



**Interim Condensed Financial Statements**  
Unaudited (prepared in Canadian dollars)  
For the quarter and nine months ended September 30, 2016

## STATEMENTS OF FINANCIAL POSITION (unaudited)

As at	September 30	December 31
Amounts in thousands of Canadian dollars (except per share amounts)	2016	2015
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 14,958	\$ 13,051
Distribution receivables [note 3]	2,933	1,728
Marketable securities [note 4]	161	378
Prepaid expenses, deposits and other receivables	144	98
Interest receivable	262	285
<b>Total current assets</b>	<b>18,458</b>	<b>15,540</b>
Distribution receivables [note 3]	557	958
Investments [note 5]	65,003	76,568
<b>Total assets</b>	<b>\$ 84,018</b>	<b>\$ 93,066</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 615	\$ 517
Accrued annual incentive plan [note 16]	—	90
Accrued interest on convertible debentures	428	1,151
<b>Total current liabilities</b>	<b>1,043</b>	<b>1,758</b>
Convertible debentures [note 7]	30,432	32,432
<b>Total liabilities</b>	<b>31,475</b>	<b>34,190</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital [note 8]	135,590	135,715
Equity component of convertible debentures [note 7]	2,382	2,593
Contributed surplus [notes 8 & 9]	77,819	77,126
Deficit	(163,248)	(156,558)
<b>Total shareholders' equity</b>	<b>52,543</b>	<b>58,876</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 84,018</b>	<b>\$ 93,066</b>
<b>Net Asset Value per share</b>		
Basic and diluted	\$ 1.79	\$ 2.01

See accompanying notes, which are an integral part of these interim condensed financial statements.

On behalf of the Board of Directors:

"John Albright"  
Director

"Henry Kneis"  
Director

## STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) (unaudited)

Amounts in thousands of Canadian dollars (except for common shares and per share amounts)	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
<b>NET REALIZED AND UNREALIZED GAIN (LOSS)</b>				
Net realized gain (loss) on disposal of investments and marketable securities	\$ (2,863)	\$ (19,248)	\$ (13,963)	\$ (27,252)
Net change in unrealized gain (loss) on investments and marketable securities	(2,002)	26,650	11,890	38,886
	(4,865)	7,402	(2,073)	11,634
<b>OTHER INCOME</b>				
Interest, dividends and other income	290	625	929	2,118
Participation in advisory fees and equity capital market revenue [note 13]	—	—	—	113
Gain on repurchase of convertible debentures [note 7]	—	—	162	449
	290	625	1,091	2,680
<b>EXPENSES</b>				
Management fees [note 13]	—	—	—	935
Employee compensation and benefits [notes 9 & 16]	515	719	1,954	852
Professional fees	142	323	460	1,027
General and administrative [note 13]	159	167	472	481
Provision for uncollectible receivables	—	263	3	844
Harmonized sales tax	28	44	84	280
Financing costs	884	1,244	2,718	3,837
Transaction costs	8	1,444	17	3,970
<b>Total expenses</b>	<b>1,736</b>	<b>4,204</b>	<b>5,708</b>	<b>12,226</b>
<b>Net income (loss) and comprehensive income (loss)</b>	<b>\$ (6,311)</b>	<b>\$ 3,823</b>	<b>\$ (6,690)</b>	<b>\$ 2,088</b>
<b>Weighted average number of common shares outstanding [note 15]</b>				
Basic and diluted	29,359,372	35,940,934	29,361,107	36,359,811
<b>Income (loss) per share [note 15]</b>				
Basic and diluted	<b>\$(0.21)</b>	<b>\$0.11</b>	<b>\$(0.23)</b>	<b>\$0.06</b>

See accompanying notes, which are an integral part of these interim condensed financial statements.

## STATEMENTS OF CHANGES IN EQUITY (unaudited)

Amounts in thousands of Canadian dollars	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
<b>Share capital</b>				
Balance, beginning of the period	\$ 135,715	\$ 166,124	\$ 135,715	\$ 176,555
Normal course issuer bid common shares repurchased and cancelled <i>[note 8]</i>	(125)	—	(125)	(10,431)
<b>Balance, September 30</b>	<b>135,590</b>	<b>166,124</b>	<b>135,590</b>	<b>166,124</b>
<b>Equity component of convertible debentures</b>				
Balance, beginning of the period	2,382	3,511	2,593	3,823
Normal course issuer bid convertible debentures repurchased and cancelled <i>[note 7]</i>	—	—	(211)	(312)
<b>Balance, September 30</b>	<b>2,382</b>	<b>3,511</b>	<b>2,382</b>	<b>3,511</b>
<b>Contributed surplus</b>				
Balance, beginning of the period	77,613	52,797	77,126	44,259
Stock option expense <i>[note 9]</i>	109	—	524	—
Normal course issuer bid common shares repurchased and cancelled <i>[note 8]</i>	97	—	97	8,204
Normal course issuer bid convertible debentures repurchased and cancelled <i>[note 7]</i>	—	—	72	334
<b>Balance, September 30</b>	<b>77,819</b>	<b>52,797</b>	<b>77,819</b>	<b>52,797</b>
<b>Deficit</b>				
Balance, beginning of the period	(156,937)	(160,438)	(156,558)	(158,703)
Net income (loss) and comprehensive income (loss)	(6,311)	3,823	(6,690)	2,088
<b>Balance, September 30</b>	<b>(163,248)</b>	<b>(156,615)</b>	<b>(163,248)</b>	<b>(156,615)</b>
<b>Net change in equity during the period</b>				
Equity, beginning of the period	58,773	61,994	58,876	65,934
<b>Balance, September 30</b>	<b>\$ 52,543</b>	<b>\$ 65,817</b>	<b>\$ 52,543</b>	<b>\$ 65,817</b>

See accompanying notes, which are an integral part of these interim condensed financial statements.

