

**FOUNTAIN ASSET CORP.
25 Adelaide Street East, Suite 1300
Toronto, Ontario
M5C 3A1**

May 9, 2018

TO: Ontario Securities Commission

**Re: Annual Management's Discussion and Analysis
for the year ended December 31, 2017 (the "MD&A")
SEDAR project number: 02764275**

This letter is to inform you that the MD&A filed by Fountain Asset Corp. on SEDAR on April 30, 2018 is being refiled in order to add the effective date of the MD&A on the first page, which was inadvertently omitted in the previously filed version.

Regards,

"Andrew Parks"

Andrew Parks
Chief Executive Officer

FOUNTAIN ASSET CORP.

MANAGEMENT DISCUSSION & ANALYSIS

December 31, 2017

This Management's Discussion and Analysis ("MD&A") is dated as of April 30, 2018 and presents an analysis of the financial position of Fountain Asset Corp. ("Fountain Asset" or the "Company") as at December 31, 2017, compared with December 31, 2016, and the results of operations for the year ended December 31, 2017, compared with the year ended December 31, 2016. It is supplementary information and should be read in conjunction with the Company's audited financial statements and accompanying notes as at December 31, 2017. All dollar amounts in this MD&A are reported in Canadian dollars, unless otherwise stated.

Regulatory filings for Fountain Asset Corp. may be found on SEDAR at www.sedar.com, while other information related to the Company is published on the Company's website at www.gcglobalcapital.ca.

FORWARD-LOOKING STATEMENTS

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to possible events, conditions or results of operations of the Company, which are based on assumptions about future economic conditions and courses of action and which are inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "target", "intend", "could", "might", "should", "believe", and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information in this MD&A includes, but is not limited to, statements with respect to the Company's investment approach, objectives and strategy, including its focus on specific sectors; the structuring of its investments and its plans to manage its investments; the Company's financial performance; and its expectations regarding the performance of certain sectors.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct. Some of the risks and other factors which could cause results to differ materially from those expressed in forward-looking information contained in this MD&A include, but are not limited to: the nature of the Company's investments; the available opportunities and competition for its investments; the concentration of its investments in certain industries and sectors; the Company's dependence on its manager and management team; risks affecting the Company's investments; global political and economic conditions; investments by the Company in private issuers which have illiquid securities; management of the growth of the Company; exchange rate fluctuations; and other risks and factors discussed in this MD&A under "Risk Factors".

Although the Company has attempted to identify important factors that could cause actual events or results to differ materially from those described in forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. Readers are cautioned that the foregoing list of risks and factors is not exhaustive. The forward-looking information contained in this MD&A is provided as at the date of this MD&A, based upon the opinions and estimates of management and information available to management as at the date of this MD&A, and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

Non-IFRS Measures

Throughout this Management Discussion and Analysis (MD&A), management uses terms which do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures presented by other issuers; therefore, a description has been provided in the MD&A.

These non-IFRS measures and additional information should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. Management believes that some non-IFRS measures are useful for investors to use to evaluate the performance of the Company without certain IFRS requirements. Specifically, management has included adjusted net asset value as a Non-IFRS measure.

ABOUT FOUNTAIN ASSET CORP.

Fountain Asset is a merchant bank which provides a range of merchant banking services to small and mid-size companies in North America in both the public and private markets. These services can include equity financing, asset-based lending, mergers and acquisitions advisory, operational management support and facilitating various debt and equity financing structures.

Fountain Asset takes a disciplined and systematic approach to investment and is guided by four core principles:

1. Deploying capital in private and public late stage, growth-oriented companies,
2. Creating shareholder value,
3. Generating profits through a combination of rising portfolio value and consistent income from debt transactions, and
4. Managing the overall risk framework of the Company.

