Grenville Strategic Royalty Corp

Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2018

(Unaudited)

Grenville Strategic Royalty Corp.

Consolidated Statements of Financial Position

(Canadian dollars)

	Note	March 31, 2018	December 31, 2017
Assets			
Current Assets			
Cash and cash equivalents	8	$ 6,909,786	$ 7,534,383
Income tax recoverable		428,188	426,586
Promissory note receivable – current portion	9	1,031,520	1,003,600
Royalty agreements acquired– current portion	9	92,888	95,050
Prepaid expense and other receivables		115,402	137,124
Total Current Assets		**8,577,784**	**9,196,743**
Non-Current Assets			
Property and equipment		291,738	288,916
Deferred tax asset	12	8,772,048	8,716,397
Equity accounted investment in joint venture	10	10,161	-
Equity securities in investee companies	11	1,916,380	1,098,846
Promissory note receivable – non current portion	9	1,545,042	1,503,222
Royalty agreements acquired – non-current portion	9	19,061,366	18,588,439
Total Non-Current Assets		**31,596,735**	**30,195,820**
Total Assets		**$ 40,174,519**	**$ 39,392,563**
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		$ 1,197,534	$ 644,664
Prepaid royalty payment and interest income		190,388	251,872
Finance lease liability		3,651	3,560
Total Current Liabilities		**1,391,573**	**900,096**
Non-Current Liabilities			
Finance lease liability		2,993	3,941
Convertible debentures	13	16,429,355	16,330,486
Total Non-Current Liabilities		**16,432,348**	**16,334,427**
Shareholders' Equity (Note 14)			
Share capital		$ 50,261,640	$ 50,261,640
Contributed surplus		1,074,296	1,010,960
Equity component of convertible debentures		558,831	558,831
Accumulated deficit		(29,544,169)	(29,673,391)
Total Shareholders' Equity		**22,350,598**	**22,158,040**
Total Liabilities and Shareholders' Equity		**$ 40,174,519**	**$ 39,392,563**

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on May 3, 2018.

"Catherine McLeod-Seltzer"
Catherine McLeod-Seltzer, Director

"Peter Kampian"
Peter Kampian, Director

Grenville Strategic Royalty Corp.

Consolidated Statements of Comprehensive Income/(Loss)

(Canadian dollars)

	Note		Three months ended March 31, 2018		Three months ended March 31, 2017
Revenue					
Royalty agreements acquired	15	$	1,876,525	$	(3,422,216)
Promissory notes receivable	15		108,726		(36,978)
Equity securities in investee companies	15		(182,466)		-
Fee income	15		9,328		813
Other income	15		32,307		16,123
Total Revenues			**1,844,420**		**(3,442,258)**
Operating Expenses					
Salaries, benefits and staffing costs	16	$	343,621	$	358,171
Restructuring costs	24		312,500		-
Management and facility fees			22,117		40,545
Share-based compensation	17		63,336		87,737
Professional fees			362,559		680,754
Office and general administrative			100,484		84,166
Total Operating Expense			**1,204,617**		**1,251,373**
Operating Profit (Loss)		**$**	**639,803**	**$**	**(4,693,631)**
Financing expense	13		443,869		433,347
Profit (Loss) before income taxes			**195,934**		**(5,126,978)**
Income Taxes					
Current income tax expense/(recovery)	12	$	122,363	$	28,783
Deferred tax (recovery)	12		(55,651)		(1,363,480)
Total Income Tax Expense (Recovery)		**$**	**66,712**	**$**	**(1,334,697)**
Income (loss) and total comprehensive income (loss)		**$**	**129,222**	**$**	**(3,792,281)**
Earnings/(Loss) per share (Note 19)					
Basic earnings/(loss) per share		$	0.0012	$	(0.0357)
Diluted earnings/(loss) per share			0.0012		(0.0357)

See accompanying notes to financial statements.

Grenville Strategic Royalty Corp.

Consolidated Statements of Changes in Equity

(Canadian dollars)

	Number of shares	Note	Share capital	Contributed surplus	Equity component of the convertible debenture	Accumulated deficit	Total
Balance, January 1, 2017	**106,293,543**		**$ 50,260,965**	**$ 719,047**	**$ 558,831**	**$(18,321,968)**	**$ 33,216,875**
Stock options exercised	24,113	14	675	-	-	-	675
Share-based compensation	-	17	-	87,737	-	-	87,737
Comprehensive loss for the period	-		-	-	-	(3,792,281)	(3,792,281)
Balance, March 31, 2017	**106,317,656**		**$ 50,261,640**	**$806,784**	**$ 558,831**	**$(22,114,249)**	**$29,513,006**
Balance, January 1, 2018	**106,317,656**		**$ 50,261,640**	**$ 1,010,960**	**$ 558,831**	**$(29,673,391)**	**$ 22,158,040**
Share-based compensation	-	17	-	63,336	-	-	63,336
Comprehensive income for the period	-		-	-	-	129,222	129,222
Balance, March 31, 2018	**106,317,656**		**$ 50,261,640**	**$1,074,296**	**$ 558,831**	**$(29,544,169)**	**$22,350,598**

See accompanying notes to financial statements.

Grenville Strategic Royalty Corp.
Consolidated Statements of Cash Flows

(Canadian dollars)

	Note	Three months ended March 31, 2018	Three months ended March 31, 2017
Cash flows from operating activities			
Profit (Loss) before income taxes		$ 195,934	$ (5,126,978)
Share-based compensation	17	63,336	87,737
Depreciation		24,813	9,765
Unrealized gain from change in fair value of royalty investments acquired and promissory notes receivable	15	(409,940)	(1,036,298)
Unrealized loss from change in fair value of equity securities in investee companies	15	182,466	-
Unrealized foreign exchange (gain) loss	18	(416,512)	684,532
Realized loss on investments written-off		-	5,144,600
Financing expense	13	443,869	433,347
Share of Joint venture profit	10	(10,161)	(472)
Royalty agreements acquired and promissory note – new investments	9 b)	(950,000)	(98,130)
Royalty agreements acquired and promissory note – redemption	9 b)	18,368	194,055
Royalty agreements acquired and promissory note – contract buyout	9 b)	125,000	-
Income tax paid		(123,964)	(113,454)
Changes in working capital items	21	260,684	229,781
Net Cash Flows generated from (used in) Operating Activities		**(596,107)**	**408,485**
Cash flows from financing activities			
Exercise of stock options		$ -	675
Finance lease payments		(856)	(1,796)
Net Cash flows from Financing Activities		**(856)**	**(1,121)**
Cash flows from investing activity			
Purchase of property and equipment		**$ (27,634)**	**$ -**
Net increase in cash during the period		**(624,597)**	**407,364**
Cash and cash equivalents, beginning of period		7,534,383	6,202,412
Cash and cash equivalents, end of period		**$ 6,909,786**	**$ 6,609,776**

See accompanying notes to financial statements.