## STATEMENTS OF CASH FLOWS (unaudited)

Amounts in thousands of Canadian dollars	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
<b>OPERATING ACTIVITIES</b>				
Net income (loss) for the period	\$ (6,311)	\$ 3,823	\$ (6,690)	\$ 2,088
Items not affecting cash:				
Net realized (gain) loss on disposal of investments and marketable securities	2,863	19,248	13,963	27,252
Net change in unrealized (gain) loss on investments and marketable securities	2,002	(26,650)	(11,890)	(38,886)
Net change in participation in advisory fees payable in shares	—	—	—	200
Amortization of financing costs on convertible debentures	219	287	669	875
Non-cash payment of transaction costs	—	1,035	—	1,035
Gain on repurchase of convertible debentures	—	—	(162)	(449)
Conversion of interest revenue into equities and debentures	—	(181)	—	(1,043)
Equity-based compensation	109	—	524	—
Net change in non-cash working capital balances	(612)	(7,510)	(1,542)	(4,461)
Effect of foreign exchange on cash	(56)	—	(303)	—
Purchase of marketable securities	(414)	—	(414)	(2,450)
Proceeds from disposal of marketable securities	961	205	1,257	5,573
Purchase of investments	(258)	(500)	(1,180)	(5,206)
Proceeds from disposal and maturity of investments	637	7,535	10,349	28,825
<b>Cash provided by (used in) operating activities</b>	<b>(860)</b>	<b>(2,708)</b>	<b>4,581</b>	<b>13,353</b>
<b>FINANCING ACTIVITIES</b>				
Normal course issuer bid common shares repurchased and cancelled <i>[note 8]</i>	(28)	—	(28)	(2,227)
Normal course issuer bid convertible debentures repurchased and cancelled <i>[note 7]</i>	—	—	(2,646)	(3,363)
<b>Cash used in financing activities</b>	<b>(28)</b>	<b>—</b>	<b>(2,674)</b>	<b>(5,590)</b>
<b>Net increase (decrease) in cash during the period</b>	<b>(888)</b>	<b>(2,708)</b>	<b>1,907</b>	<b>7,763</b>
Cash and cash equivalents, beginning of the period	15,846	22,270	13,051	11,799
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 14,958</b>	<b>\$ 19,562</b>	<b>\$ 14,958</b>	<b>\$ 19,562</b>
Interest received	\$ 147	\$ 17	\$ 768	\$ 1,594
Dividends received	40	40	120	170
Interest paid	1,292	1,904	2,698	3,977

See accompanying notes, which are an integral part of these interim condensed financial statements.

## SCHEDULE OF INVESTMENTS (unaudited)

September 30, 2016

		INVESTMENT TYPE	COUNTRY	AVERAGE COST \$	FAIR VALUE \$
Amounts in thousands of Canadian dollars					
<b>FINANCIAL TECHNOLOGIES</b>					
Carta Solutions Holding Corporation		equity securities and warrants	Canada	3,655	
Carta Solutions Holding Corporation		loans	Canada	680	
Ethoca Solutions Inc.		equity securities	Canada	1,508	
Mogo Finance Technology Inc.		equity securities	Canada	2,093	
				<u>7,936</u>	<u>7,722</u>
<b>HEALTHCARE</b>					
BrainScope Company Inc.		equity securities	United States	1,821	
Cardiac Dimensions Pty. Ltd.		equity securities	United States	2,183	
Fem Med Formulas Limited		equity securities	Canada	2,500	
Other		equity securities and warrants	Canada	33	
				<u>6,537</u>	<u>4,968</u>
<b>INTERNET</b>					
BuildDirect.com Technologies Inc.		equity securities and warrants	Canada	7,000	
Vision Critical Communications Inc.		equity securities	Canada	4,997	
Scribble Technologies Inc.		equity securities	Canada	4,609	
Hootsuite Media Inc.		equity securities	Canada	2,080	
				<u>18,686</u>	<u>13,506</u>
<b>MEDIA/MEDIA TECHNOLOGIES</b>					
Thunderbird Films Inc.		equity securities	Canada	6,000	
Blue Ant Media Inc.		equity securities	Canada	4,787	
Cricket Media Group Ltd.		convertible debentures	Canada	4,575	
				<u>15,362</u>	<u>12,745</u>
<b>TECHNOLOGIES</b>					
Vena Solutions		equity securities and warrants	Canada	1,030	
Vena Solutions		convertible debentures	Canada	3,647	
Baanto International Ltd.		equity securities	Canada	1,070	
Baanto International Ltd.		convertible debentures	Canada	2,700	
Bluedrop Performance Learning Inc.		convertible debentures	Canada	3,525	
WG Limited		equity securities and warrants	Canada	3,839	
Other		equity securities	Canada and United States	1,005	
				<u>16,816</u>	<u>12,839</u>
<b>OTHER</b>					
Difference RM Holdings Corp.		equity securities	United States	6,108	
Waterloo Innovation Network LP		limited partnership units	Canada	2,000	
Other		convertible debentures and equity securities	Canada	910	
				<u>9,018</u>	<u>13,222</u>
<b>TOTAL INVESTMENTS</b>				<b><u>74,354</u></b>	<b><u>65,003</u></b>

### PORTFOLIO INVESTMENTS AND FAIR VALUE

Significant purchases, sales and changes in valuation of investments for the period ended September 30, 2016 included the following:

During the three months ended September 30, 2016, the Company made fair value adjustments to three of its private holdings based on comparable company trading multiples analysis, subsequent financing rounds and/or qualitative observations reflecting the current financial situation of these companies. The adjustments resulted in \$5.6 million of unrealized loss in the fair value of these investments.

# NOTES TO THE FINANCIAL STATEMENTS

## September 30, 2016 (unaudited - in Canadian dollars)

### 1. COMPANY INFORMATION

Difference Capital Financial Inc. (“Difference Capital” or the “Company”) is a publicly listed company on the Toronto Stock Exchange (TSX: DCF) incorporated and domiciled in Canada. The registered address of the Company is Wildeboer Dellelce Place, Suite 800, 365 Bay Street, Toronto, Ontario, M5H 2V1.