Launched in 2003, Fountain Asset has invested in over 100+ companies providing bespoke capital solutions. The Company is not committed on any particular industry sector but rather is opportunistically focused on various industries such as oil and gas, gaming, manufacturing, retail, financial services, technology, cryptocurrency, marijuana and biotechnology. Fountain Asset invests in companies with proven products, market penetration and strong management teams that do not fit the investment criteria of the typical venture capital funds, traditional secured lenders or are too small for the private equity funds.

The Company's target investment profile includes:

- Private companies that have a reasonably demonstrated IPO plan so Fountain Asset can leverage "private to public value arbitrage".
- Early stage public companies that need to raise funds via PIPE or secondary deals.
- Selling shareholders that seek to divest significant stakes in companies that can be purchased at a discount.
- Focus on companies with sustainable, growing revenues with existing, or near term, profitability.
- All investments are required to have a path to liquidity.

STATUS AS AN INVESTMENT ENTITY

The following are the criteria within IFRS 10, Consolidated Financial Statements, which the Company used to evaluate and determine that it meets the definition of an Investment Entity,

- a) Obtain funds from one or more investors for the purpose of providing those investor(s) with investment management services.
- b) Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
- c) Measures and evaluates the performance of substantially all its investments on a fair value basis.

The Company has evaluated the above criteria and determined that it meets the definition of an Investment Entity, and thus measures its investments at fair value.

2017 REVIEW AND RESULTS OF OPERATIONS

Selected Information:

For the years ended	December 31, 2017		December 31, 2016	
Total revenue	\$	5,058,766	\$	1,990,350
Total expenses, not including write-offs and impairment		1,785,831		1,159,124
Net write-offs and impairments		77,650		(16,077)
Net comprehensive income (loss)		8,127,514		2,063,648
Net income (loss) per share, basic and diluted		0.06		0.02
As at year ended	December 31, 2017		December 31, 2016	
Total assets	\$	23,418,889	\$	15,516,021
Total liabilities		475,983		935,599
Net asset value		22,942,906		14,580,422
Shares outstanding diluted weighted average ⁽¹⁾		54,268,243		54,206,814
Net asset value per share	\$	0.42	\$	0.27
Net adjusted assets		25,542,906		17,180,422
	\$	0.47	\$	0.32

(1) Net comprehensive income (loss) per share has been calculated using the weighted average number of multiple and subordinate voting shares outstanding during each period. Diluted income per share is calculated in a similar manner, except that the weighted average number of multiple and subordinate voting shares outstanding is increased to include potentially issuable subordinate voting shares from the assumed exercise of stock options, if dilutive.

Revenue

For the year ended December 31, 2017, the Company had revenue of \$5,058,766 compared to revenue of \$1,990,350 in the prior year. Revenue this year-end was predominately from unrealized gains on portfolio investments. This increase was attributable to positions including Vogogo and MVC Technologies. Realized in the year were \$2,537,796 (2016 - \$(86,003)). Structuring fees, interest, dividend income and consulting fees came in at \$1,109,343 (2016 - \$1,416,808), and there were \$1,411,627 in unrealized gains on portfolio investments (2016 - \$72,452 in gains).

Expenses

For the year ended December 31, 2017, the Company reported total expenses (excluding loss provisions) of \$1,785,831 compared to \$1,519,124 in the prior year. The year-end expenses were higher due to the continued legal expenses revolving around the Company's litigation with First Global Data. There was also an increase in payroll expense which can be attributed to hiring the new CEO, a new director and the payment of a retirement allowance to the former CEO. There was \$77,650 in impairment provisions taken for the year ended December 31, 2017 against the interest receivable from the Auto repair finance company.

Net Assets

Total net assets rose just over 57% year over year and as at December 31, 2017 were \$22,942,906 compared to \$14,580,422 as at December 31, 2016. The majority of the gain in net assets occurred during Q4. The Company continues to strengthen its asset portfolio as private entities continue to move to public exchanges. As at December 31, 2017, the Company's adjusted net assets were valued at \$25,542,906 or \$0.47 per share compared to \$17,180,423 or \$0.32 per share as at December 31, 2016. Adjusted net assets reflect net asset value plus the \$26,000,000 tax loss valued at \$0.10 for every \$1.00.

