Grenville Strategic Royalty Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of Grenville Strategic Royalty Corp. ("**Grenville**", the "**Company**", **"our**" or "**we**") is for the three months ended September 30, 2016 and the nine months ended September 30, 2016. The information in this MD&A is current as of November 15, 2016 and should be read in conjunction with the interim condensed consolidated financial statements and notes thereto for the three and nine months ended September 30, 2016 and the audited annual financial statements and MD&A for the year ended December 31, 2015.

The Company's interim condensed consolidated financial statements and notes thereto for the three and nine months ended September 30, 2016 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"), and are recorded in Canadian dollars. Certain dollar amounts in this MD&A have been rounded to the nearest thousands of dollars.

FORWARD-LOOKING INFORMATION

This MD&A and documents incorporated by reference contain certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". The forward-looking information contained herein may include, but is not limited to, information with respect to: prospective financial performance; including the Company's opinion regarding the current and future performance of its portfolio, expenses and operations; anticipated cash needs and need for additional financing; anticipated funding sources; future growth plans; royalty acquisition targets and proposed or completed royalty transactions; estimated operating costs; estimated market drivers and demand; business prospects and strategy; anticipated trends and challenges in the Company's business and the markets in which it operates; the Company's ability to pay dividends in the future and the amount and timing of those dividends; the Company's ability to successfully manage its joint venture relationships; and the Company's financial position. By identifying such information and statements in this manner, the Company is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such information and statements.

An investment in securities of the Company is speculative and subject to a number of risks including, without limitation, risks relating to: the need for additional financing; the Company's ability to pay dividends in the future and the timing and amount of those dividends; the relative speculative and illiquid nature of an investment in the Company; the volatility of the Company's share price; the Company's limited operating history; the Company's ability to generate sufficient revenues; the Company's ability to manage future growth; the limited diversification in the Company's existing investments and the concentration of a significant amount of the Company's invested capital in a small number of investments; the Company's ability to negotiate additional royalty purchases from new investee companies; the Company's dependence on the operations, assets and financial health of its investee companies; the Company's limited ability to exercise control or direction over investee companies; potential defaults by investee companies and the unsecured nature of the Company's investments; the Company's ability to enforce on any default by an investee company; competition with other investment entities; tax matters, including the potential impact of the Foreign Account Tax Compliance Act on the Company; the potential impact of the Company being classified as a Passive Foreign Investment Company ("PFIC"); reliance on key personnel, particularly the Company's founders; dilution of shareholders' interest through future financings; changes to the Company's accounting policies and methods; and general economic and political conditions; as well as the risks discussed under the heading "Risk Factors" on pages 16 to 22 of the Annual Information Form of the Company dated February 11, 2015 and the risks discussed herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information and forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

In connection with the forward-looking information and forward-looking statements contained in this MD&A, the Company has made certain assumptions. Assumptions about the performance of the Canadian and U.S. economies over the next 24 months and how that will affect the Company's business and its ability to identify and close new opportunities with new investees are material factors that the Company considered when setting its strategic priorities and objectives, and its outlook for its business.

Key assumptions include, but are not limited to: assumptions that the Canadian and U.S. economies relevant to the Company's investment focus will remain relatively stable over the next 12 to 24 months; that interest rates will not increase dramatically over the next 12 to 24 months; that the Company's existing investees will continue to make royalty payments to the Company as and when required; that the businesses of the Company's investees will not experience material negative results; that the Company will continue to grow its portfolio in a manner similar to what has already been established; that tax rates and tax laws will not change significantly in Canada and the U.S.; that more small to medium private and public companies will continue to require access to alternative sources of capital; and that the Company will have the ability to raise required equity and/or debt financing on acceptable terms. The Company has also assumed that access to the capital markets will remain relatively stable, that the capital markets will perform with normal levels of volatility and that the Canadian dollar will not have a high amount of volatility relative to the U.S. dollar. In determining expectations for economic growth, the Company primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies. Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements.

The forward-looking information and forward-looking statements contained in this MD&A are made as of the date of this MD&A, and the Company does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking-information and statements attributable to the Company or persons acting on its behalf is expressly qualified in its entirety by this notice.

NON-IFRS MEASURES

This MD&A also refers to certain key performance indicators, including EBITDA, Adjusted EBITDA, Free Cash Flow, average royalty payment per million invested, twelve-month total royalty income moving average and weighted average royalty rate to assist in assessing the Company's financial performance. EBITDA, Adjusted EBITDA, average royalty payment per million invested, twelve-month total royalty income moving average, and weighted average royalty rate, (the "**Non-IFRS Measures**") are financial measures used in this MD&A that are not standard measures under IFRS. The Company's method of calculating the Non-IFRS Measures may differ from the methods used by other issuers. Therefore, the Company's Non-IFRS measures may not be comparable to similar measures presented by other issuers. See section "**Definition of Non-IFRS Measures**" for an explanation on how they are calculated. These Non-IFRS measures should only be interpreted in conjunction with the most recently interim condensed consolidated financial statements for the three and nine months ended September 30, 2016, which are available on SEDAR at www.sedar.com.

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OVERVIEW

Grenville earns its revenues by providing capital to private and public businesses (individually, an "**investee**" and collectively the "**investees**") primarily in exchange for long-term revenue streams. Revenues and returns come from three primary sources: 1) royalty revenues from the investees typically consisting of regular monthly payments that are contractually agreed to between Grenville and each investee ("**Royalties**"), which are typically perpetual or set for various contracted durations, received monthly, and reviewed and adjusted quarterly and/or annually based on the audited and unaudited performance of the investee's gross revenue or "top-line" performance; 2) contract buyouts ("**Contract Buyouts**") and contract buydowns ("**Contract Buydowns**"), where an investee repurchases a royalty from Grenville under contracted terms; and 3) other interest or investment income which may arise from any other forms of investment held by Grenville in the investee companies including, without limitation, capital from the sale of equity, capital generated subsequent to the sale of a secured investment, or value released from warrants, at the time of exercise.

INTERNATIONAL FINANCIAL REPORTING STANDARDS 9 FINANCIAL INSTRUMENTS ("IFRS 9")

The Company early adopted IFRS 9 *Financial Instruments* for the first time in its audited annual consolidated financial statements for the year ended December 31, 2015. The primary impact on the Company's consolidated financial statements related to the classification and measurement of financial instruments. As permitted by the transitional provisions of IFRS 9, the Company did not restate the financial results or balances presented for the year ended December 31, 2014 and so in this MD&A, any information relating to the three-month period ended March 31, 2014, June 30, 2014, September 30, 2014, and December 31, 2014 have not been restated using IFRS 9 and thus apply the guidance in *International Accounting Standard 39 Financial Instruments: Recognition and Measurement* ("IAS 39") for classifying and measuring financial instruments. This means that the information presented for these periods is not comparable to the information presented for the three-month period ended March 31, 2015, June 30, 2015, September 30, 2015, December 31, 2015, March 31, 2016, June 30, 2016 and September 30, 2016 under IFRS 9. The impact of adopting IFRS 9 on the opening balances as at January 1, 2015 is set out in Note 4 of the interim condensed consolidated financial statements for the three and nine months ended September 30, 2016.