Difference Capital is an investment company focused on creating shareholder value through strategic investments in growth companies. The Company aims to generate medium to long-term capital growth by investing in a diversified investment portfolio consisting predominantly of securities of private companies, particularly in the technology, media and health care sectors.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim condensed financial statements of Difference Capital have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”) and consistent with International Financial Reporting Standards (“IFRS”) accounting policies Difference Capital adopted in its financial statements as at and for the year ending December 31, 2015.

These unaudited interim condensed financial statements should be read in conjunction with Difference Capital’s 2015 annual audited financial statements.

These financial statements were authorized for issuance by the Board of Directors of Difference Capital on November 9, 2016. The following are the significant accounting policies used in the preparation of these financial statements:

#### **Basis of presentation**

The financial statements of Difference Capital have been prepared on a going concern basis and under the historical cost convention, except for marketable securities and investments, which are measured at fair value. The financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

#### **Critical accounting estimates and judgments**

The preparation of the Company’s financial statements in accordance with IFRS requires management to make estimates and exercise judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Key areas of estimation where management has made difficult, complex or subjective judgments include:

##### Fair Value of privately held investments

The determination of the fair value of privately held investments, which include debt and equity securities, requires that judgement be applied to the facts and circumstances of each investment. Actual results could differ from these estimates. See Note 12, Fair Value Measurement, in the annual 2015 audited financial statements, for disclosure on fair value estimation of private investments.

##### Equity-based compensation

The compensation expense for awards of stock options is estimated using a Black-Scholes option pricing model which requires the use of assumptions. Further details regarding the assumptions used in the option pricing model are provided in Note 9.

## NOTES TO THE FINANCIAL STATEMENTS

September 30, 2016 (unaudited - in Canadian dollars)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Equity-based compensation

The Company has an incentive stock option plan (the "Stock Option Plan"), as amended and restated on June 13, 2013, for the directors, officers and employees of the Company.

The Company uses the fair value method to account for stock options. The fair value of stock options, determined on the grant date, using the Black-Scholes option-pricing model, is expensed using the graded vesting method over the vesting period as compensation expense with a corresponding increase in contributed surplus. When the options are exercised, amounts originally recorded against contributed surplus as well as any consideration paid by the option holder is credited to share capital.

The amount recognized as compensation expense is adjusted to reflect the number of stock options for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of stock options that do meet the related service condition at the vesting date.

#### Future accounting changes

The Company continues to monitor the potential changes proposed by the IASB and considers the impact changes in the standards would have on the Company's operations.

#### IFRS 9, *Financial Instruments* ("IFRS 9")

IFRS 9 was issued by the IASB on July 24, 2014 and will replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 requires financial instrument classification and related measurement practices to be based primarily on an entity's business model objectives when managing those financial assets and on the extent to which contractual cash flows exist within the financial assets. The standard also introduces a new expected loss impairment model. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is evaluating the potential impacts of this new standard on the financial statements.

#### IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15")

IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company is evaluating the potential impacts of this new standard on the financial statements.

#### *Annual Improvements 2012-2014 Cycle*

Annual Improvements 2012-2014 Cycle was issued in September 2014 and is effective for the annual period beginning on or after January 1, 2016. Five minor amendments to different accounting standards were issued as part of the Annual Improvement process which includes IFRS 7, *Financial Instruments: Disclosures* and IAS 34, *Interim Financial Reporting*. These amendments are not expected to have a significant impact on the Company.



**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2016 (unaudited - in Canadian dollars)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Future accounting changes (continued)**

Amendments to IAS 1, *Presentation of Financial Statements* ("IAS 1")

Amendments to IAS 1 were issued in December 2014 and are effective for the annual period beginning on or after January 1, 2016. The amendments clarify existing requirements relating to materiality and aggregation, along with presentation of subtotals in the financial statements. These amendments are not expected to have a significant impact on the Company.

Amendments to IAS 7, *Statement of Cash Flows* ("IAS 7")

In January 2016, the IASB issued amendments to IAS 7, which will require specific disclosures for movements in certain liabilities on the statement of cash flow. These amendments are effective January 1, 2017 and are not expected to have a significant impact on the Company.

Amendments to IAS 12, *Income Taxes* ("IAS 12")

In January 2016, the IASB issued amendments to IAS 12, clarifying how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective January 1, 2017 and are not expected to have a significant impact on the Company.

**3. DISTRIBUTION RECEIVABLES**

Distribution receivables as at September 30, 2016 and December 31, 2015 represent amounts held in escrow to cover potential indemnification claims on sale transactions including WG Limited, Infraredx Inc., BTI Systems Inc., and Quickplay Media Inc. A breakdown of the expected escrow release dates are as follows:

Expected Release date	September 30, 2016 \$000	December 31, 2015 \$000
Q4 2016	1,597	1,728
Q2 2017	1,336	958
Q4 2017	557	-
	<b>3,490</b>	2,686

**4. MARKETABLE SECURITIES**

Marketable securities consist of the following:

As at	September 30, 2016 \$000	December 31, 2015 \$000
Equity securities	161	378
	<b>161</b>	378

**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2016 (unaudited - in Canadian dollars)**

**5. INVESTMENTS**

Investments consist of the following by investment type:

As at	September 30, 2016 \$000	December 31, 2015 \$000
Equity securities	40,230	54,374
Convertible debentures	10,826	12,203
Debentures, loans and promissory notes	872	150
Partnership interests	1,320	2,000
Real estate	11,710	7,557
Warrants	45	284
	<b>65,003</b>	<b>76,568</b>

See Schedule of Investments on pages 6 for further details.