Summary of Quarterly Results

For the quarter ending December 31, 2017, the Company continued their profitable trend. This is the Company's eighth consecutive quarter with positive net comprehensive income. There was significant activity in the Company's portfolio this quarter with several new investments. The new additions to the portfolio included Nuuvera, CryptoGlobal, Pacific Rim Cobalt, Vogogo, Legacy Eight Gaming, UMG Gaming, and CryptoStar.

For the quarters ended	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Total revenue	\$ 3,620,010	\$ 879,641	\$ (439,472)	\$ 998,587
Total expenses, not including write-offs, impairments	\$ 670,497	\$ 400,323	\$ 422,613	\$ 292,398
Investment write-offs and impairments	\$ 77,650	\$ -	\$ -	\$ -
Net comprehensive income (loss) for the quarter	\$ 4,626,127	\$ 387,830	\$ 84,712	\$ 3,028,845
Net income (loss) share, weighted avg., fully diluted	\$ 0.05	\$ 0.01	\$ (0.02)	\$ 0.01

For the quarters ended	2016 Q4	2016 Q3	2016 Q2	2016 Q1
Total revenue	\$ 64,443	\$ 818,497	\$ 811,438	\$ 295,972
Total expenses, not including write-offs, impairments	\$ 413,176	\$ 267,452	\$ 200,085	\$ 278,411
Investment write-offs and impairments	\$ -	\$ -	\$ (16,077)	\$ -
Net comprehensive income (loss) for the quarter	\$ 867,611	\$ 551,045	\$ 627,431	\$ 17,561
Net income (loss) share, weighted avg., fully diluted	\$ 0	\$ 0	\$ 0	\$ -

- (1) Net comprehensive income (loss) per share has been calculated using the weighted average number of multiple and subordinate voting shares outstanding during each period. Diluted income per share is calculated in a similar manner, except that the weighted average number of multiple and subordinate voting shares outstanding is increased to include potentially issuable subordinate voting shares from the assumed exercise of stock options, if dilutive.

LIQUIDITY AND CAPITAL RESOURCES

In managements' opinion, the Company has sufficient resources to meet its current cash flow requirements based on the following:

LIQUIDITY RISK

	December 31, 2017	December 31, 2016
Cash	\$ 1,298,522	\$ 377,721
Short term investments	40,000	40,000
Accounts receivable and sundry assets	428,898	358,398
Investments in public companies	14,966,129	4,049,664
Loans and convertible debentures due within one year	408,591	444,997
Total liquid assets	<u>\$ 17,142,140</u>	<u>\$ 5,270,780</u>
Accounts payable and accrued liabilities	\$ 145,983	\$ 154,091
Due to brokers (note 10)	-	17,146
Syndicated loans [note 7]	330,000	764,862
Total short term liabilities	<u>\$ 475,983</u>	<u>\$ 936,099</u>

In managements' opinion, the Company has sufficient resources to meet its current cash flow requirements.

The Company's accounts payable, accrued liabilities and due to broker, all have contractual maturities of less than 30 days and are subject to normal trade terms. The syndicated loans carry similar terms and conditions and have various terms ranging from 1 to 4 months.

Management is not aware of any trends or expected fluctuations that would create any liquidity deficiencies. The Company believes that cash flow from continuing operations and existing cash resources will be sufficient to meet the Company's short-term requirements, as well as ongoing operations.

The Company's primary use of cash is to make investments and to pay for operating expenses. The Company believes that it will be able to generate sufficient capital to support the Company's operations in the long-term. Nonetheless, the Company may procure debt or equity financing from time to time to fund its operations.

Management is not aware of any significant commitments or expected fluctuations with respect to its capital resources at the date of its year-end consolidated financial statements.

SUBSEQUENT EVENTS

On February 22, 2018, the Company completed a private placement of 4,500,000 subordinate voting shares to Delavaco Group at a price of \$0.45/share for aggregate gross proceeds of \$2,025,000.