The Company has decided to early adopt IFRS 9 in 2015 rather than wait to the standards effective date of January 1, 2018 as the classification and measurement guidelines under IFRS 9 are more aligned with the Company's business model objective and the cash flow characteristics of the Company's financial assets. The most significant impact of the adoption has resulted in royalty agreements, loans receivable, acquired and accrued interest and royalty payments receivables being classified as subsequently measured at fair value through profit or loss rather than amortized cost. This change in classification primarily reflects the characteristics of the cash flows generated by these financial assets which are not solely made up of principal and interest. Changes in the fair value of royalty agreements acquired and promissory notes are recognized in consolidated comprehensive income (loss) reflecting market conditions.

Apart from one small item under accounts payable which was reclassified, the adoption of IFRS 9 did not impact the classification or subsequent measurement of the Company's financial liabilities and therefore all financial liabilities continue to be measured at amortized cost and presented under the same captions in 2014, 2015 and the three-month and nine-month period ended September 30, 2016.

The Company provides key metrics such as revenues, profit for the period, EBITDA (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) and Adjusted EBITDA (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) under the section Results of Operations. These metrics have been determined using IAS 39 and included in the previously filed MD&As for the three-month periods ended March 31, 2015, June 30, 2015 and September 30, 2015. In this MD&A under the section Reconciliation of Previously Reported Results, the Company has provided a reconciliation showing the amounts that were previously reported for these key metrics for these periods and the amounts determined under IFRS 9 that are disclosed and discussed in this MD&A for fiscal 2015 and the amounts that will be used where these periods will be used for comparison purposes.

GENERAL DESCRIPTION OF THE BUSINESS

Grenville is a leading royalty investment company in the small to medium enterprise (SME) private and public marketplace in North America. Grenville has identified a large and underserviced finance market for companies typically generating up to $50,000,000 in revenue, many of which are well managed and generating improving cash flow, however face difficult financing hurdles from traditional debt and equity alternatives. Grenville makes non-dilutive, revenue-based investments which align with the interests of founders, management and shareholders of SMEs. Grenville seeks to provide capital as a catalyst for growth and, where possible, to attract broader funding for each investee company. Grenville believes that it has identified an underserviced segment in North America which lies between traditional equity and debt financing with cost and contractual advantages.

Grenville is focused on building out a large, highly diversified portfolio of royalties and royalty-related investments which are diversified by currency (USD or CDN dollar); sector (neutral, cyclical or defensive); and investment type (stable growth, high growth or hybrid growth). The portfolio is actively managed with the aim to maintain a continual balance across currency, sector and investment type.

Grenville is not an operator of businesses. Grenville's business model is focused on managing and growing its portfolio of royalties and royalty-related investments. The advantages of this business model are:

- Exposure to the dynamic North American SME marketplace and long-term underlying revenue growth optionality;
- Limited exposure to many of the risks associated with individual small operating companies;
- Free cash-flowing investments with manageable cash requirements across the portfolio;
- A high-margin business that can generate cash through numerous economic cycles;
- A scalable and diversified business in which a large number of assets can be managed with a small stable overhead; and
- A forward-looking business in which management focuses on growth opportunities rather than operational or development issues.

Grenville's financial results in the short-term are primarily tied to cash-flow generated from its portfolio of producing assets. From time to time, financial results are also supplemented by Contract Buyouts or Contract Buydowns. While portfolio losses are expected from time to time, the Company's business thesis is that cash flows from Contract Buyouts will over time exceed those losses, allowing the underlying growth from the core portfolio of investments held. Contract Buyouts can return 2 times the original investment even after excluding the royalties received throughout the investment. Grenville has a long-term focus on making investments and recognizes that consistent investment execution enables stronger deal velocity. While still a relatively young company, Grenville's approach has provided a strong balance sheet to enable Grenville to make new investments.

Grenville's shares are listed on the TSX Venture Exchange under the symbol GRC. An investment in Grenville's shares is expected to provide investors with yield and exposure to the public and private North American SME growth market, while limiting exposure to many of the risks of investing in and operating companies in the same sector through diversification.

DIVIDEND STRATEGY

The Company decided to suspend the monthly dividend starting in October 2016. The Company's portfolio has delivered returns more than its cost of capital and peer group. In light of these returns, the strategy is to maximize shareholder value by reinvesting Free Cash Flows (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) to continue generating strong returns. The Company will review a return to a dividend model as cash flow permits.

RESULTS OF OPERATIONS

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Revenues	$ (854,503)	$ 6,631,036	$ (2,397,198)	$ 11,162,381
(Loss)/Profit for the period	(1,690,843)	4,021,100	(5,514,867)	5,838,903
EBITDA/EBITDA (Loss) (1)	(1,720,599)	5,916,590	(5,957,964)	9,265,988
Adjusted EBITDA (1)	1,376,396	3,960,613	3,470,658	6,539,624
Free Cash Flow (1)	163,992	2,654,803	(97,540)	3,597,072
Basic Earnings/(Loss) per share	(0.0159)	0.0407	(0.0522)	0.0680
Diluted Earnings/(Loss) per share	(0.0159)	0.0330	(0.0522)	0.0580
Weighted basic average number of shares outstanding	105,596,427	98,852,649	106,282,918	85,887,369
Weighted diluted average number of shares outstanding	133,006,662	131,186,719	133,286,331	116,524,019
Dividend paid and payable on common shares during the period	1,326,414	1,235,116	4,671,777	3,054,848
Dividend per share on annualized basis	0.05	0.05	0.05	0.05
Royalty agreements acquired in period	370,797	4,970,940	6,171,924	18,130,210
Aggregate royalty agreements acquired	63,345,327	42,762,458	63,345,327	42,762,458
Aggregate net proceeds on Contract Buyouts	-	4,170,510	-	4,170,510
Weighted average royalty rate (1)	4.26%	3.74%	4.26%	3.74%

(1) EBITDA, Adjusted EBITDA, Free Cash Flow and weighted average royalty rate are non-IFRS measures. Refer to section Definition of Non-IFRS Measures for further explanation and definitions.

(2) The Company adopted IFRS 9 effective January 1, 2015 and the 2015 numbers are presented using IFRS 9 meaning that the information presented for 2015 is comparable to the information presented for 2016 under IFRS 9.

Revenue analysis

Three months ended September 30, 2016

	Three months ended September 30, 2016	% of total revenue	Three months ended September 30, 2015 (1)	% of total revenue	Growth %
Royalty payment income	$ 1,953,656	(228.6)	$ 2,342,051	35.3	(16.6)
Realized/Unrealized foreign exchange (loss) gain	545,418	(63.8)	1,518,461	22.9	(64.1)
Unrealized (loss) gain from changes in fair value	(1,718,761)	201.1	508,002	7.7	(438.3)
Realized gain from Contract Buyouts and other	98,679	(11.5)	2,196,642	33.1	95.5
Realized loss from investments written off	(1,840,936)	215.4	-	-	N/A
Interest income on promissory notes/loans	90,402	(10.6)	22,756	0.3	297.3
Other interest income	17,039	(2.0)	43,124	0.7	(60.5)
Total revenue	**$ (854,503)**	**100.0**	**$6,631,036**	**100.0**	**(112.9)**

(1) The Company adopted IFRS 9 effective January 1, 2015 and the 2015 numbers are presented using IFRS 9 meaning that the information presented for 2015 is comparable to the information presented for 2016 under IFRS 9.