**6. INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES**

Information about the Company's interests in unconsolidated associates and subsidiaries are as follows:

Name	Relationship	Principal Place of Business	Ownership interest and Voting Rights %	
			September 30, 2016	December 31, 2015
Difference RM Holding Corp.	Subsidiary	United States	100%	100%
Fem Med Formulas Limited	Subsidiary	Canada	70%	14%
Gotham Analytics, LLC	Associate	United States	40%	40%
WG Limited	Associate	Canada	38%	38%

Difference RM Holding Corp. owns 100% of Difference RM Holding USA Inc., which in turn owns 52% of Difference RM Properties LLC ("DRM Properties"). DRM Properties owns a 40% tenants-in-common interest in a 635 acre parcel of undeveloped land in the City of Rancho Mirage, California, immediately to the southeast of Palm Springs.

Difference Capital owns 38% of WG Limited, which in turn owns 100% of Intertaintech Corporation, which owns approximately 20% of 2480625 Limited Partnership (the "LP"), with Cineplex Inc. holding approximately 80% of the LP.

Difference Capital owns 70% of Fem Med Formulas Limited, which was acquired through the exchange of debt in Fem Med Formulas Limited Partnership.

The Company has no current commitments or intentions to provide financial or other support, including commitments or intentions to assist the subsidiaries in obtaining financial support, to the associates and subsidiaries listed above.

**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2016 (unaudited - in Canadian dollars)**

**7. CONVERTIBLE DEBENTURES**

The changes in the liability component of the Debentures during the period ended September 30, 2016 were as follows:

	<b>\$000</b>
<b>Liability component, January 1, 2015</b>	46,616
Accretion of discount	1,097
Normal course issuer bid repurchases	(4,251)
Substantial issuer bid repurchase	(11,030)
<b>Liability component, December 31, 2015</b>	<b>32,432</b>
Accretion of discount	669
Normal course issuer bid repurchases	(2,669)
<b>Liability component, September 30, 2016</b>	<b>30,432</b>

The changes in the principal amount of the Debentures outstanding during the period ended September 30, 2016 were as follows:

	<b>\$000</b>
<b>Principal amount, January 1, 2015</b>	51,831
Normal course issuer bid repurchases	(4,686)
Substantial issuer bid repurchase	(11,999)
<b>Principal amount, December 31, 2015</b>	<b>35,146</b>
Normal course issuer bid repurchases	(2,857)
<b>Principal amount, September 30, 2016</b>	<b>32,289</b>

On December 11, 2015, the Company received approval from the TSX to renew its normal course issuer bid ("2016 Debenture NCIB") to repurchase its Debentures. Pursuant to the policies of the TSX, the Company is authorized to acquire up to \$3.3 million principal amount of its Debentures, representing 10% of the public float of the outstanding Debentures. The 2016 Debenture NCIB will expire on December 14, 2016.

During the three months ended September 30, 2016 and 2015, the Company did not repurchase Debentures.

During the nine months ended September 30, 2016, the Company repurchased \$2.9 million principal amount of the Debentures [September 30, 2015 - \$4.2 million], for an aggregate consideration of \$2.6 million [September 30, 2015 - \$3.4 million]. Out of the amount paid, \$2.7 million [September 30, 2015 - \$3.8 million] was recorded as a reduction to the liability component of the Debentures, \$0.2 million [September 30, 2015 - \$0.3 million] was recorded as a reduction to the Equity Component of the Debentures, \$0.2 million [September 30, 2015 - \$0.4 million] was recorded as a gain on repurchase of convertible debentures in Net Income, and \$0.1 million [September 30, 2015 - \$0.3 million] was recorded as an increase in Contributed Surplus.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2016 (unaudited - in Canadian dollars)**

**8. SHARE CAPITAL**

The Company has two authorized classes of shares: an unlimited number of common shares and an unlimited number of preference shares, issuable in series. The common shares are listed for trading on the TSX. No preference shares have been issued.

A summary of the changes to the Company's share capital is as follows:

	Number of Shares	Stated Value \$000
<b>Common shares, January 1, 2015</b>	38,197,734	176,555
Normal course issuer bid repurchases	(2,256,800)	(10,431)
Substantial issuer bid repurchase	(6,578,950)	(30,409)
<b>Common shares, December 31, 2015</b>	29,361,984	135,715
Normal course issuer bid repurchases	(27,000)	(125)
<b>Common shares, September 30, 2016</b>	<b>29,334,984</b>	<b>135,590</b>

On September 13, 2016, the Company received approval from the TSX to renew its normal course issuer bid ("2016 Share NCIB") to repurchase its common shares. Pursuant to the policies of the TSX, the Company is authorized to repurchase up to 1,555,661 of its common shares, representing 10% of the public float of the outstanding common shares. The 2016 Share NCIB will expire on September 14, 2017.

During the three months ended September 30, 2016, 27,000 common shares were repurchased [September 30, 2015 – nil] under the normal course issuer bid at an average cost of \$1.02 per common share [September 30, 2015 - nil] for total consideration of \$0.0 million [September 30, 2015 - nil]. Contributed Surplus was increased by \$0.1 million for the cost of the common shares repurchased below their stated value [September 30, 2015 - nil].

During the nine months ended September 30, 2016, 27,000 common shares were repurchased [September 30, 2015 – 2.3 million] under the normal course issuer bid at an average cost of \$1.02 per common share [September 30, 2015 - \$0.99 per common share] for total consideration of \$0.0 million [September 30, 2015 - \$2.2 million]. Contributed Surplus was increased by \$0.1 million for the cost of the common shares repurchased below their stated value [September 30, 2015 - \$8.2 million].

**9. STOCK OPTION PLAN**

Under the Stock Option Plan, the number of common shares that may be issued as a result of the grant of options shall not exceed 10% of the number of the then-issued and outstanding common shares of the Company at the time of grant. As at September 30, 2016, 10% of the issued and outstanding common shares was 2,933,498 common shares.