On January 9, 2018, 115,000 SVS shares were issued as a result of a Director exercising his options.

In January 2018, 74,161 MVS shares were converted into 74,161 SVS shares on a total basis.

RELATED PARTY TRANSACTIONS

Related party transactions occur during the normal course of Company operations.

Related party	Interest and Consulting Income		Amounts Receivable		Investment	
	2017	2016	2017	2016	2017	2016
Advantagewon Oil Corp.	\$ 94,552	\$ 152,128	\$ -	\$ 26,243	\$ -	\$ 1,591,086
Attorney Title Guaranty Fund	-	-	-	-	-	200,000
Auto repair finance company	534,084	511,204	-	98,116	-	3,235,000
Molecular Science Corp	-	-	-	-	250,000	-
Robith LLC	172,901	175,500	-	-	-	1,582,051
Somersby Park 2010 Limited Partnership	-	-	316,505	-	810,784	1,137,486
Sweet Natural Trading Co. Ltd.	29,640	-	39,110	-	1,161,126	-
The Hydropothecary Corporation	-	105,900	-	-	-	1,678,019

During 2017, Robith LLC was divested, and as a result is no longer considered a related party to the Company as of December 31, 2017.

The Company often receives the right to nominate a member to the Board of Directors of companies to which it provides an investment. The nominees may be of the Company, and accordingly, the investee company may become related to the Company. The table below identifies where an employee, officer or director of the Company held a position with an investee company.

Investment	Ownership	Position held
Somersby Park 2010 Limited Partnership	73%	Officer
Foothills Developments Inc	100%	Officer
Newborn Realty Corporation	100%	Officer
Attorney Tittle Guaranty Fund	<10%	Director
Advantagewon Oil Corp.	<10%	Director
Molecular Science Corp.	<10%	Director
Sweet Natural Trading Co.	<10%	Director

Investee companies where an employee, officer or director of the Company no longer hold a position as of December 31, 2017 include Advantagewon Oil Corp., Attorney Title Guaranty Fund and The Hydrothecary Corporation.

COMPENSATION OF KEY MANAGEMENT

The remuneration of directors and other key management personnel of the Company for the years ended December 31 was as follows:

	2017	2016
Salaries	\$ 675,339	\$ 341,250
Stock based compensation expense	209,970	40,677
	<u>\$ 885,309</u>	<u>\$ 381,927</u>

2017 salaries included a \$250,000 retiring allowance.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the year. Financial statement items subject to significant management judgment and estimates include:

- Determination of investment entity status – Management exercises judgment in applying criteria in IFRS 10.
- Impairment of assets and provision for loans, notes and convertible debentures receivable losses – Management exercises judgment to determine whether indicators of impairment exist, and if so, management must estimate the timing and amount of future cash flows from amounts receivable.
- Valuation of deferred income tax assets – The valuation of deferred income tax assets requires judgment on their recoverability. Such judgments are made based on management’s estimate on the timing and amount of the Company’s future taxable earnings.
- Valuation methodology of level 2 and level 3 investments. Refer to note 9 for more details.

While management believes that the estimates and assumption are reasonable, actual results may differ materially from those estimates.

FUTURE ACCOUNTING CHANGES

The following pronouncements issued by the IASB and interpretations published by IFRIC will become effective for annual periods beginning on or after the dates detailed below, with earlier adoption permitted. The Company is currently assessing the impact of the adoption of these new standards and interpretations.

Pronouncements effective for annual periods beginning on or after January 1, 2018:

IFRS 9, Financial Instruments amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting. IFRS 9 introduces an expected loss model of impairment and retains, but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income (loss). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

IFRS 15, Revenue from Contracts with Customers will supersede current revenue recognition guidance, which is currently found across several standards and interpretations including IAS 11, Construction Contracts and IAS 18, Revenue. IFRS 15 provides a framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Pronouncements effective for annual periods beginning on or after January 1, 2019:

IFRS 16, Leases supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The effective date for IFRS 16 is January 1 2019. It eliminates the distinction between operating and finance leases from the perspective of the lessee. All contracts that meet the definition of a lease, other than those subject to the two exceptions listed below, will be recorded in the Statement of Financial Position with a “right of use” asset and a corresponding lease liability. This will impact the timing and classification related expenses, as lease costs will now be reflected in the depreciation of the right of use asset and interest on the lease liability. The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets and short-term leases.