Nine months ended September 30, 2016

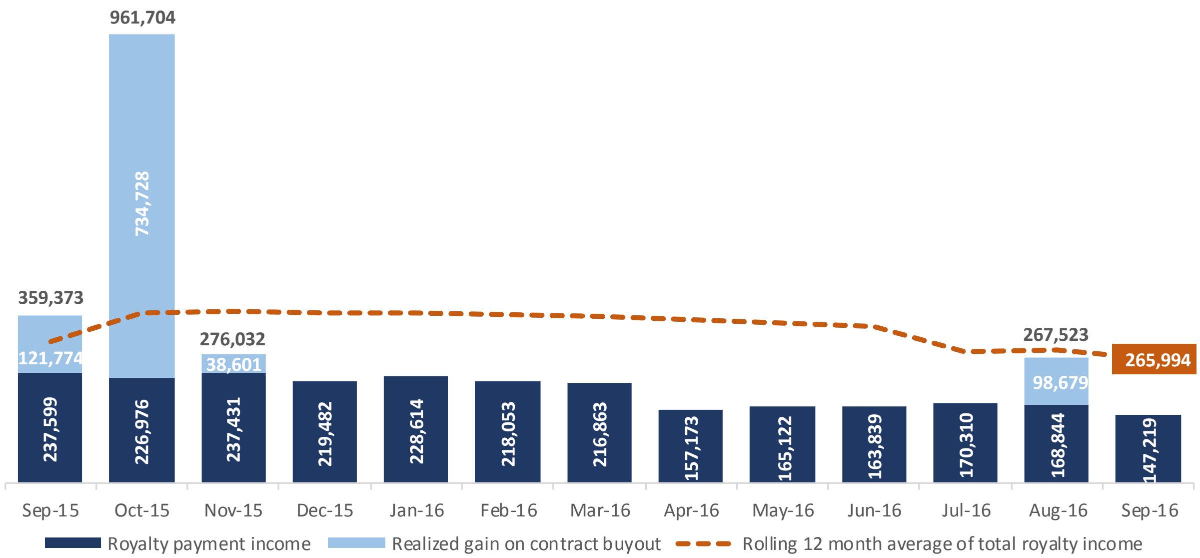
	Nine months ended September 30, 2016	% of total revenue	Nine months ended September 30, 2015 (1)	% of total revenue	Growth %
Royalty payment income	$ 6,429,898	(268.2)	$ 5,915,254	53.0	8.7
Realized/Unrealized foreign exchange (loss) gain	(2,181,673)	91.0	2,544,163	22.8	(185.8)
Unrealized (loss) gain from changes in fair value	(5,249,072)	218.9	320,330	2.9	(1,738.6)
Realized gain from Contract Buyouts and other	98,679	(4.1)	2,196,642	19.7	(95.5)
Realized loss from investments written off	(1,840,936)	76.8	-	-	N/A
Interest income on promissory notes/loans	268,110	(11.2)	48,165	0.4	456.6
Other interest income	77,796	(3.2)	137,827	1.2	(43.6)
Total revenue	**$(2,397,198)**	**100.0**	**$11,162,381**	**100.0**	**(121.5)**

Revenues were $(854,503) for the three-month period ended September 30, 2016 compared to $6,631,036 for the three-month period ended September 30, 2015. Royalty payment income for the three-month period ended September 30, 2016 was $1,953,656 representing a 16.6% decrease from the three-month period ended September 30, 2015. Revenues for the three-month period ended September 30, 2016 were negatively impacted by net non-cash items of $(3,014,279) compared to $2,026,463 for the three-month period ended September 30, 2015. This non-cash amount of $(3,014,279) relates to $1,718,761 for an unrealized loss from the change in fair value of royalty agreements acquired and promissory notes receivable, realized loss from investments written off $1,840,936 and offset by an unrealized foreign exchange gain of $545,418. The realized loss from investments written off relates to two investments where the Company determined that it was not feasible to continue efforts to recover more of the value of the investments and in previous reporting periods the fair value of the investments were each written down to nil. The unrealized foreign exchange gain of $545,418 related to the translation of the royalty agreements acquired and promissory notes receivable denominated in US dollars and reflects the movement in the exchange rate from $1.2917 at June 30, 2016 to $1.3117 at September 30, 2016. Realized gains from Contract Buyouts were $98,679 for the three-month and nine-month period ended September 30, 2016 compared to $2,196,642 for the three-month and nine-month period ended September 30, 2015. During the three-month and nine-month periods ended September 30, 2016, there was a realized gain of $98,679 made on the Pliteq investment that finished earlier than anticipated. During the three-month and nine-month periods ended September 30, 2015, the agreements with WMode Inc. and DS Handling Inc. were bought-out realizing gains totaling $2,196,642.

Revenues were $(2,397,198) for the nine-month period ended September 30, 2016 compared to $11,162,381 for the nine-month period ended September 30, 2015. Royalty payment income for the nine-month period ended September 30, 2016 was $6,429,898 representing an 8.7% increase from the nine-month period ended September 30, 2015. The increase in royalty payment income from $5,915,254 for the nine-month period ended September 30, 2015 to $6,429,896 for the nine-month period ended September 30, 2016 was due to total aggregate investments increasing by 48.1% since the nine-month period ended September 30, 2015. Revenues for the nine-month period ended September 30, 2016 were negatively impacted by a net non-cash amount of $(9,271,680) compared to $2,864,493 for the nine-month period ended September 30, 2015. This non-cash amount of $(9,271,680) relates to $5,249,072 for an unrealized loss from the change in fair value of royalty agreements acquired and promissory notes receivable, realized loss from investments written off $1,840,936 and unrealized foreign exchange loss of $2,181,673. The unrealized foreign exchange loss of $2,181,672 related to the translation of the royalty agreements acquired and promissory notes receivable denominated in US dollars and reflects the movement in the exchange rate from $1.3840 at December 31, 2015 to $1.3117 at September 30, 2016.

For the three-month and nine-month periods ended September 30, 2016, other interest income was made up of interest earned of $17,039 and $77,796 respectively compared to interest earned of $43,124 and $137,827 for the three-month and nine-month periods ended September 30, 2015. The interest earned of $17,039 and $77,796 for the three-month and nine-month periods ended September 30, 2016 respectively was on short-term investments of available cash. The available cash during the three-month and nine-month periods ended September 30, 2016 was due to the cash of $13,562,045 generated from the Contract Buyouts in 2015. The interest earned of $43,124 and $137,827 for the three-month and nine-month periods ended September 30, 2015 respectively was on available cash following the common shares offering in February and May 2015.

The average royalty payment per million invested, (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) including realized gains on Contract Buyouts and net of write-offs for the period from September 2015 to September 2016 was as follows:



The average royalty payment per million invested (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) for September 2016 was $147,219 compared to $163,839 for June 2016. The royalty payment income results for each month during the three-month period ended March 31, 2016 was consistent throughout the quarter. From April 2016 to September 2016, the average royalty payment per million invested (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) dropped significantly due to the performance of the Company's largest investment Compression Generation Services LLC and other investments where no royalty income was earned or recognized. In the three-month period ended September 30, 2016, $1,076,794 of royalty payments were invoiced to investees but not recognized as revenue in the financial statements as it is uncertain as to whether these payments will be received. If payment of these invoices is subsequently received by the Company, the amount received will be recognized as revenue at that time. For the 12-month period ended September 30, 2016, the rolling 12-month average of total royalty income (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) was $265,994, which demonstrates the strong performance of the Company's portfolio when the Contract Buyouts are considered.