On March 14, 2016, the Company granted 2,025,000 options [March 31, 2015 – nil] to its directors, officers and employees. Each option is exercisable for a ten-year period, expiring March 13, 2026, to acquire one common share at a price of \$1.34 per share. One-third of the options vested immediately; one third of the options shall vest on the first anniversary of the grant date; and one third of the options shall vest on the second anniversary of the grant date.

As at September 30, 2016, an additional 908,498 common shares [December 31, 2015 – 2,936,198] could have been granted under the Company's Stock Option Plan.

**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2016 (unaudited - in Canadian dollars)**

**9. STOCK OPTION PLAN (continued)**

The fair value of options granted on March 14, 2016 was estimated at \$0.45 per option [2015 – nil] using the Black-Scholes option-pricing model. The following inputs were used:

Year of grant	2016
Risk-free interest rate	0.75%
Expected dividend yield	0%
Expected share price volatility	45%
Expected option life (years)	5
Expected forfeiture rate	6%

Due to the short time the Company has been in existence, expected share price volatility was based on a weighted average historical share price volatility of the Company as well as a selection of peers. The weighted average expected life of the options was based on expectations of future employee behaviour. The Company estimated a 6% annual forfeiture rate based on expectation of future forfeitures. The Company will adjust the impact of the revision of original forfeiture estimates, if any, in the income statement, with a corresponding adjustment to equity.

The following is a summary of the stock option activity under the Company's Stock Option Plan as at September 30, 2016:

	Number of options	Exercise price
<b>Options outstanding, December 31, 2015</b>	-	-
Options granted	2,025,000	\$1.34
<b>Options outstanding, September 30, 2016</b>	2,025,000	\$1.34
<b>Options exercisable, September 30, 2016</b>	675,000	\$1.34

The equity-based compensation expense under the share option plan for the nine-month period ended September 30, 2016 of \$0.5 million [September 30, 2015 – nil] has been included in employee compensation and benefits.

Options outstanding and exercisable as at September 30, 2016 are as follows:

Expiry date	Exercise Price	Options Outstanding	Options Exercisable
2026	\$1.34	2,025,000	675,000

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**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2016 (unaudited - in Canadian dollars)**

**10. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

The following tables present the carrying amounts of the Company's financial assets and financial liabilities by category:

<b>As at September 30, 2016</b>					
	<b>Held for Trading \$000</b>	<b>FVTPL Designated at inception \$000</b>	<b>Total \$000</b>	<b>Amortized Cost \$000</b>	<b>Total \$000</b>
<b>Assets</b>					
Marketable securities	161	-	161	-	161
Investments	-	65,003	65,003	-	65,003
Cash and cash equivalents	-	-	-	14,958	14,958
Distribution receivables	-	-	-	3,490	3,490
Prepaid expenses, deposits and other receivables	-	-	-	144	144
Interest receivable	-	-	-	262	262
<b>Total Financial Assets</b>	<b>161</b>	<b>65,003</b>	<b>65,164</b>	<b>18,854</b>	<b>84,018</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	-	-	-	615	615
Accrued interest on convertible debentures	-	-	-	428	428
Convertible debentures	-	-	-	30,432	30,432
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,475</b>	<b>31,475</b>

<b>As at December 31, 2015</b>					
	<b>Held for Trading \$000</b>	<b>FVTPL Designated at inception \$000</b>	<b>Total \$000</b>	<b>Amortized Cost \$000</b>	<b>Total \$000</b>
<b>Assets</b>					
Marketable securities	378	-	378	-	378
Investments	-	76,568	76,568	-	76,568
Cash and cash equivalents	-	-	-	13,051	13,051
Distribution receivables	-	-	-	2,686	2,686
Prepaid expenses, deposits and other receivables	-	-	-	98	98
Interest receivable	-	-	-	285	285
<b>Total Financial Assets</b>	<b>378</b>	<b>76,568</b>	<b>76,946</b>	<b>16,120</b>	<b>93,066</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	-	-	-	517	517
Accrued annual incentive plan	-	-	-	90	90
Accrued interest on convertible debentures	-	-	-	1,151	1,151
Convertible debentures	-	-	-	32,432	32,432
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,190</b>	<b>34,190</b>

For the three months ended September 30, 2016, the total of the change in unrealized gain (loss) and realized gain (loss) from disposal of financial assets classified as Held for Trading was \$0.5 million [September 30, 2015 – \$(0.9) million], and the total of the change in unrealized gain (loss) and realized gain (loss) from disposal of financial assets classified as Fair Value Through Profit and Loss was \$(0.3) million [September 30, 2015 – \$8.3 million].

## NOTES TO THE FINANCIAL STATEMENTS

September 30, 2016 (unaudited - in Canadian dollars)

### 10. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

For the nine months ended September 30, 2016, the total of the change in unrealized gain (loss) and realized gain (loss) from disposal of financial assets classified as Held for Trading was \$0.5 million [September 30, 2015 – \$(0.4) million], and the total of the change in unrealized gain (loss) and realized gain (loss) from disposal of financial assets classified as Fair Value Through Profit and Loss was \$2.5 million [September 30, 2015 – \$12.0 million].

### 11. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Company's business activities expose it to a variety of financial risks: market risk (which includes interest rate risk, currency risk, and price risk), credit risk; and liquidity risk. The following is a description of these risks and how they are managed:

#### a) Market risk

Market risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, currency exchange rates and changes in market prices due to factors other than interest rates or currency exchange rates, such as changes in equity prices, commodity prices or credit spreads.

#### *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 September 30, 2016, the Company holds the following fixed-rate debt instruments: (a) \$11.1 million [December 31, 2015 - \$12.5 million] in convertible debentures with a weighted average interest rate of 10.10% [December 31, 2015 – 10.75%] and a weighted average term to maturity of approximately 1.4 years [December 31, 2015 – 1.1 years]; and (b) \$0.9 million [December 31, 2015 – \$0.2 million] in non-convertible debentures with a weighted average interest rate of 30.4% [December 31, 2015 – 4.85%] that are due on demand [December 31, 2015 – 1.0 year]. Should market interest rates rise, then the fair value of these convertible and non-convertible debentures 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 non-convertible debentures, to hold the instrument until maturity.