1. Corporate information

Grenville Strategic Royalty Corp., an Ontario predecessor to Grenville Company ("Grenville Ontario"), was incorporated on July 29, 2013. On February 19, 2014, Grenville Strategic Royalty Corp. amalgamated with 2399579 Ontario Inc. to form Grenville Ontario. As a result of the amalgamation, Grenville Ontario became a wholly-owned subsidiary of Troon Ventures Ltd., a British Columbia Company, which was then renamed Grenville Strategic Royalty Corp. ("Company"). The registered office of the Company is located at 1400 – 400 Burrard Street, Vancouver, British Columbia V6C 2T6.

The Company has one wholly owned subsidiary, Grenville Ontario. The Company buys royalty interests in the revenue generated by small and medium sized businesses operating across a wide range of industry sectors. In select cases, the Company acquires an equity investment in investee companies where management believe that the equity returns can outperform the returns from the royalty.

2. Basis of presentation

The financial statements have been prepared on a historical cost basis, except for cash and cash equivalents, promissory notes receivable and royalty agreements acquired that have been measured at fair value. The functional and presentation currency is the Canadian dollar. Amounts are stated in and recorded to the nearest Canadian dollar except where otherwise indicated. The Company activities are managed and monitored by senior management as one operating and reportable segment.

Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared based on the principles of International Financial Reporting Standards (IFRS) and International Accounting Standard 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB), London, and the Interpretations of the International Financial Reporting interpretations Committee (IFRIC). The unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's 2017 audited annual consolidated financial statements and accompanying notes.

The financial statements were authorized for issue by the Board of Directors on May 3, 2018.

3. Significant accounting judgements, estimates, and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, and the disclosure of contingent liabilities, at the end of the reporting periods. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements.

Royalty agreements acquired

The terms of the royalty agreements entered into by the Company provide that payments to be made by investee companies are fixed or determinable. In addition, each of the Company's royalty agreements contains one or more of the following terms: (i) a right in favour of the investee company to buydown or buyout part or all of the Company's royalty in exchange for a capital payment that, when combined with royalty payments made to the date of the buydown or buyout, exceed the value of the Company's initial investment; and (ii) the payment of a minimum monthly royalty payment by the investee company, which provides the Company with certainty of payment over time. As a result, the Company has concluded that it is highly probable (which it defines as a probability equal to or exceeding 75%) that it will collect greater than 85% of its initial investment under each royalty agreement.

For the royalty agreements acquired, the term of the agreement is normally perpetual and the royalty amount received can be dependent on the revenues of the investee. The term of the royalty agreement can also be influenced by the termination of the royalty agreement subsequent to a contract buyout event. As a result, uncertainties exist as to how long the agreements will exist and the royalty payment income that will be received. In order to determine the carrying value of the investment, the Company must estimate the expected cash flows based on the Company's experience of such investments and the investee's historical cash flows. The Company is focused on building a portfolio of investee companies that have carried on business for a number of years and have a demonstrable history of revenues. This enables the Company to use historical revenues as the starting basis for estimating expected cash flows from an investment. Those royalty agreements that contain a provision requiring an investee company to make a minimum monthly royalty payment provide the Company with a strong indication of what expected cash flows under the royalty agreement should be over time. In addition to historical revenues of investee companies, the Company also considers other factors, such as external market factors, future performance and industry performance in estimating expected cash flows from an investment. At the end of each quarter, the Company will review the estimated cash flows to see if they need to be revised based on the actual level of cash flows received.

Royalty agreements acquired and promissory notes receivable and measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values for financial assets and liabilities. The Company has established a control framework with respect to the measurement of fair values. This includes that all significant fair value measurements have been reviewed and approved by the Investment Committee of the Company. The Investment Committee reviews on a quarterly basis significant unobservable inputs and valuation adjustments used in the fair value measurement of royalty agreements acquired and promissory notes. Fair values are categorized into different levels of a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Further information about the assumptions made in measuring fair values for financial instruments are included in Note 6 and 9.

Fair value of stock options and warrants

Determining the fair value of stock options and warrants requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity.

Income taxes

The recognition of deferred income tax assets and liabilities requires estimates and significant judgments about future events such as future taxable income based on the information available at the reporting date. For each reporting period the income tax and deferred tax provision reflects our best estimate based on the information available at the reporting date. To the extent that our estimate of tax provisions or the realization of deferred tax assets or liabilities are not as expected, the provision for income taxes may increase or decrease in the future to reflect the actual experience.

4. Standards issued but not yet effective

At the date of authorization of these financial statements, certain new standards, amendments, and interpretations to existing IFRS standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments, and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued, but are not expected to have a material impact on the Company's financial statements.

The IASB has and will issue a collection of amendments as part of its annual project "Improvements to IFRSs". The amendments address details of the recognition, measurement, and disclosure of business transactions and serve to standardize terminology. They consist mainly of editorial changes to existing standards. Except as otherwise specified, the amendments, which have not yet been endorsed, are to be applied for annual periods beginning on or after January 1, 2017. They will not have a material impact on the presentation of the Company's financial position or results of operations.

In January 2016, the IASB issued IFRS 16 *Leases*, which addresses the accounting, classification and measurement for all types of leases for both lessors and lessees. The application date of the new standard is January 1, 2019 and early adoption is possible. The Company has commenced the assessment of the impact of the new standard on the Company's lease agreements.