Operating expense analysis

Total operating expenses were $875,861 and $3,590,665 for the three-month and nine-month periods ended September 30, 2016, respectively, compared to $721,082 and $1,913,943 for the three-month and nine-month periods ended September 30, 2015 respectively. Operating expenses for the three-month period ended September 30, 2016 were $154,779 higher than the three-month period ended September 30, 2015 due to increased professional fees of $122,955 and office and general administrative expenses of $33,628. Operating expenses for the nine-month period ended September 30, 2016 were $1,676,722 higher than the nine-month period ended September 30, 2015 due to increased salaries, benefits and other staffing costs of $892,281, share-based payment expenses of $70,151, professional fees of $569,218 and office and general administrative expenses of $139,566.

Salaries, benefits and other staffing costs were $343,006 and $1,872,158 for the three-month and nine-month periods ended September 30, 2016 respectively, compared to $366,887 and $979,877 for the three-month and nine-month periods ended September 30, 2015 respectively. Included in the $1,872,158 for the nine-month period ended September 30, 2016 was the contract payment of $675,000 paid in connection with the departure of the former CEO, the cost of the increased number of employees including a new managing director and investment team member hired in 2015 and a salary increase starting January 1, 2016 following an executive compensation review by third party executive compensation consultants which did not form part of the salaries, benefits and other staffing costs for the nine-month period ended September 30, 2015.

Management and facility fees were $38,724 and $115,964 for the three-month and nine-month periods ended September 30, 2016 respectively compared to $32,105 and $118,543 for the three-month and nine-month periods ended September 30, 2015 respectively. This expense for both reporting periods relates to the Company's offices in Toronto. Share-based payment expenses were $93,591 and $208,280 for the three-month and nine-month periods ended September 30, 2016 respectively compared to $70,486 and $138,129 for the three-month and nine-month periods ended September 30, 2015 respectively. The increase in the expense of $70,151 for the nine-month period ended September 30, 2016 compared to the nine-month period ended September 30, 2015 was a result of an additional 4,715,000 options granted at various times throughout 2015 and 2,015,000 options granted in June 2016.

Professional fees were $280,824 and $980,106 for the three-month and nine-month periods ended September 30, 2016 respectively compared to $157,869 and $410,888 for the three-month and nine-month periods ended September 30, 2015 respectively. Professional fees were higher for the three-month and nine-month periods ended September 30, 2016 due to higher portfolio activity requiring more professional services, the cost of hiring the new managing director of $89,496 included in professional fees, higher investor relations and communications expenses totaling $15,000, executive compensation review expense of $15,569 and $83,558 consultancy expense for the IFRS 9 conversion and portfolio fair value valuation reports.

Office and general administrative expenses were $119,716 and $414,157 for the three-month and nine-month periods ended September 30, 2016 respectively compared to $86,088 and $274,591 for the three-month and nine-month periods ended September 30, 2015 respectively with the higher cost reflecting the increased size of the team and higher portfolio activity.

Free cash flow

The Free Cash Flow (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) was $163,992 and $(97,540) for the three-month and nine-month periods ended September 30, 2016 respectively compared to $2,654,803 and $3,597,072 for the three-month and nine-month periods ended September 30, 2015 respectively. Free Cash Flow (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) for the nine-month period ended September 30, 2016 of $(97,540) was lower than the $3,597,072 of Free Cash Flow (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) for the nine-month period ended September 30, 2015 due to realized gains of $2,196,642 for Contract Buyouts generated during the nine-month period ended September 30, 2015 and short-term timing differences at the end of December 2015, in particular, $500,000 in respect of bonuses that were accrued and expensed in 2015 but were not paid until February 2016 and $611,995 in respect of sales taxes for 2015 but which were not paid until the end of January 2016.

Analysis for further items included in the Results of Operations

Financing expenses relating to the convertible debentures issued in July 2014 were $424,714 and $1,284,020 for the three-month and nine-month periods ended September 30, 2016 respectively compared to $422,371 and $1,264,464 for the three-month and nine-month periods ended September 30, 2015 respectively. Of the $424,714 and $1,284,020, $345,000 and $1,031,219 respectively was in respect of interest and $79,714 and $252,801 respectively was for the accretion portion of the initial transaction costs and the equity component recognized. For the total financing expense of $422,371 and $1,264,464 for the three-month and nine-month periods ended September 30, 2015 respectively, $347,835 and $1,037,835 respectively was in respect of interest and $74,536 and $226,629 respectively was for the accretion portion of the initial transaction costs and the equity component recognized.

Income taxes were $(464,235) and $(1,757,016) for the three-month and nine-month periods ended September 30, 2016, compared to $1,466,483 and $2,145,071 for the three-month and nine-month periods ended September 30, 2015. The effective tax rate for all periods was 26.50% and a full deferred tax recognition was made for all taxable and deductible temporary differences.

EBITDA (EBITDA Loss) (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) was $(1,720,599) and $(5,957,964) for the three-month and nine-month periods ended September 30, 2016 respectively compared to EBITDA (EBITDA Loss) (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) of $5,916,590 and $9,265,988 for the three-month and nine-month periods ended September 30, 2015 respectively. The reduction in EBITDA (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) for the three-month and nine-month periods ended September 30, 2016 was due to an increase in the unrealized loss of $4,067,699 and $7,410,338 from the change in fair value of royalty agreements acquired and promissory notes receivable for the three-month and nine-month periods ended September 30, 2016, the adverse movement in the unrealized foreign exchange of $973,043 and $4,725,835 for the three-month and nine-month periods ended September 30, 2016 respectively, lower gains from Contract Buyouts of $2,097,963 for the three-month and nine-month periods ended September 30, 2016, realized loss from investments written-off of $1,840,936 for the three-month and nine-month periods ended September 30, 2016 and the cost of $675,000 paid with the departure of the former CEO for the nine-month periods ended September 30, 2016.

Adjusted EBITDA (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) was $1,376,396 and $3,470,658 for the three-month and nine-month periods ended September 30, 2016 respectively, compared to an Adjusted EBITDA (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) of $3,960,613 and $6,539,624 for the three-month and nine-month periods ended September 30, 2015 respectively. The reduction in Adjusted EBITDA for the three-month and nine-month periods ended September 30, 2016 was due to a lower realized gain on Contract Buyouts of $2,097,963 for the three-month and nine-month periods ended September 30, 2016, increased operating costs (excluding share-based payment expense) of $131,674 and $1,606,571 for the three-month and nine-month periods ended September 30, 2016 respectively but offset by higher royalty payment income of $514,642 in the nine-month period ended September 30, 2016.