As at September 30, 2016, if interest rates were higher by 1% per annum, the potential effect to the Company would be a decrease in net income of approximately \$0.1 million [December 31, 2015 – \$0.1 million]. If interest rates were lower by 1% per annum, the potential effect would be an increase in net income of approximately \$0.1 million [December 31, 2015 – \$0.1 million].

**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2016 (unaudited - in Canadian dollars)**

**11. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)**

*Currency risk*

Changes in currency rates will impact the carrying value of financial instruments denominated in currencies other than the Canadian dollar. As at September 30, 2016, the Company is primarily exposed to foreign exchange risk through its US dollar denominated investments of \$22.4 million [December 31, 2015 - \$21.3 million], which represent approximately 25.1% [December 31, 2015 – 22.7%] of total assets. The Company does not currently hedge its foreign currency exposure. If the Canadian dollar strengthened or weakened by 5% in relation to the foreign currencies, the investments would decrease or increase in value by approximately \$1.1 million, respectively [December 31, 2015 – \$1.1 million].

*Price risk*

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's marketable securities and investments are susceptible to price risk arising from uncertainties about their future values. If the fair value of these financial assets were to increase or decrease by 10%, the Company would incur an associated increase or decrease in net gain (loss) of approximately \$6.5 million [December 31, 2015 – \$7.7 million]. Refer to the Schedule of Investments and Notes 4 and 5 for additional details regarding the fair value of marketable securities and investments, respectively.

b) Credit risk

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfill its contractual obligations. The Company's exposure to credit risk principally arises from the risk of non-payment of its debt investments or the interest due on debts provided to portfolio companies and its cash deposits held with a financial institution.

The table below analyzes the Company's maximum exposure to credit risk at the reporting date:

	September 30, 2016 \$000	December 31, 2015 \$000
Cash and cash equivalents	14,958	13,051
Distribution receivables	3,490	2,686
Convertible debentures	10,826	12,203
Debentures, loans and promissory notes	872	150
Accrued interest	262	285
Other receivables	144	98
	<b>30,552</b>	<b>28,473</b>

Cash deposits are held through a large Canadian bank with a credit rating of AA.

The Company's debt securities are primarily invested in private growth companies in technology-related industries. Given the nature of lending to these types of businesses, no collateral is generally held in respect of these loans. In the event of a default on the Company's debt investments, the Company will bear a risk of loss of principal and accrued interest of the investment. The credit quality of these debts is based on the financial performance of the underlying businesses. A change in credit quality is reflected in the fair value of the debt instrument.



**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2016 (unaudited - in Canadian dollars)**

**11. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)**

b) Credit risk (continued)

As at September 30, 2016, there were \$0.9 million of debts overdue [December 31, 2015 – nil]. For the nine months period ended September 30, 2016, no unrealized losses [September 30, 2015 – \$1.7 million] were attributable to changes in credit risk of the debt instruments.

As at September 30, 2016, \$1.0 million of distribution and interest receivable was past due [December 31, 2015 – \$0.3 million]. During the period ended September 30, 2016, no allowance for impairment in respect of accrued interest [September 30, 2015 – \$0.3 million] was taken.

c) Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund an obligation as it comes due. The Company aims to invest principally in private companies with a medium to long-term investment horizon. These investments are inherently illiquid. Capital invested and potential capital gains are only realized when the investment is partially or fully sold, either through an M&A or IPO transaction, which can take years to materialize. For the majority of its investments, the Company has little to no control over the timing and management of the ultimate liquidity events.

The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations as they come due, as well as ensuring adequate funds exist to support business strategies and operations growth. As at September 30, 2016, the Company's liquidity risk is limited to exposure to accounts payable and accrued liabilities and accrued interest on convertible debentures, which are due within 12 months of September 30, 2016.

The following are the contractual maturities of financial liabilities including estimated interest payments:

	Less than one year \$000	One to three years \$000	Over three years \$000	Total \$000
<b>As at September 30, 2016</b>				
<b>Financial Liabilities</b>				
Accounts payable and accrued liabilities	615	-	-	<b>615</b>
Accrued interest on convertible debentures	2,583	2,583	-	<b>5,166</b>
Convertible debentures	-	32,289	-	<b>32,289</b>
<b>Total Financial Liabilities</b>	<b>3,198</b>	<b>34,872</b>	-	<b>38,070</b>

	Less than one year \$000	One to three years \$000	Over three years \$000	Total \$000
<b>As at December 31, 2015</b>				
<b>Financial Liabilities</b>				
Accounts payable and accrued liabilities	517	-	-	<b>517</b>
Accrued annual incentive plan	90	-	-	<b>90</b>
Accrued interest on convertible debentures	2,812	5,623	-	<b>8,435</b>
Convertible debentures	-	35,146	-	<b>35,146</b>
<b>Total Financial Liabilities</b>	<b>3,419</b>	<b>40,769</b>	-	<b>44,188</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2016 (unaudited - in Canadian dollars)**

**11. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)**

**Risk management**

The Company manages risks on corporate investments through its approach to planning, setting of investment criteria, performance of due diligence on investment opportunities and oversight responsibilities with existing investee companies and by conducting activities in accordance with investment policies that are approved by the Board of Directors. The Company seeks to mitigate company specific business risk by investing, where possible, in the highest ranking securities in the capital structure, so as to rank ahead of the common shares of the issuer. The Company seeks to mitigate credit risk by investing, where possible, in senior debt securities; and/or, by limiting the amount of debt that may rank ahead of, or pari passu to, the securities being purchased. The Company seeks to mitigate interest rate risk by investing in relatively short duration convertible debentures and conventional debt – typically no longer than three years in term. The Company considers exposure to foreign currency assets as a hedge against the possible decrease in the value of the Canadian dollar.