5. Reverse Takeover

On March 12, 2018, the Company announced that they have entered into an arrangement agreement (the "**Arrangement Agreement**") with LOGiQ Asset Management Inc. ("**LOGiQ**") (TSX:LGQ) pursuant to which LOGiQ has agreed to acquire all of the issued and outstanding common shares of the Company (the "**Grenville Shares**") on the basis of 6.25 common shares of LOGiQ (the "**LOGiQ Shares**") for each outstanding Grenville Share (the "**Transaction**").

Under the terms of the Arrangement Agreement, the Transaction will be completed by way of a Plan of Arrangement under the *Business Corporations Act* (British Columbia) (the "**BCBCA**"). The Transaction is subject to shareholder, Toronto Stock Exchange and Supreme Court of British Columbia approval, and the satisfaction of other customary closing conditions. The Transaction will require approval by at least 66⅔% of holders of the Grenville Shares at a special shareholders meeting scheduled for May 31, 2018. The continuance of LOGiQ from Alberta into British Columbia will require approval by at least 66⅔% of holders of the LOGiQ Shares by proxy at a special meeting. The issuance of the LOGiQ Shares pursuant to the Transaction will require approval by holders of a simple majority of the shareholders of LOGiQ, pursuant to the requirements of the TSX.

Following the completion of the Transaction, the pre-transaction owners of LOGiQ will hold approximately 33% and the pre-transaction owners of Grenville will own approximately 67% of the combined company. The management and the board will largely come from the Company and Grenville will be the acquirer for accounting purposes. On completion of the Transaction, Grenville will account for the transaction in accordance with the principles *of IFRS 3 Business Combination*.

6. Fair values

a) Valuation Technique

The Company uses valuation techniques with the objective of determining a fair value measurement that reflects the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of the royalty agreements acquired and promissory notes receivable by the Company are determined using discounted cash flow models with fair value estimated by applying a discount rate based on a weighted average cost of capital using variables from the industry in which each investee company operates as well as company specific variables. Future cash flows are weighted by the Company using a combination of a probability approach and a terminal value approach, as applicable, and the fair value for each investment is individually determined. Some or all of the inputs used in the cash flow model may not be observable in the market and are generally derived from published sources that are commonly used by market participants.

As a result of the significant use of unobservable inputs a high degree of management judgement and estimation is required. Management judgement is required for the determination of the expected future cash flows on the financial instrument being measured, determination of the probability of the outcomes, adjustments to the discount rate for liquidity risk, model uncertainties and investee-specific risk factors. The extent of the adjustments to the discount rate is based on management's assessment that a third-party market participant would take them into account in pricing the transaction.

In Canadian dollars, for the three months ended March 31, 2018

b) Fair value hierarchy – financial assets measured at fair value

All financial assets are measured at fair value. All financial liabilities are measured at amortized cost.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The financial assets measured at fair value by hierarchy are shown in the table below. The amounts shown are based on the amounts recognized in the statement of financial position. All financial assets are classified as financial assets measured at fair value through profit and loss.

	Total	Level 1	Level 2	Level 3
March 31, 2018				
Cash and cash equivalents	$ 6,909,786	$ 6,909,786	$ -	$ -
Royalty agreements acquired	19,154,254	-	-	19,154,254
Promissory notes receivable	2,576,562	-	-	2,576,562
Equity securities in investee companies	1,916,380	912,330	-	1,004,050
	$ 30,556,982	**$ 7,822,116**	**$ -**	**$ 22,734,866**
December 31, 2017				
Cash and cash equivalents	$ 7,534,383	$ 7,534,383	$ -	$ -
Royalty agreements acquired	18,683,489	-	-	18,683,489
Promissory notes receivable	2,506,822	-	-	2,506,822
Equity securities in investee companies	1,098,846	1,094,796	-	4,050
	$ 29,823,540	**$ 8,629,179**	**$ -**	**$ 21,194,361**

There were no transfers between Level 1, Level 2 and Level 3 during the three months ended March 31, 2018. For the year ended December 31, 2017, there was $1,094,796 transferred from royalty agreements acquired under Level 3 into equity securities in investee companies under Level 1.

The following table shows a reconciliation between the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy;

	Balance at January 1, 2018	Total gains and (losses) recognized in profit or loss	Purchases	Sales	Maturities and repayment	Transfers in/(out) of Level 3	Balance at March 31, 2018
Royalty agreements acquired	$18,683,489	$756,712	$950,000	$(1,125,000)	$(110,947)	-	$19,154,254
Equity securities in investee companies	4,050	-	1,000,000	-	-	-	1,004,050
Promissory notes receivable	2,506,822	69,740	-	-	-	-	2,576,562
Total	**$ 21,194,361**	**$ 826,452**	**$1,950,000**	**$(1,125,000)**	**$(110,947)**	**-**	**$ 22,734,866**

	Balance at January 1, 2017	Total gains and (losses) recognized in profit or loss	Purchases	Sales	Maturities and repayment	Transfers in/(out) of Level 3	Balance at December 31, 2017
Royalty agreements acquired	$35,547,001	$(16,269,394)	$4,218,633	$(3,315,380)	$(402,575)	(1,094,796)	$18,683,489
Equity securities in investee companies	-	-	4,050	-	-	-	4,050
Promissory notes receivable	2,015,378	(338,221)	829,665	-	-	-	2,506,822
Total	**$ 37,562,379**	**$ (16,607,615)**	**$5,052,348**	**$(3,315,380)**	**$(402,575)**	**(1,094,796)**	**$ 21,194,361**

The valuation technique used to determine the fair value of all Level 3 financial assets is a discounted cash flow model. The most significant unobservable inputs used in the valuation are the discount rate (range is between 15.6%-28.3%), growth rate of the revenues of the investee (range is between no growth and 50%) and the liquidity premium (range is between 4.2%-12.2%). The low and high input values represent the actual highest and lowest level of values used over the portfolio and represent the range on an individual investment basis. The input ranges will therefore vary from period to period based on the characteristic of the underlying investment at each statement of financial position date.