(Loss) after taxes was $(1,690,843) and $(5,514,867) for the three-month and nine-month periods ended September 30, 2016 respectively, compared to a profit after taxes of $4,021,100 and $5,838,903 for the three-month and nine-month periods ended September 30, 2015. The loss after taxes that arose in the three-month and nine-month periods ended September 30, 2016 was due to an unrealized loss of $1,718,761 and $5,249,072 respectively from the change in fair value of royalty agreements acquired and promissory notes receivable, an unrealized foreign exchange loss of $2,181,672 for the nine-month period ended September 30, 2016, and a realized loss of $1,840,936 on investments written-off.

PORTFOLIO UPDATE

The priority in the third quarter of 2016 was to put in place partners who would co-invest with the Company in a syndication structure on new investments originated by the Company. As part of this growth strategy, the Company entered two separate joint ventures in October 2016. The first was with Foregrowth Holdco Inc., a wholly-owned subsidiary of Gravitas Ilium Corporation, under a new company called Foregrowth-Grenville Investments Inc. ("FGI") and the second was with Darwin Strategic Royalty Corporation ("Darwin"). The co-investments will be incremental to the Company's investments, thereby providing additional scale to the Company's business model and enabling the Company to participate in a greater number of larger-sized investments. This syndication of risk will allow the Company to build a more diversified portfolio and generate more stable returns with non-dilutive capital by earning fees through license agreements. The Company will provide capital for 50% of each investment while the co-investment partners will provide 100% of the joint venture capital in exchange for the right to use the Company's intellectual property and royalty-based investment strategy, and the right to invest 25% in each new royalty investment made by the Company. The co-investment partners may have a higher participation percentage in specific investments if the Company wishes to have an interest lower than 50%.

In September, there were some disappointing developments with respect to some investee companies which adversely impacted the ability of such investee companies to pay royalties on the Company's investment and accordingly, the Company reduced the value of such investments carried in the interim financial statements for the three and nine months ended September 30, 2016. During the three-month period ended September 30, 2016, the value of the portfolio was reduced by $3,461,018 primarily due to these investments. This reduction in the value of the portfolio is demonstrated on the portfolio performance chart on page 12 where, as of September 30, 2016, 74.3% of the investment portfolio generated returns equal to or more than Grenville's pricing level of 25% compared to 79.8% as of June 30, 2016.

Several investees experienced positive developments in the quarter around raising and potentially raising additional capital for their operations from third party sources. The Company anticipates that additional financial benefits will accrue through increased royalty payments as the businesses of such investee companies grow and Contract Buyouts that it expects will close in the short term. The Company believes that the potential gross amount that may be received from Contract Buyouts is up to $9 million in the next few quarters. While there have been no investments in new investee companies during 2016, the pipeline for new company investments continues to be strong with 195 investment prospects reviewed by the Company during the the three-month period ended September 30, 2016.

The Weighted Average Royalty Rate (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) for all the royalty investments recognized as of September 30, 2016 was 4.26%, compared to 3.74% for all the investments made as of September 30, 2015.

The following was the activity with respect to the portfolio since July 1, 2016:

BG Furniture Inc. ("BG"): Grenville provided on July 6, 2016 a $45,000 extension to the existing promissory note as part of a $90,000 financing arranged by BG with its secured lenders. Use of Proceeds was to facilitate a possible equity investment in BG by a third party.

Interiormark ("Interiormark"): On July 18, 2016, the Company completed a US$150,000 follow-on investment under the royalty agreement, the proceeds of which were used for working capital purposes.

Steam Plant and CHX Systems Ltd. ("SPCS"): On July 29, 2016, the Company completed a US$100,000 follow-on investment under the royalty agreement, the proceeds of which were used for working capital purposes.

Bluedrop Performance Learning ("Bluedrop"): On July 28, 2016, the Company and Bluedrop completed an amendment where in exchange for an increased monthly minimum royalty for the next 11 months, Bluedrop will have the right to buyout the royalty at any time upon payment of a fixed buyout amount to Grenville.

WatchIt! ("WatchIt!"): On August 12, 2016, the Company and WatchIt! completed an amendment where the minimum monthly royalty was removed and replaced with payment terms that are designed to match the seasonality of the business revenues and included a payment plan to reduce the arrears at July 31, 2016 over a specified time period.

Agnity Global Inc. ("Agnity"): On October 27, 2016, the Company completed an Amended and Restated Royalty Agreement and the Company elected to convert a promissory note of $750,000 plus accrued interest of $84,750 to a royalty interest under the royalty agreement. This was done as part of a larger capital raise by Agnity to support its growth and the Company obtained a general security agreement over the assets of Agnity in the process.

At the end of each quarter, Grenville carries out a portfolio performance ("**Portfolio Performance Profile**") review. This analysis relies on management's judgement of the facts and circumstances impacting, or expecting to impact, the investee, as well as Grenville's intentions as they relate to the investment holdings. The review considers Grenville's expected return from royalty revenues, management's fair value of the investment, Contract Buyouts and income from other financial instruments. Management considers many factors in this analysis including collection variations and arrangements within agreements; delinquency trends, sales volumes, future royalty performance and the investee's ability to maintain its financial conditions; and Grenville's ability to impact an investee's financial outcomes, without limitation. The Portfolio Performance Profile is monitored based on our internal management guidelines.

The definitions of the guidelines used and the amounts in each category as of September 30, 2016, June 30, 2016, March 31, 2016, December 31, 2015 and September 30, 2015 were:

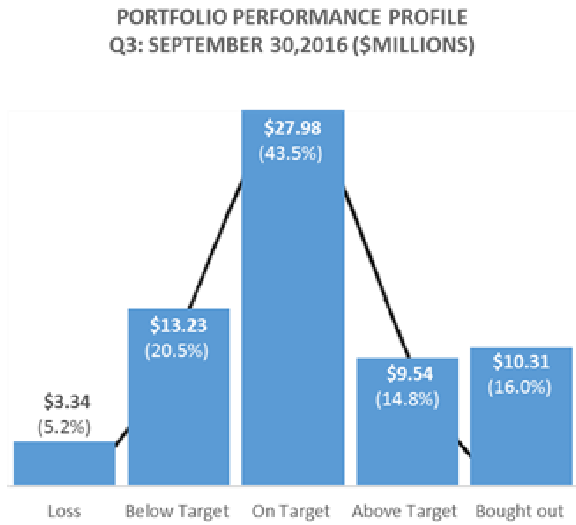
Bought Out: means a Contract Buyout occurred within the past 12 months from the date of this MD&A.

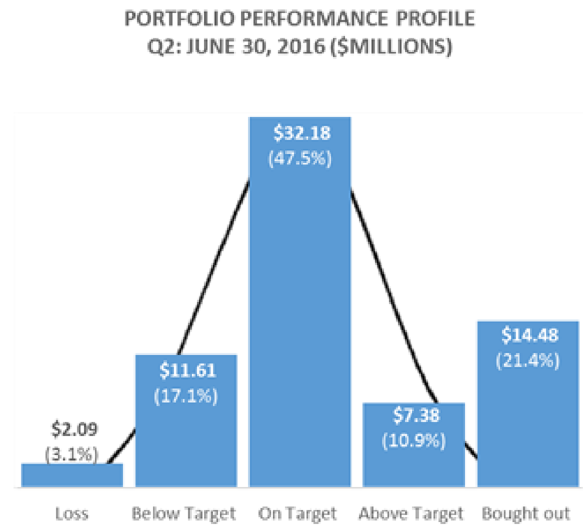
Above Target: means the future return (including the fair value) of the investment is expected to be greater than the expected return to Grenville at the time of investment. This category would include investments that are paying more than the contracted minimum royalty payment in the agreement either now or expected to in the future and/or management has received detailed communication from the investee regarding exercise of a Contract Buyout or buydown. This category also includes buydown amounts received over the past 12 months.