**12. FAIR VALUE MEASUREMENT**

The following tables summarize the valuation of the Company's financial assets and liabilities reported at fair value by the fair value hierarchy levels described in Note 2, Summary of Significant Accounting Policies in the Company's 2015 annual audited financial statements:

<b>As at September 30, 2016</b>	<b>Level 1 \$000</b>	<b>Level 2 \$000</b>	<b>Level 3 \$000</b>	<b>Total \$000</b>
Equities	593	-	39,798	40,391
Convertible debentures	-	-	10,826	10,826
Debentures, loans and promissory notes	-	-	872	872
Partnership interest	-	-	1,320	1,320
Real estate	-	-	11,710	11,710
Warrants	-	19	26	45
<b>Total Financial Assets</b>	<b>593</b>	<b>19</b>	<b>64,552</b>	<b>65,164</b>

<b>As at December 31, 2015</b>	<b>Level 1 \$000</b>	<b>Level 2 \$000</b>	<b>Level 3 \$000</b>	<b>Total \$000</b>
Equities	1,194	245	53,313	54,752
Convertible debentures	-	-	12,203	12,203
Debentures, loans and promissory notes	-	-	150	150
Partnership interest	-	-	2,000	2,000
Real estate	-	-	7,557	7,557
Warrants	-	169	115	284
<b>Total Financial Assets</b>	<b>1,194</b>	<b>414</b>	<b>75,338</b>	<b>76,946</b>

Transfers between levels of the fair value hierarchy are deemed to have occurred at the date of the event or change in circumstance that caused the transfer. During the period ended September 30, 2016, there were no transfers from Level 1 to Level 2 or vice versa or level 2 to 1 [September 30, 2015 - nil] and there were no transfers from Level 2 to Level 3 [September 30, 2015 – \$0.3 million] or Level 3 to Level 2 [September 30, 2015 – \$2 million].

**NOTES TO THE FINANCIAL STATEMENTS**  
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**12. FAIR VALUE MEASUREMENT (continued)**

The following table presents the changes in fair value measurements of investments classified as Level 3:

	Three months ended September 30, 2016 \$000	Nine months ended September 30, 2016 \$000	Year ended December 31, 2015 \$000
Opening balance, beginning of period	70,059	75,338	92,766
Purchases	258	1,259	7,283
Sales	(737)	(10,562)	(36,743)
Realized gain (loss)	168	(10,731)	(22,009)
Transfers	-	-	(1,746)
Change in unrealized gain (loss)	(5,196)	9,248	35,787
Balance, end of period	<b>64,552</b>	<b>64,552</b>	<b>75,338</b>
Total change in unrealized gain (loss) on assets held as at end of period	(5,028)	(1,483)	13,778

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**12. FAIR VALUE MEASUREMENT (continued)**

The table below presents the valuation techniques and the nature of significant inputs used to determine the fair values of the Level 3 investments as at September 30, 2016:

INVESTMENT TYPE	FAIR VALUE	VALUATION TECHNIQUES	UNOBSERVABLE INPUTS	RANGE	WEIGHTED AVERAGE <sup>(5)</sup>	REASONABLE POSSIBLE SHIFT +/- IN OBSERVABLE INPUTS <sup>(6)</sup>	IMPACT TO VALUATION FROM CHANGES IN INPUTS +/- <sup>(6)</sup>
<b>FINANCIAL TECHNOLOGIES</b>							
Equity securities	3,113	Transaction price	Third party transactions <sup>(1)</sup>	N/A	N/A	N/A	N/A
Warrants	26	Transaction price	Third party transactions	N/A	N/A	N/A	N/A
Debt	680	Transaction price	Third party transactions	N/A	N/A	N/A	N/A
Equity securities	3,513	Transaction price	Third party transactions	N/A	N/A	N/A	N/A
<b>HEALTHCARE</b>							
Equity securities	4,908	Transaction price	Purchase price <sup>(2)</sup>	N/A	N/A	N/A	N/A
<b>INTERNET</b>							
Equity securities	11,263	Transaction price	Third party transactions	N/A	N/A	N/A	N/A
Equity securities	2,243	Market comparable companies	Revenue multiple <sup>(4)</sup>	6.6x	6.6x	0.5x	132/(132)
<b>MEDIA/MEDIA TECHNOLOGIES</b>							
Equity securities	6,000	Transaction price	Purchase price	N/A	N/A	N/A	N/A
Equity securities	5,745	Transaction price	Third party transactions	N/A	N/A	N/A	N/A
Convertible debentures	1,000	Liquidation analysis	N/A	N/A	N/A	N/A	N/A
<b>TECHNOLOGIES</b>							
Equity securities	3,013	Transaction price	Third party transactions	N/A	N/A	N/A	N/A
			Discount	0%-20%	20.0%	0.5%	12/(12)
Equity securities	-	Liquidation analysis	N/A	N/A	N/A	N/A	N/A
Convertible debentures	3,525	Transaction price	Purchase price	N/A	N/A	N/A	N/A
Convertible debentures	5,026	Transaction price	Third party transactions	N/A	N/A	N/A	N/A
Convertible debentures	1,275	Liquidation analysis	Estimated net realizable value	N/A	N/A	N/A	N/A
<b>OTHER</b>							
Real estate	11,710	Appraisal value	Previous sales comparables	10%-20%	19%	5.0%	514/(473)
Equity securities	-	Other	Estimated net realizable value	N/A	N/A	N/A	N/A
Limited partnership units	1,320	Net asset value analysis	Net asset value per unit	N/A	N/A	N/A	N/A
Debt securities	192	Liquidation analysis	Estimated net realizable value	N/A	N/A	N/A	N/A

<sup>(1)</sup> Represents investments valued based on recent completed third party transactions including external funding round, secondary market trades or merger/acquisition events near the measurement date