c) Sensitivity of fair value measurement to changes in unobservable inputs

For fair value measurements in Level 3, changing the most significant unobservable inputs by 1% would have the following impact on the fair value of the Level 3 financial assets as at March 31, 2018 and December 31, 2017 as follows:

March 31, 2018			December 31, 2017		
Discount rate	**Revenue growth rate**	**Liquidity premium**	**Discount rate**	**Revenue growth rate**	**Liquidity premium**
$ 635,507	$ 166,400	$ 16,897	$ 633,863	$ 162,615	$ 17,197

d) Financial liabilities not measured at fair value

All financial liabilities are measured at amortized cost. In the table below is a comparison of the carrying amount and the fair value of the financial liabilities that are recognized in the statement of financial position:

	Carrying Amount March 31, 2018	Fair Value March 31, 2018	Carrying Amount December 31, 2017	Fair Value December 31, 2017
Financial liabilities				
Accounts payable and accrued liabilities	$ 1,197,534	$ 1,197,534	$ 644,664	$ 664,664
Convertible debentures	16,429,355	12,937,500	16,330,486	13,627,500
Total Financial Liabilities	**$ 17,626,889**	**$ 14,135,034**	**$ 16,975,150**	**$ 14,292,164**

The following methods and assumptions were used to estimate the fair values:

- Accounts payable and accrued liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair value of the debt component of the convertible debentures for March 31, 2018 and December 31, 2017 was based on the listed price of the security at that date less a calculated price for the convertible option using a Black Scholes model.

7. Financial risk management objectives and policies

The Company's primary risk management objective is to protect the Company's assets and cash flow. The Company is exposed to market risk including interest rate, credit, foreign exchange, equity price and liquidity risks. The Company's management team oversees the management of these risks. It is the Company's policy that no trading for speculative purposes shall be undertaken.

The Board of Directors reviews and agrees to policies for managing each of these risks, which are summarized below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise several types of risk: interest rate risk, currency risk, commodity price risk, and other price risk, such as equity risk. The Company is not directly subject to commodity price risk and has exposure to equity price risk on the equity securities held in investee companies.

Interest rate risk

The Company invests surplus cash in bank deposits which, due to their short-term nature, do not expose the Company to any material interest rate risks. For royalty agreements acquired and promissory notes receivable, the income can vary on a monthly basis and is not a function of an underlying interest rate. The Company has no material interest rate exposure.

Equity price risk

In certain circumstance the Company may exchange the royalty investments for equity instruments in the investee company. The Company held a significant equity security in two investees, one of which the shares are actively traded as the security is listed on a recognized exchange. The fair value of the listed equity security similar to any other Level 1 asset was measured using the quoted price of the share by the numbers of shares held. The fair value of the unlisted equity security was classified as a Level 3 asset and was measured by reference to cost and the most recent activity in that share. The equity price risk exposure at March 31, 2018 was $1,916,380 (December 31, 2017: $1,098,846) and a 1% change in the share price has an impact of $19,164 (December 31, 2017: $10,988) on the results.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Starting in 2014, the Company has foreign currency exposures to receivables in United States dollars. The transaction exposure will be minimized by converting all foreign currency to Canadian dollars immediately. The Company continually monitors its translation exposure and its related impact on reported results. The foreign exchange exposure at March 31, 2018 was $10,189,746 (December 31, 2017: $10,129,642) United States dollars and a 1% movement in the exchange rate has an impact of $101,897 (December 31, 2016: $101,296) on the Company's results.

In Canadian dollars, for the three months ended March 31, 2018

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company enters into royalty arrangements with investees in which a purchase price is advanced in return for participation in the investees' revenue stream. This can take the form of a royalty or promissory note, without limitation. The carrying amount of cash, royalty agreements acquired, and promissory note receivable represents the maximum exposure to credit risk. The maximum exposure at March 31, 2018 was $28,664,987 (December 31, 2017: $28,724,694). The cash is held by a Canadian bank which is rated A+ and the cash is invested in short term liquid investments.

In monitoring credit risk, the Company considers industry, sales volume and aging trends, maturity, and other relevant factors. The Company performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis and by continuously reviewing both actual and forecasted cash flows to ensure that the Company has appropriate capital capacity and liquidity.

The following table summarizes the amount of contractual undiscounted future cash flow requirements including all financial instruments as at March 31, 2018 and December 31, 2017 respectively:

Contractual obligations	2018	2019	2020	2021	2022	Total
Accounts payable and accrued liabilities	$ 1,197,534	-	-	-	-	$ 1,197,534
Finance Lease Liability	3,651	2,993	-	-	-	6,644
Convertible debenture	-	17,250,000	-	-	-	17,250,000
Total	**1,201,185**	**17,252,993**	**-**	**-**	**-**	**18,454,178**

Contractual obligations	2018	2019	2020	2021	2022	Total
Accounts payable and accrued liabilities	$ 644,664	-	-	-	-	$ 644,664
Finance Lease Liability	3,560	3,941	-	-	-	7,501
Convertible debenture	-	17,250,000	-	-	-	17,250,000
Total	**648,224**	**17,253,941**	**-**	**-**	**-**	**17,902,165**

Capital management

The Company manages its capital with the primary objective of safeguarding it while providing sufficient working capital to sustain day-to-day operations. An important source of capital for the Company will continue to be from royalty payment income and realized gains on contract buyouts. For the year ended December 31, 2017, the realized gain on a contract buyout was $3,000,000 and for the three months ended March 31, 2018, the realized gain was $125,000.

The Company will continually assess the adequacy of its capital structure and capacity and make adjustments within the context of the Company's strategy, economic conditions, and the risk characteristics of the business. The capital requirements for the Company is not subject to any external regulatory guidelines.

8. Cash and cash equivalents

	March 31, 2018	December 31, 2017
Cash held in bank accounts	$ 1,039,560	$ 1,664,157
Guaranteed investment certificates cashable at any time	5,870,226	5,870,226
	$ 6,909,786	**$ 7,534,383**

Included in the guaranteed investment certificates was $170,226 (December 31, 2017: $170,226) that was held as collateral for security purposes.