RISK AND UNCERTAINTIES

The primary goals of the Company's risk management programs are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance. The Company's investment strategy requires a level of risk in exchange for an above average return on investment. The Company plans to maintain an appropriate risk and reward balance while protecting the Company's financial operations from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk tolerance with the Company's business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventative controls and transferring risk to third parties.

The success of the Company is dependent upon its ability to assess and manage all forms of risk that affect its operations. The Company is exposed to many factors that could adversely affect its business, financial conditions or operating results. Developing policies and procedures to identify risk and the implementation of appropriate risk management policies and procedures is the responsibility of senior management and the Board of Directors. The Board directly, or through its committees, reviews and approves these policies and procedures, and monitors their compliance with them through ongoing reporting requirements. A description of the Company's most prominent risks are included below.

Capital Management

The Company considers the items included in shareholders' equity as capital. The Company's capital management objectives are to maintain a strong and efficient capital structure to provide liquidity to support continued asset growth. A strong capital position also provides flexibility in considering accretive growth opportunities. It is the intention of the Company in the long term to pay out a portion of its future annual earnings to shareholders in the form of dividends. There has been no change in the capital management approach from the prior period.

Credit Risk

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

- obtaining collateral guarantees;
- the investigation of the creditworthiness of all borrowers;
- the engagement of qualified independent consultants such as lawyers and real estate appraisers, to whom management may reach for professional advice.
- the segregation of duties to ensure that qualified staff are satisfied with all due diligence requirements prior to funding; and
- the prompt initiation of recovery procedures on overdue loans.

As at December 31, 2017, gross accounts receivable of \$51,379 were past due and not impaired (December 31, 2016 - \$237,229).

The maximum exposure to credit risk is:

	December 31, 2017		December 31, 2016	
Amounts receivable, excluding HST	\$	407,530	\$	347,217
Loans and convertible debentures		3,442,493		4,828,512
Total Credit Exposure	\$	3,850,023	\$	5,175,729

Market Risk

The Company is exposed to certain market risk that the value of, or future cash flows from, the Company's financial assets will significantly fluctuate due to changes in market prices. The value of the financial assets can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments, and unfavorable market conditions could result in dispositions of investments at less than favorable prices. Additionally, the Company is required to mark to market its fair value through profit or loss investments at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on the Company's financial position. The Company manages market risk by having a portfolio which is not singularly exposed to any one issuer or class of issuers. The Board monitors changes in the market on an ongoing basis and adjusts the Company's lending and investing practices and policies when necessary to reduce the impact of the above risks.

The Company's investments include publicly-listed entities that are listed on a Canadian stock exchange. Changes in the fair value of investments designated as fair value through profit and loss are reported in the consolidated statement of comprehensive income.

The following table shows the estimated sensitivity on the statement of comprehensive income for the year ended December 31, 2017 from a change in closing price of the Company's publicly-listed investments, not including share purchase warrants and options (refer to note 9 for sensitivity of warrant and option inputs), of \$12,095,147 with all other variables held constant as at December 31, 2017:

Percentage of Change in Closing Prices	Change in comprehensive income from % increase in closing price	Change in comprehensive income from % decrease in closing price
5%	\$ 604,757	\$ (604,757)
10%	\$ 1,209,515	\$ (1,209,515)

Interest rate risk

The observable impacts on the fair values and future cash flows of financial instruments that can be directly attributable to interest rate risk include changes in net income from financial instruments whose cash flows are determined with reference to floating interest rates and changes in value of financial instruments whose cash flows are fixed in nature.