<sup>(2)</sup> Represents investments valued at cost which is representative of fair value at the measurement date

<sup>(3)</sup> Represents amount used when the Company has determined market participants would take into account these discounts when valuing the investments

<sup>(4)</sup> Represents investments valued using revenue or earnings multiples depending on the stage of development of the business. The revenue or earnings multiples are derived from the market capitalization of peer group

<sup>(5)</sup> Unobservable inputs were weighted based on the fair value of the investments included in the range

<sup>(6)</sup> The impact to valuation from changes in inputs disclosed in the above table shows the relative increase or decrease in the input variables deemed to be subjected to the most judgement and estimate and the respective impact on the fair value of the investments. Changes in market comparable multiples, market yields, discount rates, each in isolation, would change the value of the Company's investments. Generally, an increase (decrease) in market yields or discount rates or decrease (increase) in market comparable multiples would result in a higher (lower) fair value of the Company's investments.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. RELATED PARTY TRANSACTIONS**

Prior to June 1, 2015, the Company had a management agreement (the "Management Agreement") with Difference Capital Management Inc. ("DCM"). Effective June 1, 2015, the Management Agreement with Difference Capital Management Inc. ("DCM") was terminated in connection with the internalization acquisition (the "Internalization Acquisition") of Difference Capital Inc. ("DCI") and all DCM and DCI employees became employees of the Company.

For the nine months period ended September 30, 2015, management fees of \$0.9 million and no performance fees were accrued.

Under the terms of the Management Agreement prior to the Internalization Acquisition, the Company was also entitled to receive 40% of all advisory and equity capital market revenues generated by DCM, and the Company was required to reimburse DCM for certain operating expenses. For the nine months period ended September 30, 2015, the Company accrued revenue of \$0.1 million from such advisory fees.

The Company reimbursed DCM \$0.1 million [September 30, 2015 - \$0.1 million] for occupancy cost during the three months period ended September 30, 2016.

During the nine months period ended September 30, 2016, the Company reimbursed DCM \$0.2 million [September 30, 2015 - \$0.1 million] for occupancy cost.

**14. CAPITAL MANAGEMENT**

The Company's objectives in managing capital are to maintain a capital structure that allows the Company to meet its growth objectives and build long-term shareholder value, while satisfying its financial obligations and meeting its working capital needs.

The Company's capital is comprised of shareholders' equity and long-term debt. The Company's management is responsible for the management of capital. The Company's Board of Directors is responsible for reviewing and approving the Company's capital policy and management.

The Company continued to prudently manage its liquidity and capital and, where desirable, de-lever its statement of financial position.

The Company does not have any externally imposed capital requirements and management believes that it has sufficient working capital for ongoing operations.

The Company's capital consists of the following:

As at	September 30, 2016 \$000	December 31, 2015 \$000
Shareholders' equity	52,543	58,876
Convertible debentures	30,432	32,432
<b>Total capital</b>	<b>82,975</b>	<b>91,308</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2016 (unaudited - in Canadian dollars)**

**15. BASIC AND DILUTED INCOME (LOSS) PER SHARE**

The following table presents the calculation of basic and fully diluted income (loss) per common share for the three and nine months ended September 30:

\$000 except for common shares and per share amounts	Three months ended September 30, 2016 \$000	Three months ended September 30, 2015 \$000	Nine months ended September 30, 2016 \$000	Nine months ended September 30, 2015 \$000
<b>Basic income (loss) per share</b>				
Net income (loss)	(6,311)	3,823	(6,690)	2,088
Weighted average common shares	29,359,372	35,940,934	29,361,107	36,359,811
Basic income (loss) per share	<b>\$(0.21)</b>	\$0.11	<b>\$(0.23)</b>	\$0.06
<b>Fully diluted income (loss) per share</b>				
Net income (loss)	(6,311)	3,823	(6,690)	2,088
Weighted average common shares after taking into effect dilutive convertible debentures and stock options	29,359,372	35,940,934	29,361,107	36,359,811
Fully diluted income (loss) per share	<b>\$(0.21)</b>	\$0.11	<b>\$(0.23)</b>	\$0.06

In calculating fully diluted gain (loss) per common share for the periods ended September 30, 2016 and 2015, the Company excluded 5,615,478 [2015 – 8,277,913] common shares from the conversion of the convertible debentures and 2,025,000 [2015 – nil] common shares related to outstanding stock options as their impact was anti-dilutive.

**16. COMPENSATION OF KEY MANAGEMENT**

The remuneration of directors and other key management personnel of the Company for the periods ended September 30 was as follows:

As at	Three months ended September 30, 2016 \$000	Three months ended September 30, 2015 \$000	Nine months ended September 30, 2016 \$000	Nine months ended September 30, 2015 \$000
Salaries	324	615	946	813
Stock options	94	-	453	-
<b>Total Compensation</b>	<b>418</b>	<b>615</b>	<b>1,399</b>	<b>813</b>

In addition to their annual salary, key management personnel are entitled to an annual incentive cash bonus pool equivalent to 20% of the increase in investable assets over a hurdle rate of 3.0% per annum, with a perpetual high watermark beginning with investable assets as at December 31, 2014. Investable assets are determined by subtracting the aggregate fair value of the liabilities of the Company (excluding any convertible debentures or debenture issued by the Company) from the aggregate fair value of the assets of the Company on the date on which the calculation is being made. For the purposes of the annual incentive cash bonus calculation, investable assets exclude any equity and debt capital raised or repurchased by the Company during the period in which the calculation is being made. Individual bonus pool allocations to management and employees are subject to Board approval. As at September 30, 2016, no accrual for the 2016 annual incentive bonus pool was made [December 31, 2015 - \$0.1 million].

**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. SUBSEQUENT EVENT**

Subsequent to quarter-end, the Company invested an additional \$1.5 million in convertible debentures of BuildDirect.com Technologies Inc.