9. Royalty agreements acquired and promissory notes receivable

a) Financial assets measured at fair value through profit and loss

Royalty agreements acquired	March 31, 2018	December 31, 2017
Due within 1 year	$ 92,888	$ 95,050
Due after more than 1 year	19,061,366	18,588,439
Total	**$ 19,154,254**	**$ 18,683,489**

The term of the typical royalty agreement is normally perpetual and in certain cases the investee has a buyout and buydown option.

In Canadian dollars, for the three months ended March 31, 2018

Promissory notes receivable	**March 31, 2018**	**December 31, 2017**
Due within 1 year	$ 1,031,520	$ 1,003,600
Due after more than 1 year	1,545,042	1,503,222
Total	**$ 2,576,562**	**$ 2,506,822**
Total carrying amount of royalty agreements acquired and promissory notes receivable	**$ 21,730,816**	**$ 21,190,311**

For particular investments, the Company has in place a charge on the assets of the investees under General and Security Agreements. The carrying value of these investments with such security in place was at March 31, 2018, $8,482,916 (December 31, 2017: $8,836,901).

The Company has provided a 100% cash backed financial guarantee of up to $110,000 (December 31, 2017: $110,000) on behalf of an investee. The value of this financial guarantee recognized at March 31, 2018 was nil (December 31, 2017: nil).

b) Movement during the period

The changes in the carrying amount in royalty agreements acquired, promissory notes receivable and loan receivable during the reporting periods were:

	Three months ended March 31, 2018		**Year ended December 31, 2017**	
	Royalty agreement acquired	**Promissory notes receivable**	**Royalty agreement acquired**	**Promissory notes receivable**
Starting balance	**$ 18,683,489**	**$ 2,506,822**	**$ 35,547,001**	**$ 2,015,378**
New agreements acquired during the period	950,000	-	4,218,633	829,665
Contract buyout repayments	(125,000)	-	(2,000,000)	-
Royalty agreement converted into equity securities in investee companies	(1,000,000)	-	-	-
Redemptions and contract buydowns	(18,368)	-	(232,758)	-
Investments written-off	-	-	(5,465,000)	(869,635)
Extinguishment of royalties	-	-	(2,290,320)	-
Movement during the period for royalty earned and payments received – net **(Note 21)**	(92,579)	-	(169,817)	-
Royalty earned but written-off as payment not received	-	-	(959,634)	-
Foreign exchange movements during the period	346,772	69,740	(2,014,959)	(180,251)
Change in fair value during the period	409,940	-	(7,949,657)	711,665
Ending balance	**$ 19,154,254**	**$ 2,576,562**	**$ 18,683,489**	**$ 2,506,822**

c) Concentration

Concentrations of credit risk arise from exposures to a single investee and groups of investees who have similar credit characteristics such as groups in the same economic and geographical regions. Concentration risk is managed by appropriately diversifying the portfolio through the use of concentration limits. There are limits set for individual investee exposure, geographical exposure and economic factors (cyclical, neutral and defensive).

The concentrations for royalty agreements acquired and promissory note receivable in each category by geographic location and economic factor were:

i) Geographic

	March 2018	**December 2017**
Canada	23%	22%
United States of America	77%	78%
Total	**100%**	**100%**

ii) Economic

	March 2018	**December 2017**
Cyclical	36%	36%
Neutral	46%	47%
Defensive	18%	17%
Total	**100%**	**100%**

In Canadian dollars, for the three months ended March 31, 2018

10. Equity-accounted investment in joint venture

	March 31, 2018	December 31, 2017
Interest in Foregrowth-Grenville Investments Inc.	**$ 10,161**	$ -

On October 17, 2016, the Company signed with Foregrowth Holdco Inc. a wholly-owned subsidiary of Gravitas Ilium, a license and transaction management agreement and an unanimous shareholders agreement (together referred to as the "Agreements"). Under the Agreements, a joint venture legal entity was formed called Foregrowth-Grenville Investments Inc. ("FGII"), a company incorporated on October 6, 2016 and principal place of business in Toronto, Ontario. FGII has the right to co-invest in each new royalty investment made by the Company and has been granted, limited, non-exclusive, non-assignable, non-transferable right to use, with no right to sub-license, specified intellectual property of the Company. 15% of the shares of FGII are held by the Company and the Company is entitled to 15% of the cash distributions made by FGII. The Company nominates one of the two board members of FGII. Decisions made in FGII require unanimous consent by the directors and when required, the shareholders. The Company will manage the operational activities of FGII. Under the license agreement with FGII, the Company is entitled to a license fee based on 1% of the amount invested (payable at the date of the investment) and 1% on the total outstanding invested amount (payable monthly). The Company will not be liable to FGII or any other party for any losses incurred from co-investing in the royalty investments. Under the unanimous shareholders agreement, Foregrowth Holdco Inc. has contracted that (a) all investments made by FGII in royalty investments; and (b) all costs and expenses of FGII are to be financed by way of loans or revolving credit facilities arranged by them.

The following table summarizes the financial information of FGII as included in its own financial statements and reconciles the summarized financial information to the carrying amount of the Company's interest in FGII;

	March 31, 2018	December 31, 2017
Percentage ownership interest	15	15
Royalty agreements acquired	$ 725,968	$ 779,306
Current assets (including cash and cash equivalents of 2018: $91,358 - 2017: $721,558)	91,358	721,558
Current liabilities (including trade and other payables of 2018: $694 - 2017: $45,005)	(25,852)	(55,780)
Non-current liabilities (including notes payable of 2018: $737,500 - 2017: $1,459,073)	(723,735)	(1,448,656)
Net assets	**$ 67,739**	**$ (3,572)**
Company's share of net assets (15%) and carrying amount of interest	**$ 10,161**	**$ -**