As at December 31, 2017, the Company holds the following fixed-rate debt instruments:

- (a) \$2,171,933 (December 31, 2016 – \$1,593,512) in convertible debentures with a weighted average interest rate of 13.6% (December 31, 2016 – 17.4%) and a weighted average term to maturity of approximately 2 years (December 31, 2016 – 2.3 years);

Should market interest rates rise, then the fair value of these convertible debentures and term debt may decrease. Conversely, should market interest rates fall, the fair value of these assets may increase. The effect of changes in interest rates on the fair value of these debt instruments is partially muted by the nature of the investments. Convertible debentures placed in early stage investees are typically less sensitive to changes in market interest rates than non-convertible debt instruments placed in more mature investees. Additionally, the economic exposure to interest rate risk is mitigated by the Company's intention to either convert the debentures into the related underlying equities or, in the case of nonconvertible debentures, to hold the instrument until maturity.

As at December 31, 2017, if interest rates were higher by 1% per annum, the potential effect to the Company would be a decrease in net income of approximately \$15,134 (December 31, 2016 – \$48,000). If interest rates were lower by 1% per annum, the potential effect would be an increase in net income of approximately \$15,134 (December 31, 2016 – \$48,000).

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash to meet its obligations as they become due. This risk arises from fluctuations in cash flows from making loan advances and receiving loan repayments. The goal of liquidity management is to ensure that adequate cash is available to honour all future loan commitments. As well, effective liquidity management involves determining the timing of such commitments to ensure cash resources are optimally utilized. The Company manages its liquidity risk by monitoring loan advances and repayments.

In managements' opinion, the Company has sufficient resources to meet its current cash flow requirements.

The Company's accounts payable, accrued liabilities and due to broker, all have contractual maturities of less than 30 days and are subject to normal trade terms. The syndicated loans carry similar terms and conditions and have various terms ranging from 9 to 30 months.

Management is not aware of any trends or expected fluctuations that would create any liquidity deficiencies. The Company believes that cash flow from continuing operations and existing cash resources will be sufficient to meet the Company's short-term requirements, as well as ongoing operations, and will be able to generate sufficient capital to support the Company's operations in the long-term. However, the Company may procure debt or equity financing from time to time to fund its operations.

Currency Risk

Foreign exchange risk exposures arise from transactions and balances denominated in foreign currencies. The Company's foreign currency risk arises primarily with respect to the United States dollar. Fluctuations in the exchange rates between the United States dollar and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

The Company has cash and cash equivalents, certain receivables, convertible debentures and investments in companies denominated in a foreign currency. Sensitivity to a plus or minus 10 percent change in existing rates would increase or decrease the Company's net income by \$191,503 (2016 - \$289,000).

Other Risks

Dependence on Key Personnel:

The Company is dependent upon the personal efforts, performance and commitment of its senior officers and directors, who are responsible for the development of the Company's business. Investors will be relying upon the business judgment, expertise and integrity of the Company's senior officers and directors. To the extent that the services of any of the senior officers or directors would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company. The Company's future success will also depend in large part upon its ability to attract and retain highly skilled personnel. There can be no assurance that the Company will be successful in attracting and retaining such personnel.

Possible Volatility of Stock Price:

The market price of the Subordinate Voting Shares could be subject to wide fluctuations in response to factors such as actual or anticipated variations in the Company's results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of the subordinate voting shares.

Competition:

The Company operates in an increasingly competitive environment. Both large and small competitors compete with the Company. Some of these competitors may have longer operating histories, greater name recognition and greater financial and marketing resources than the Company. The Company believes that its ability to compete effectively is dependent upon the quality of its product and client service. There can be no assurance that the Company will be able to compete effectively and retain its existing clients or attract and retain new clients. The Company's current and potential competitors may develop and market new products or services that render the Company's existing and future products and services less marketable or competitive.

