Stage 3 | (1,272,260) | - | 1,272,260 | - |
| Loan origination | 1,164,336 | - | - | 1,164,336 |
| Repayments | (1,176,331) | - | - | (1,176,331) |
| Impairment | - | - | (500,000) | (500,000) |
| Loss allowance on loans receivables | (111,591) | - | (305,920) | (417,511) |
| Balance September 30, 2018 | 649,615 | - | 1,780,869 | 2,430,484 |

**Allowance for credit losses**

| | Nine-month period ended September 30, 2018 | Year ended December 31, 2017 |
|---|---|---|
| **December 31, 2017 - calculated under IAS 39** | - | - |
| Amounts restated through opening retained earnings | 100,699 | |
| Opening loss allowance as at January 1, 2018 - calculated under IFRS 9 | 100,699 | |
| Increase in loan allowances recognised in profit or loss | 115,194 | |
| Receivables written-off | - | - |
| Allowance for credit losses, end of period | 215,893 | - |

### 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 $54,886,580 which will be used to cover all operating and investing activities. The expected timing of consolidated cash flows relating to financial liabilities as at September 30, 2018, are as follows:

| | Less than 1 year | 1-5 years | 6-10 years | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Current liabilities | 47,654,330 | - | - | 47,654,330 |
| Debentures | - | 95,179,924 | - | 95,179,924 |
| | **47,654,330** | **95,179,924** | **-** | **142,834,254** |

### 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: interest rate risk, currency risk and other price risk.

*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 nine-month period ended September 30, 2018, the net income would have decreased by $957,727 (December 31, 2017: $1,478,958).

*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 income by $666,821 (December 31, 2017: $829,904).

## 29. 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 September 30, 2018, 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 $2,059,249 (December 31, 2017: $1,020,264).

## 30. COMMITMENTS AND CONTINGENCIES

**Lease Obligations**
The Company has entered into agreements for the lease of premises. As at September 30, 2018, future minimum lease payments total $2,063,674. Of this amount, $790,285 is due within one year and the remaining $1,273,389 is due between one and five years.

**Provisions**
A partially-owned subsidiary of the Company has been 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 subsidiary's management have evaluated these two claims and believes 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 subsidiary's management and a provision has been made for a portion of it. In addition, the subsidiary received two statements of claim for damages totalling approximately $800,000 relating to the termination of the sponsorship of the registration for two past Investment Advisors who acted as an Agent for the subsidiary. A third Investment Advisor filed a counterclaim against the subsidiary in the amount of approximately $30,000 after the subsidiary took action to collect an outstanding loan balance. The subsidiary's management has evaluated the claims and believes that the claims are without merit and intends to defend itself.

## 31. 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 period segment information has been amended to be consistent with the current period. The segments are as follows:

1. **Financial Services**: This group of entities operate in financial product and distribution businesses and 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.

## 31. SEGMENTED INFORMATION - CONTINUED

**Segmented Information – Income Statement**

| For the three months ended | | | | September 30, 2018 | | | | September 30, 2017 |
|---|---|---|---|---|---|---|---|---|
| (expressed in thousands) | Financial Services $ | Portfolio Investments $ | Corporate $ | Total $ | Financial Services $ | Portfolio Investments $ | Corporate $ | Total $ |
| Revenues | 3,612 | 2,713 | 697 | 7,022 | 2,064 | 676 | 54 | 2,794 |
| Expenses, net of gains, excluding the undernoted | (16,731) | 24,697 | 2,126 | 10,092 | (2,051) | (483) | 1,427 | (1,107) |
| Interest expense | 89 | 336 | 974 | 1,399 | 140 | 924 | 692 | 1,756 |
| Compensation & management fees | (1,064) | 1,829 | 435 | 1,200 | 582 | 119 | 456 | 1,157 |
| Professional fees | (48) | 81 | 241 | 274 | 1,293 | 407 | 506 | 2,206 |
| **Net income (loss) before income tax** | **21,366** | **(24,230)** | **(3,079)** | **(5,943)** | **2,100** | **(291)** | **(3,027)** | **(1,218)** |

| For the nine months ended | | | | September 30, 2018 | | | | September 30, 2017 |
|---|---|---|---|---|---|---|---|---|
| (expressed in thousands) | Financial Services $ | Portfolio Investments $ | Corporate $ | Total $ | Financial Services $ | Portfolio Investments $ | Corporate $ | Total $ |
| Revenues | 15,698 | 5,944 | 783 | 22,425 | 6,868 | 1,590 | 577 | 9,035 |
| Expenses, net of gains, excluding the undernoted | (9,736) | (16,618) | 4,392 | (21,962) | (30) | 2,546 | 2,119 | 4,635 |
| Interest expense | 331 | 2,137 | 2,089 | 4,557 | 371 | 2,931 | 2,050 | 5,352 |
| Compensation & management fees | 2,690 | 3,836 | 1,298 | 7,824 | 3,385 | 737 | 1,297 | 5,419 |
| Professional fees and recruitment | 4,640 | 2,088 | 1,089 | 7,817 | 3,469 | 1,418 | 1,308 | 6,195 |
| **Net income (loss) before income tax** | **17,773** | **14,501** | **(8,085)** | **24,189** | **(327)** | **(6,042)** | **(6,197)** | **(12,566)** |

**Segmented Information – Statement of Financial Position**

| As at | | | | September 30, 2018 | | | | December 31, 2017 |
|---|---|---|---|---|---|---|---|---|
| (expressed in thousands) | Financial Services $ | Portfolio Investments $ | Corporate $ | Total $ | Financial Services $ | Portfolio Investments $ | Corporate $ | Total $ |
| Total assets | 40,804 | 7,377 | 36,288 | 84,469 | 32,194 | 16,745 | 36,263 | 85,202 |
| Total liabilities | 41,255 | 20,405 | 82,334 | 143,994 | 26,205 | 76,977 | 81,276 | 184,459 |
| Investment in associates [1] | 4,428 | - | - | 4,428 | 8,960 | - | - | 8,960 |

(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.

## 31. SEGMENTED INFORMATION - CONTINUED

| | For the three months ended | | For the nine months ended | |
|---|---|---|---|---|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| **(expressed in thousands)** | **$** | **$** | **$** | **$** |
| **Revenues** | | | | |
| Canada | 7,022 | 2,923 | 22,425 | 8,742 |
| Africa | - | (203) | - | 57 |
| India (net of costs) | - | 74 | - | 236 |
| | **7,022** | **2,794** | **22,425** | **9,035** |

| **As at** | **September 30, 2018** | **December 31, 2017** |
|---|---|---|
| **(expressed in thousands)** | **$** | **$** |
| **Non-current assets** | | |
| Canada | 29,568 | 32,119 |
| | **29,568** | **32,119** |

## 32. SUBSEQUENT EVENTS

a) In November 2018, the Company's subsidiary, GVI, acquired the remaining 49.98% of Capital Ideas Media Inc. from the other shareholder, thereby increasing the Company's interest in the subsidiary from 50.02% to 100%.

b) In October 2018, the Company entered into an agreement with its associated company, Prime, whereby outstanding debt due to the Company of $506,986 was settled by the issuance of common shares in Prime. After giving effect to this transaction, the Company increased its interest in Prime from the existing 4.7% to 54.1%.