	Three months ended March 31, 2018	Three months ended March 31, 2017
Revenue	$ 120,506	$ 20,447
Operating expenses (including license fee paid to the Company of 2018: $1,946 - 2017: $3,931)	(2,119)	(2,029)
Interest expense	(21,366)	(14,137)
Income tax expense	(25,710)	(1,132)
Profit (Loss) and total comprehensive income (Loss)	**$ 71,311**	**$ 3,149**
Company's share of profit and total comprehensive income (15%)	**$ 10,697**	**$ 472**
Dividends received by the Company	**$ -**	**$ -**

11. Equity securities in Investee entities

	Cost March 31, 2018	Carrying amount March 31, 2018	Cost December 31, 2017	Carrying Amount December 31, 2017
Lattice Biologics Ltd – common shares	$ 3,622,050	$ 912,330	$ 3,622,050	$ 1,094,796
Inner Spirit Holdings	1,004,050	1,004,050	4,050	4,050
Total	**$ 4,626,100**	**$ 1,916,380**	**$ 3,626,100**	**$ 1,098,846**

On January 22, 2018, the Company announced it had reached an agreement with Inner Spirit Holding Ltd., to convert Grenville's $1 million royalty agreement in Watch It! Consolidated Ltd. ("Watch It!") to 10 million shares in Inner Spirit Holding Ltd. ("Inner Spirit") at a price of 10 cents per share. Watch It! is a wholly-owned subsidiary of Inner Spirit and at December 31, 2017, the carrying value of the royalty agreement in the financial statements was $500,901. With the conversion, Grenville held 14,455,000 shares or approximately 13 percent of the total issued and outstanding common shares of Inner Spirit. On April 12, 2018, Inner Spirit filed a preliminary prospectus for an initial public offering. The offering was for one share and one-half of one common share purchase warrant at an unit price of 15 cents. Inner Spirit has applied to list its common shares on the Canadian Securities Exchange (the "CSE"), with listing subject to the Company fulfilling the CSE listing requirements.

On April 26, 2017, the Company announced that subject to all necessary approvals, including the approval of the TSX Venture Exchange, 18,246,600 common shares ("Shares") of Lattice Biologics Ltd ("Lattice") will be issued to the Company at an issue price of CDN$0.20 in exchange for the extinguishment of USD$2,000,000 of Grenville's original royalty investment in Lattice and USD$700,000 of overdue royalty payments owing by Lattice to Grenville under the existing royalty agreement between the Company and Lattice. Following the approval of the TSX Venture Exchange on June 8, 2017, 18,246,600 Shares of Lattice were issued to the Company and immediately following the issuance of the Shares, the Company held approximately 19.68% of the total issued and outstanding common shares of Lattice. The Shares were subject to a four-month hold period under applicable securities laws that expired on October 12, 2017. At March 31, 2018, the share price was five cents and represented the closing price as of that date.

In Canadian dollars, for the three months ended March 31, 2018

12. Income taxes

(a) Amounts recognized in statements of comprehensive income/(loss)

	Three months ended March 31, 2018	Three months ended March 31, 2017
Current income tax expense – current year	$ 122,363	$ 28,783
Deferred tax expense (recovery) – prior year	(616)	-
Origination and reversal of temporary differences in current year	(55,035)	(1,363,480)
Total income taxes (recovery) expense	**$ 66,712**	**$ (1,334,697)**

(b) Reconciliation of effective tax rate

	Three months ended March 31, 2018		Three months ended March 31, 2017	
Profit/(Loss) before tax		**$ 195,934**		**$ (5,126,978)**
Tax at the combined Canadian federal and provincial statutory tax rate	26.50%	51,923	26.50%	(1,358,647)
Under provision of tax recovery in prior years	-	(616)	-	-
Tax cost of non-deductible expenses	7.19%	15,405	(0.69)%	23,950
Incomes taxes recognized in statements of comprehensive Income (Loss) and effective tax rate	**33.69%**	**$66,712**	**25.81%**	**$(1,334,697)**

(c) Movement in deferred tax balances

The Company has established, based on the financial performance during the recent financial years that it is probable that the Company will have future taxable income. The composition of the deferred tax asset at March 31, 2018 and December 31, 2017 was made up as follows:

Amounts recognized in statement of comprehensive income (loss)	**March 31, 2018**	**December 31, 2017**
Transaction costs on common shares issue and convertible debenture	$ (303,675)	$ (272,991)
Property and equipment	20,025	20,036
Tax losses carried forward	1,605,250	1,347,227
RTO expense	104,190	104,735
Unrealized gain on foreign exchange differences	(214,294)	(103,918)
Unrealized loss on changes in fair values	6,978,360	7,038,640
Other temporary differences	1,110	1,109
	8,190,966	**8,134,838**
Amounts recognized in equity		
Equity component of convertible debenture	(201,483)	(201,483)
Issuance cost for special warrants and common shares	782,565	783,042
	581,082	**581,559**
Balance at March 31, 2018 and December 31, 2017	**$ 8,772,048**	**$ 8,716,397**

The effective tax rate used in determining the value of the deferred tax asset was 26.50%. There was no unrecognized deferred tax asset or liability at March 31, 2018 and December 31, 2017.

13. Convertible debentures

On July 10, 2014 and July 17, 2014, the Company closed an offering for convertible unsecured subordinated debentures (the "**Debentures**"), for an aggregate gross proceeds of $17,250,000. The issue costs were $1,343,425 resulting in net proceeds of $15,906,575. The Debentures bear interest from the date of issue at 8% per annum, payable semi-annually in arrears on June 30 and December 31 in each year commencing December 31, 2014. The Debentures have a maturity date of December 31, 2019 (the "**Maturity Date**"). The Debentures are convertible at the holder's option at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date specified by the Company for redemption of the Debentures into common shares at a conversion price of $0.92 per common share, being a conversion rate of 1,086.9565 common shares for each $1,000 principal amount of Debentures. The Debentures are listed for trading on the TSX Venture Exchange under the symbol GRC.DB.

For accounting purposes, the Debentures are separated into their liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issue was determined based on an estimated rate of 8.96% for the Debentures without the conversion feature. The fair value of the equity component was determined as the difference between the face value of the Debentures and the fair value of the liability component.