Maintenance of Client Relationships:

The ability of the Company to attract and maintain clients requires that it provide a competitive offering of products and services that meet the needs and expectations of its clients. The Company's ability to satisfy the needs or demands of its clients may be adversely affected by factors such as the inability or failure to identify changing client needs or expectations or the inability to adapt in a timely and cost-effective manner to innovative products and services offered by competitors.

Strategic Relationships:

The Company anticipates that, from time to time, it will enter into strategic relationships to syndicate certain bridge loans or similar assets where appropriate, as part of its strategy to diversify and manage risks associated with its fixed income portfolio. Syndication will afford the Company the opportunity to participate in much larger transactions. There can be no assurance that the Company will be able to enter into such relationships in the future, and its inability to do so may adversely affect its ability to continue to service its existing and prospective clients.

OUTSTANDING SHARE DATA

Shares issued and outstanding:	December 31, 2017		December 31, 2016	
	No. of shares	Amount	No. of shares	Amount
Multiple voting shares	304,662	\$555,543	1,035,719	\$1,888,523
Subordinate voting shares	53,974,800	26,577,198	53,118,743	25,219,218
	<u>54,279,462</u>	<u>\$27,132,741</u>	<u>54,154,462</u>	<u>\$27,107,741</u>

During the year 731,012 (\$1,332,980) MVS shares were converted on a 1 for 1 basis to SVS shares.

On November 29, 2017, the Company issued 125,000 subordinate voting shares to a director who exercised his stock options for gross proceeds of \$25,000. The market price for the Company shares was \$0.43 on November 29, 2017.

Stock options outstanding	December 31, 2017		December 31, 2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of the period	1,465,000	\$0.41	2,138,333	\$0.40
Options granted during the period	1,550,000	0.34	-	-
Options cancelled during the period	-	-	(273,333)	0.25
Options exercised during the period	(125,000)	0.20	-	-
Options forfeited during the period	(120,000)	0.47	(400,000)	0.47
Balance, end of the year	<u>2,770,000</u>	<u>\$0.23</u>	<u>1,465,000</u>	<u>\$0.41</u>

Exercise Price	Options Outstanding December 31, 2017		Options Exercisable December 31, 2017	
	Number of Options	Weighted Average Life (years)	Number of Options	Weighted Average Life (years)
\$0.20	115,000	0.4	115,000	0.4
\$0.30	450,000	4.1	450,000	4.1
\$0.36	1,100,000	4.9	366,668	4.9
\$0.40	355,000	0.9	355,000	0.9
\$0.47	750,000	0.04	550,000	0.04
	<u>2,770,000</u>	<u>2.7</u>	<u>1,836,668</u>	<u>2.2</u>

Exercise Price	Options Outstanding December 31, 2016		Options Exercisable December 31, 2016	
	Number of Options	Weighted Average Life (years)	Number of Options	Weighted Average Life (years)
\$0.20	240,000	1.4	240,000	1.4
\$0.40	355,000	2.1	355,000	2.1
\$0.47	870,000	4.3	480,000	3.3
	<u>1,465,000</u>	<u>2.7</u>	<u>1,075,000</u>	<u>2.5</u>

On January 24, 2017 the Company approved the granting of 450,000 stock options (the "Options") pursuant to the Company's Stock Option Plan to certain directors of the company. The Options are exercisable at a price of \$0.30 per share expiring on January 24, 2021. The fair value of the 450,00 options was estimated at \$88,970 using the Black-Scholes pricing model with the following assumptions; dividend rate 0%: risk-free interest rate 1.2%: volatility 96% and a expected life of five years.

On November 8, 2017 the Company approved the granting of 1,10,000 stock options (the "Options") pursuant to the Company's Stock Option Plan to certain officers and directors of the company. The Options are exercisable at a price of \$0.3625 per share expiring on November 8, 2022. The fair value of the vested options was estimated at \$121,000 using the Black-Scholes pricing model with the following assumptions; dividend rate 0%: risk-free interest rate 1.2%: volatility 96% and a expected life of five years.