On Target: means the investment's return is in line with expectation at the time of investment. This category includes both companies that are paying a recurring amount, whether according to the original or a modified agreement above or below the original target. Depending on contract terms, the expected return may or may not include reference to a contract minimum.

Off Target: means that the fair value of the investment and/or Grenville's return on the investment are lower than expected. The expected lower return could be a result of existing or forecasted financial weaknesses of the investee. Typically, Grenville will work with the company to provide operational and/or financial assistance to correct the issues. Management also often assists companies in getting financing from other parties and may agree to temporary or permanent modifications to adjust the company's target.

Loss: means the investment has been written off within the past 12 months. Investments are written off when, in the opinion of management, the investment has absolutely no recovery value or that it is not practical nor desirable to continue efforts to recover more of the value of the investment.





Category	September 30, 2016	%	June 30, 2016	%	March 31, 2016	%	December 31, 2015	%	September 30, 2015	%
Bought Out	$10,313,972	16.0	$14,484,482	21.4	$ 14,484,482	21.5	$14,484,482	23.2	$12,117,668	25.4
Above Target	9,543,555	14.8	7,381,900	10.9	4,871,900	7.2	4,871,900	7.8	6,609,985	13.8
On Target	27,983,375	43.5	32,180,777	47.5	35,772,763	53.1	34,041,916	54.6	25,324,484	53.1
Off Target	13,230,262	20.5	11,614,694	17.1	10,105,133	15.0	9,012,206	14.4	3,690,936	7.7
Loss	3,340,936	5.2	2,090,936	3.1	2,140,936	3.2	-	-	-	-
Total	**$64,412,100**	**100**	**$67,752,789**	**100**	**$ 67,375,214**	**100**	**$62,410,504**	**100**	**$47,743,073**	**100**

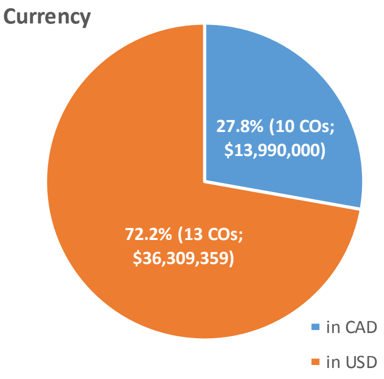
The reconciliation between the amounts stated in this table and the amounts invested in royalty agreements acquired and promissory notes receivable is as follows:

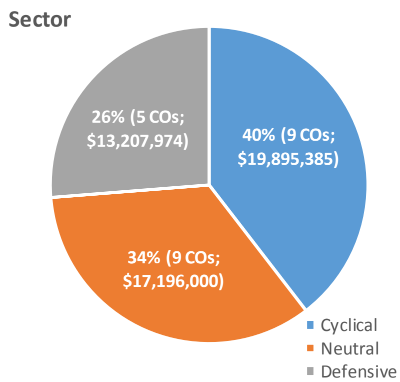
Category	Sept. 30, 2016	June 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sept. 30, 2015
Cumulative royalty agreements acquired and promissory notes investments	$ 61,345,327	$ 62,515,508	$ 62,137,933	$ 57,173,223	$ 42,762,458
Realized gains on Contract Buyouts and redemptions	3,066,773	5,237,281	5,237,281	5,237,281	4,980,615
Total	**$ 64,412,100**	**$ 67,752,789**	**$ 67,375,214**	**$ 62,410,504**	**$ 47,743,073**

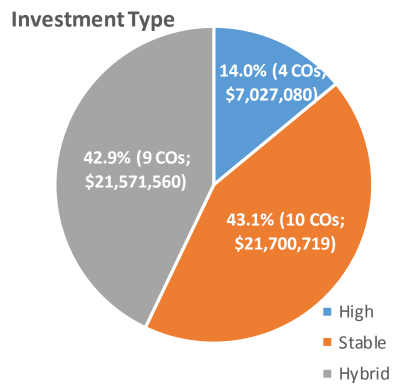
As of September 30, 2016, 74.3% of the investment portfolio generated returns equal to or in excess of Grenville's pricing level of 25% compared to 79.8% as of June 30, 2016. The decrease of 5.5% is a direct result of the unrealized loss of $3,461,018 from the change in value of the portfolio during the three-months period ended September 30, 2016. The Bought Out category as a percentage of total portfolio value was 16.0% as at September 30, 2016 compared to 21.4% as at June 30, 2016 and 25.4% as at September 30, 2015. During the three-month period ended September 30, 2016, $2,161,655 was moved to Above Target reflecting an increased potential of a Contract Buyout on an investment. This means that as at September 30, 2016, 14.8% of total portfolio value was Above Target, compared to 10.9% as at June 30, 2016 and 13.8% as at September 30, 2015. 43.5% of total portfolio value was On Target, compared to 47.5% as at June 30, 2016 and 53.1% as at September 30, 2015. Most of the movement in the On Target category comes from the investment included in the Above Target category during this period. Due to the movement of $1,615,568 of invested capital into the Off Target category during the three-month period ended September 30, 2016, the Off Target category as a percentage of total portfolio value increased from 17.1% as at June 30, 2016 to 20.5% as at September 30, 2016. $1,250,000 was moved to the loss category during the three-month period ended September 30, 2016, which stands at 5.2% compared to 3.1% as at June 30, 2016.

Diversification Analysis

As of November 15, 2016, the diversification analysis of the Company's portfolio holdings, by currency, sector and investment type is provided, as follows:







	Cyclical	%	Neutral	%	Defensive	%	Total	%
Number of Investments	9	39.1%	9	39.1%	5	21.8%	23	100.0%
Canadian Investments	$ 10,080,000	50.7%	$ 1,910,000	11.1%	$ 2,000,000	15.1%	$ 13,990,000	27.8%
US Investments	$ 9,815,385	49.3%	$ 15,286,000	88.9%	$ 11,207,974	84.9%	$ 36,309,359	72.2%
Sector Total	**$ 19,895,385**		**$ 17,196,000**		**$ 13,207,974**		**$ 50,299,359**	
Sector %	40%		34%		26%			

Excluded from the investment information above are 2 investments that were written-off and 6 investments that have been bought out.

The Company has developed an investment framework focused on building a balanced, diversified portfolio in the small-to-medium sized, public and private, North American operating company marketplace. We measure and manage diversification based on currency, industrial sector and growth profile. With 23 investments (net of 2 write-offs and 6 Contract Buyouts as of November 15, 2016) management believes the current level of diversification is consistent with our internal business plan. We will continue to rebalance the portfolio through selection of new investments and management of Contract Buyout opportunities, on an opportunistic basis. This strategy is intended to protect investors against significant losses from major swings in performance in any sector of the economy, whether in Canada or the United States.