The Debentures are direct, unsecured obligations of the Company, subordinated to other indebtedness of the Company for borrowed money and ranking equally with all other unsecured subordinated indebtedness. The Debentures are not redeemable before December 31, 2017. On or after December 31, 2017, but prior to the Maturity Date, the Company may, at its option, redeem the Debentures, in whole or in part, at a price equal to the principal amount of the Debentures plus all accrued and unpaid interest up to but excluding the date of redemption.

The following table summarizes the outstanding balance and changes in the amounts recognized in the liability and equity during the period:

In Canadian dollars, for the three months ended March 31, 2018

Principal		
Balance at March 31, 2018 and December 31, 2017	**$**	**17,250,000**
Liability		
Gross proceeds	$	17,250,000
Issue costs		(1,343,425)
Equity component less issue costs allocated		(760,314)
Liability component initially recognized		15,146,261
Accretion of finance expense for the period from July 10, 2014 to December 31, 2017		1,184,225
Balance at December 31, 2017		**16,330,486**
Accretion of finance expense for the three months ended March 31, 2018		98,869
Balance at December 31, 2017	**$**	**16,429,355**
Equity		
Equity component initially recognized	$	760,314
Deferred tax liability recognized		(201,483)
Balance at March 31, 2018 and December 31, 2017	**$**	**558,831**

The financing expense amounts that were recognized in the statement of comprehensive income (loss) was made up as follows:

		Three months ended March 31, 2018		Three months ended March 31, 2017
Interest expense on convertible debentures	$	345,000	$	345,000
Accretion of finance expense for the period		98,869		88,347
Total	**$**	**443,869**	**$**	**433,347**

14. Share capital and other components of equity

Common shares

The authorized share capital of the Company consists of an unlimited number of voting common shares without par value. The issued and outstanding common shares at March 31, 2018 were 106,317,656 (December 31, 2017: 106,317,656).

During the three months ended March 31, 2017, 24,113 common shares were issued as a result of stock options been exercised. The proceeds received net of issuance costs was $675.

Stock options

The purpose of the Company's stock option plan ("the "Plan") is to develop the interest of and provide an incentive to eligible employees, directors and consultants of the Company and its affiliates. The Plan provides for the issuance of a maximum of 10% of the issued and outstanding common shares. Options granted may vest over certain time periods within the option period, which will limit the number of options that may be exercised. Each stock option is exercisable into one common share of the Company at the price specified in the terms of the option.

No options were granted in the three months ended March 31, 2017 and March 31, 2018. During the three months ended March 31, 2017, 24,113 options were exercised with the proceeds received of $675. The details of the options outstanding at March 31, 2018 (December 31, 2017: 7,907,796) were:

Issue Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Remaining contractual life (years)
February 19, 2014	178,840	178,840	$0.03	August 1, 2018	0.33
April 3, 2014	970,000	970,000	$0.50	April 3, 2019	1.01
May 25, 2015	380,000	210,000	$0.88	May 25, 2020	2.15
July 10, 2015	1,500,000	750,000	$0.87	July 10, 2020	2.27
September 21, 2015	300,000	75,000	$0.64	September 21, 2020	2.47
June 3, 2016	1,625,000	100,000	$0.44	June 3, 2021	3.18
November 18, 2016	2,225,000	300,000	$0.15	November 18, 2021	3.64
Total	**7,178,840**	**2,583,840**			
Weighted average exercise price	**$ 0.4695**	**$ 0.5667**		**Weighted average remaining contractual life**	**2.68**

In Canadian dollars, for the three months ended March 31, 2018

Between January 1, 2018 and March 31, 2018, 728,955 (three months ended March 31, 2017; 1,310,000) options expired and were forfeited.

Share-based payments

The Company uses the Black-Scholes option pricing model to calculate the fair value of any options granted. The model requires management to make estimates, which are subjective and may not be representative of actual results. For the expected stock price volatility estimate, the business activities changed significantly following the RTO and as a result, the volatility percentage was based on the historical volatility for the same term as the contractual life of the option, of publicly-listed entities with a similar type of business. Changes in assumptions can materially affect estimates of fair values. The following weighted average assumptions were used to estimate the weighted average grant date fair value. The following weighted average assumptions were used to estimate the weighted average grant date fair value of the outstanding options as at March 31, 2018;

Assumptions	
Expected stock price volatility	48.01%
Expected life in years	4.99
Risk free interest rate	0.99%
Expected dividend yield	1.83%
Weighted average fair value per option granted	$0.1498

15. Revenues

Royalty agreements acquired	**Three months ended March 31, 2018**	**Three months ended March 31, 2017**
Royalty payment income	$ 999,520	$ 1,333,228
Unrealized and realized foreign exchange gain (loss) (Note 18)	342,065	(620,307)
Realized gain from contract buyout	125,000	-
Realized loss from investments written-off	-	(4,274,965)
Unrealized gain from changes in fair value	409,940	139,828
Total	**$ 1,876,525**	**$ (3,422,216)**

Promissory notes receivable	**Three months ended March 31, 2018**	**Three months ended March 31, 2018**
Interest payment income	$ 38,986	$ 412
Unrealized foreign exchange gain (loss) (Note 18)	69,740	(64,225)
Realized loss from investment written-off	-	(869,635)
Unrealized gain (loss) from changes in fair value	-	896,470
Total	**$ 108,726**	**$ (36,978)**

Equity Security in investee companies	**Three months ended March 31, 2018**	**Three months ended March 31, 2017**
Unrealized loss from changes in fair value	$ **(182,466)**	$ -

Fee income	**Three months ended March 31, 2018**	**Three months ended March 31, 2017**
Fees earned under license agreements	**$ 9,328**	**$ 813**

On October 17, 2016, the Company signed license and transaction management agreements with Foregrowth-Grenville Investments Inc. ("FGII") and Darwin Strategic Royalty Corporation ("Darwin"). Under each agreement, FGII ad Darwin have the right to co-invest in each new royalty investment made by the Company and were granted, limited, non-exclusive, non-assignable, non-transferable right, with no right to sub-license, specified intellectual property items of the Company in exchange for a license fee. The licence fee under the agreement is calculated as follows:

Darwin	Equal to 6% of royalty payments, buyout payments and any other income earned from the Darwin royalty investments.
FGII	1% of the amount invested by FGII and 1% of the outstanding invested amount of FGII.

Other income	**Three months ended March 31, 2018**	**Three months ended March 31, 2017**
Interest income on invested cash and cash equivalents	$ 22,146	$ 15,651
Share of joint venture profit, net of tax (Note 10)	10,161	472
	$ 32,307	**$ 16,123**

In Canadian dollars, for the three months ended March 31, 2018

16. Employee benefit expense

	Three months ended March 31, 2018	Three months ended March 31, 2017
Wages and salaries	$ 262,079	$ 324,484
Other benefits	9,534	12,703
Recruitment expense	60,101	-
Employer related costs for insurance, health tax and pension contribution	11,907	20,984
Salaries, benefits and other staffing costs	**343,621**	**358,171**
Share-based compensation (Note 17)	63,336	87,737
Total	**$ 406,957**	**$ 445,908**

17. Share-based compensation

The amounts recognized in the statement of comprehensive income (loss) were made up as follows:

	Three months ended March 31, 2018	Three months ended March 31, 2017
Expense recognized for services provided based on vesting conditions of stock options	**$ 63,336**	**$ 87,737**

18. Foreign exchange (loss) gain, net

	Three months ended March 31, 2018	Three months ended March 31, 2017
Unrealized foreign exchange gain (loss)	$ 416,512	$ (684,724)
Realized foreign exchange gain (loss)	(4,707)	192
Total	**$ 411,805**	**$ (684,532)**

In the statement of comprehensive income (loss) the foreign exchange loss was recognized under the following captions:

	Three months ended March 31, 2018	Three months ended March 31, 2017
Revenues – royalty agreements acquired	$ 342,065	$ (620,307)
Revenues – promissory notes receivable	69,740	(64,225)
Total	**$ 411,805**	**$ (684,532)**

19. Earnings / (Loss) per share

The following reflects the profit, loss and unit data used in the basic and diluted earnings per share computations:

	Three months ended March 31, 2018	Three months ended March 31, 2017
Profit/(loss) attributable to ordinary equity holders for basic earnings /(loss) per share	$ 129,222	$ (3,792,281)
Financing expense (**Note 13**) less income tax at 26.5%	326,244	318,510
Profit (Loss) attributable to ordinary equity holders for diluted earnings /(loss) per share	455,466	(3,473,771)
Basic weighted average number of shares outstanding	106,317,656	106,297,830
Diluted weighted average number of shares outstanding	132,835,281	134,897,442

Due to the anti-dilutive impact, the same net profit and loss attributable to ordinary equity holders and weighted average number of common shares have been used for both the basic and diluted earnings and loss calculations for the three months ended March 31, 2018 and March 31, 2017.

20. Operating segment information

For management purposes, the Company activities are managed and monitored by senior management as one operating segment. The financial statements included are the same financial statements that management uses to monitor the performance of the Company.

Entity-wide information

All of the Company's reported revenue is from external customers. The breakdown of the recognized revenue by country was:

In Canadian dollars, for the three months ended March 31, 2018

	Three months ended March 31, 2018	Three months ended March 31, 2017
Canada	$ 925,566	$ (2,649,596)
United States	918,854	(792,662)
Totals	**$ 1,844,420**	**$ (3,442,258)**

The breakdown of reported revenue excluding interest income on cash and cash equivalents, fee income, share of joint venture profit and interest received on tax refunds of $41,636 (2017: $16,936) by each economic factor segment was:

	Three months ended March 31, 2018	Three months ended March 31, 2017
Cyclical	$ 723,952	$ (4,024,698)
Neutral	1,152,973	(2,061,460)
Defensive	(74,140)	2,626,966
Totals	**$ 1,802,785**	**$ (3,459,192)**

For the year ended December 31, 2017, the royalty payment income and the interest income on promissory notes receivable for 3 (2017: 4) investees are greater than 10% of the total. All non-current assets were located in Canada. For this purpose, non-current assets exclude all financial instruments and deferred tax.

21. Changes in working capital items

	Three months ended March 31, 2018	Three months ended March 31, 2017
Royalty agreements acquired – current portion, net	$ 92,579	$ 109,641
Prepaid expense	21,719	(29,634)
Prepaid royalty payment and interest income	(61,484)	-
Accounts payable and accrued liabilities	207,870	149,774
Total changes in working capital items	**$ 260,684**	**$ 229,781**

22. Commitments

Operating leases – minimum lease payments under non-cancellable leases

	March 31, 2018	December 31, 2017
Less than one year	$ 87,333	$ 87,333
Between one and five years	349,332	349,332
Over five years	58,222	80,055
Total	**$ 494,887**	**$ 516,720**

23. Events after the reporting period

Investments

On April 4, 2018, the Company closed a new investment for $800,000 with Dionymed Holdings Inc. In addition to receiving a royalty under the investment, Grenville received warrants to purchase up to 80,000 common shares of the investee at a strike price of $1.50 per share for a period of 5 years. On April 26, 2018, the Company closed another new investment for US$875,000 with Stability Healthcare Inc.

24. Related party disclosures

Key management personnel

	Three months ended March 31, 2018	Three months ended March 31, 2017
Short term employee benefits	$ 161,669	$ 239,647
Share-based compensation	25,458	67,826
Consultancy fees	69,791	68,635
Total	**$ 256,918**	**$ 376,108**

During the three months ended March 31, 2018, an employee who was included in key management personnel in previous reporting periods ceased to be an employee of the Company. The Company have recognized an expense of $312,500 in respect of the termination of the employment agreement.

On April 23, 2018, the Company announced that Steven Parry resigned as a director of the Company and will assume an advisory role to the Company rather than acting as CEO. In accordance with the terms of Mr. Parry's employment agreement, Mr. Parry is entitled to the sum of $343,750 in connection with the transition to a new role. On the same date, Robb McLarty was promoted to Chief Investment Officer and Acting Chief Executive Officer.

The number of key management personnel as at March 31, 2018 were 8 (2017: 9) and are identified as the members of the board of directors and the officers of the Company.