Past due

The following table shows the actual outstanding royalty payment past due for each period:

	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2015	Sept. 30, 2015
Past due					
- 30 days or less	$ 126,589	$ 309,719	$ 158,621	$ 235,124	$ 181,102
- 31 to 60 days	193,746	125,806	64,149	99,329	27,245
- 61 to 90 days	59,546	-	-	83,079	27,245
- Over 91 days	124,467	-	-	113,172	-
	504,348	435,525	222,770	530,704	235,592
Royalty payments where fair value is recognized as zero	427,110	388,729	346,108	35,313	-
Total	**$ 931,458**	**$ 824,254**	**$ 568,878**	**$ 566,017**	**$ 235,592**

In relation to the table:

- As of September 30, 2016, the Company is party to agreements pursuant to which the Company has entered agreements where approximately $479,822 of royalty payments have been deferred for payment until various dates in the future and are not shown as past due in the table above;

- The Company has agreed with an investee to accrue the monthly royalty payments. The royalty payments are not shown as past due in the table above. The amount accrued was $852,415 as of September 30, 2016. The Company have recognized a fair value of nil on this receivable.
- As of September 30, 2016, there was $111,167 of interest on a promissory note due to be paid. The Company entered an agreement with the investee to convert the promissory note of US$750,000 and the outstanding interest balance into the royalty investment in exchange for obtaining security under a general security agreement over the entire assets of the investee.

As of September 30, 2016, royalty payments (being $804,869 in the aggregate) attributable to $24,279,379, or 49.5%, of the Company's currently invested capital were more than 30 days past due, compared to royalty payments (being $514,535 in the aggregate) attributable to $23,453,679, or 45.7%, of the Company's invested capital as at June 30, 2016. Included in the $804,869 and $514,535 are $427,110 and $388,729 respectively where the fair value was recognised as nil.

Investments overview

For royalty investments and debt advances completed as of the date hereof: (a) the amount invested and advanced by Grenville; (b) the date of completion of the investment and advance; (c) the nature of the interest acquired by Grenville; (d) the accounting valuation as at the date of each investment and advance; (e) the royalty, interest or other payments earned by Grenville from such investment during the fiscal year ended December 31, 2015; (f) the royalty, interest or other payments earned by Grenville from such investment during the nine-month period ended September 30, 2016; (g) whether the royalty investment requires payment of a minimum monthly payment by the investee company; and (h) whether the investment provides the investee company with the right to buydown or buyout part or all of the royalty is as follows:

Investee Company and Nature of Interest Acquired by the Company	Date of Completion of First Investment	Investment Amount / Acquisition Cost	Transaction Costs Capitalized in accordance with IFRS[1]	Accounting Valuation of Invested Amount at Time of Investment	Royalty, Interest or Other Payments Earned by the Company during the Year ended December 31, 2015	Royalty, Interest or Other Payments Earned by the Company during the 9 months ended September 30, 2016	Minimum Monthly Payments[2]	Buyout / Buydown Options
Pliteq (loan)	August 1, 2013	$250,000	$1,864.50	$251,864.50	$166,656.00	$97,217.04	N/A	N/A[3]
Clear Blue (streaming royalty)	November 12, 2013	$125,000, plus a follow-on investment of $250,000	$8,400.00	$133,400, plus a follow-on investment of $250,000	$13,847.44	$4,811.62	No	Yes
Wmode (gross sales royalty)	November 1, 2013	$1,000,000	$4,912.50	$1,004,912.50	$121,284.40	Nil[4]	No	Yes and option exercised on July 23, 2015.
4tell Solutions (gross sales royalty)	December 31, 2013	US$500,000 ($535,000), plus a follow-on investment of US$500,000 ($555,215)	Nil	US$500,000 ($535,000), plus a follow-on investment of US$500,000 ($555,215)	$233,218.67	Nil[4]	No	Yes and option exercised on November 6, 2015
Bluedrop (gross sales royalty)	January 10, 2014	$500,000, plus a follow-on investment of $500,000	$450	$500,450, plus a follow-on investment of $500,000	$225,718.89	$268,169.66	Yes	Yes
PFO Global Group (gross sales royalty and unsecured convertible promissory note[5])	February 25, 2014	US$1,000,000 ($1,116,000), plus a follow-on investment of US$500,000 ($544,050), and US$250,000 ($304,950). Advance under the promissory	Nil	US$1,000,000 ($1,116,000), plus a follow-on investment of US$500,000 ($544,050), and US$250,000 ($304,950). Advance under the promissory	$536,604.10, plus interest earned on the promissory note of $55,384.24	$383,794.38, plus interest earned on the promissory note of $63,534.97	Yes	Yes

Investee Company and Nature of Interest Acquired by the Company	Date of Completion of First Investment	Investment Amount / Acquisition Cost	Transaction Costs Capitalized in accordance with IFRS(1)	Accounting Valuation of Invested Amount at Time of Investment	Royalty, Interest or Other Payments Earned by the Company during the Year ended December 31, 2015	Royalty, Interest or Other Payments Earned by the Company during the 9 months ended September 30, 2016	Minimum Monthly Payments(2)	Buyout / Buydown Options
		note is US$400,000 ($499,880)		note is US$400,000 ($499,880)				
Cherubim (gross sales royalty)	April 28, 2014	US$1,000,000 ($1,105,450)	Nil	US$1,000,000 ($1,105,450)	$322,330.26	$185,953.72	No	Yes
Insight (gross sales royalty)	May 30, 2014	$1,250,000	Nil	$1,250,000	$311,376.00	Nil(6)	Yes	Yes
Aquam (gross sales royalty)	June 6, 2014	$2,000,000	Nil	$2,000,000	$845,459.29	$768,855.66	Yes	Yes
Mera (gross sales royalty)	June 13, 2014	$850,000, plus a follow-on investment of $100,000	Nil	$850,000, plus a follow-on investment of $100,000	$236,355.40	$178,112.15	Yes	Yes
INOVx (gross sales royalty)	July 1, 2014	US$2,000,000 ($2,137,053)	Nil	US$2,000,000 ($2,137,053)	$199,776.00	Nil(4)	Yes	Yes and option exercised on October 6, 2015.
Above Security (gross sales royalty and unsecured convertible promissory note(5))	August 15, 2014	$2,000,000 initial investment, plus two follow-on investments of $500,000 each. Advance under the promissory note was $180,000 and $750,000	Nil	$2,000,000 initial investment, plus two follow-on investments of $500,000 each. Advance under the promissory note was $180,000 and $750,000	$564,347.70, plus interest earned on the promissory note of $30,000.00	Nil(4)	Yes	Yes and option exercised on October 20, 2015.
OneUp Games (gross sales royalty)	August 15, 2014	US$2,000,000 ($2,187,200)	Nil	US$2,000,000 ($2,187,200)	$644,675.99	$493,287.28	Yes	Yes
DS Handling (gross sales royalty)	September 5, 2014	$1,000,000	Nil	$1,000,000	$182,636.55	Nil(4)	Yes	Yes and option exercised on September 25, 2015.
Lattice Biologics (gross sales royalty and secured convertible promissory note (5)(7))	September 12, 2014	US$2,000,000 ($2,215,800), plus a follow-on investment of US$200,000 ($243,890) and US$800,000 ($975,840). Advance under the promissory note was US$700,000	Nil	US$2,000,000 ($2,215,800), plus a follow-on investment of US$200,000 ($243,890) and US$800,000 ($975,840). Advance under the promissory note was US$700,000	$649,465.13, plus interest earned on the promissory note of $37,010.95	Nil(6)	Yes	Yes

Investee Company and Nature of Interest Acquired by the Company	Date of Completion of First Investment	Investment Amount / Acquisition Cost	Transaction Costs Capitalized in accordance with IFRS(1)	Accounting Valuation of Invested Amount at Time of Investment	Royalty, Interest or Other Payments Earned by the Company during the Year ended December 31, 2015	Royalty, Interest or Other Payments Earned by the Company during the 9 months ended September 30, 2016	Minimum Monthly Payments(2)	Buyout / Buydown Options
		($916,860), US$150,000 ($208,554) and US$100,000 ($131,700)		($916,860), US$150,000 ($208,554) and US$100,000 ($131,700)				
BG Furniture (gross sales royalty and secured convertible promissory note(8))	October 17, 2014	$750,000 plus a follow-on investment of $200,000 and $550,000. Advances under the promissory note were $695,000	Nil	$750,000 plus a follow-on investment of $200,000 and $550,000. Advances under the promissory note were $695,000	$109,206.95, plus interest earned on the promissory note of $1,326.96	$9,375.02(6)	Yes	Yes
APO Group (gross sales royalty)	October 17, 2014	$1,000,000	Nil	$1,000,000	Nil	Nil	Yes	Yes
MEDD (gross sales royalty and secured convertible promissory note(5)(9))	October 31, 2014	US$2,000,000 ($2,261,400). Advance under the promissory note was US$500,000 ($683,650)	Nil	US$2,000,000 ($2,261,400). Advance under the promissory note was US$500,000 ($683,650)	$519,261.79	$410,435.68, plus interest earned on the promissory note of $94,636.49	Yes	Yes
Switch Video (gross sales royalty)	November 21, 2014	$500,000 plus a follow-on investment of $410,000	Nil	$500,000 plus a follow-on investment of $410,000	$124,999.87	$93,750.02	Yes	Yes
WATCH IT! (gross sales royalty and secured convertible term gross sales royalty(10))	February 25, 2015	$1,000,000 plus a follow-on investment of $1,000,000. Advance under the convertible short term royalty was $1,000,000	Nil	$1,000,000 plus a follow-on investment of $1,000,000. Advance under the convertible short term royalty was $1,000,000	$349,308.75	$427,798.38	Yes(11)	Yes
Interiormark (gross sales royalty)	March 20, 2015	US$1,750,000 ($2,217,600) plus a follow-on investment of US$150,000 ($185,550)	Nil	US$1,750,000 ($2,217,600) plus a follow-on investment of US$150,000 ($185,550)	$443,858.17	$441,663.27	Yes	Yes
Humble Abode (secured gross sales royalty and secured convertible term gross sales royalty(10))	March 31, 2015	US$550,000 ($701,800) plus a follow-on investment of US$450,000 ($558,540). Advance under the convertible short term royalty was US$400,000 ($567,280)	Nil	US$550,000 ($701,800) plus a follow-on investment of US$450,000 ($558,540). Advance under the convertible short term royalty was US$400,000 ($567,280)	$211,861.28, plus interest earned on the promissory note (rolled into the convertible short term royalty) of $86.50	$303,415.72	Yes	Yes

Investee Company and Nature of Interest Acquired by the Company	Date of Completion of First Investment	Investment Amount / Acquisition Cost	Transaction Costs Capitalized in accordance with IFRS(1)	Accounting Valuation of Invested Amount at Time of Investment	Royalty, Interest or Other Payments Earned by the Company during the Year ended December 31, 2015	Royalty, Interest or Other Payments Earned by the Company during the 9 months ended September 30, 2016	Minimum Monthly Payments(2)	Buyout / Buydown Options
Dove Cleaners (gross sales royalty and secured convertible promissory note(5))	April 29, 2015	$1,300,000 plus a follow-on investment of $200,000. Advance under the promissory note was $50,000	Nil	$1,300,000 plus a follow-on investment of $200,000. Advance under the promissory note was $50,000	$229,032.24, plus interest earned on the promissory note of $145.83	Nil(6), plus interest earned on the promissory note of $4,854.17	Yes	Yes
Expert Home (gross sales royalty)	April 30, 2015	$1,560,000	Nil	$1,560,000	$260,000.00	$307,317.86	Yes	Yes
Manifest (gross sales royalty)	June 29, 2015	$250,000, plus a follow-on investment of $250,000	Nil	$250,000, plus a follow-on investment of $250,000	$54,267.44	$93,749.94	Yes	Yes
TruGolf (gross sales royalty)	June 30, 2015	US$1,000,000 ($1,246,900)	Nil	US$1,000,000 ($1,246,900	$166,354.14	$246,641.63	Yes	Yes
Medallion (gross sales royalty)	August 26, 2015	US$2,000,000 ($2,664,000)	Nil	US$2,000,000 ($2,664,000)	$195,072.84	$435,344.40	Yes	Yes
Agnity (gross sales royalty and unsecured convertible promissory note(5))	October 30, 2015	US$2,000,000 ($2,625,400). Advance under the promissory note was US$750,000 ($984,525) (12)	Nil	US$2,000,000 ($2,625,400). Advance under the promissory note was US$750,000 ($984,525)	$113,304.18, plus interest earned on the promissory note of $20,113.70	$493,283.37, plus interest earned on the promissory note of $91,981.23	Yes	Yes
CompGen (secured gross sales royalty and secured term gross sales royalty(13))	December 4, 2015	US$3,000,000 ($4,016,100) and a short term royalty facility of up to US$2,500,000, of which US$2,190,000 ($2,944,393) has been drawn	Nil	US$3,000,000 ($4,016,100) and a short term royalty facility of up to US$2,500,000, of which US$2,190,000 ($2,944,393) has been drawn)	$78,129.03	$288,797.24, plus interest earned on the promissory note (rolled into the convertible short term royalty) of $5,411.45(14)	Yes	Yes
Westlake (gross sales royalty)	December 4, 2015	US$2,000,000 ($2,677,400) (15)	Nil	US$2,000,000 ($2,677,400)	$52,086.44	$168,850.01(14)	Yes	Yes
SPCS (gross sales royalty(16))	December 8, 2015	US$2,000,000 ($2,723,200) plus a follow-on investment of US$100,000 ($131,700)	Nil	US$2,000,000 ($2,723,200) plus a follow-on investment of US$100,000 ($131,700)	$44,644.45	$441,364.74	Yes	Yes

Notes:

(1) Certain transaction costs which were not otherwise reimbursed by the investee companies on Grenville's initial investments were capitalized by Grenville in accordance with IFRS. All transaction costs on subsequent investments were reimbursed by the applicable investee companies.

(2) 92.46% of Grenville's total invested capital is subject to a requirement by the applicable investee company to pay the greater of a pre-defined minimum monthly amount or the applicable royalty rate based on the investee company's revenue for the immediately

preceding month.

(3) On August 31, 2016, this loan was fully repaid. As the loan was repaid earlier than anticipated, there was a $98,679 gain realized.

(4) No payments were earned under this royalty agreement during the 9 months ended September 30, 2016 as the agreement was bought out during the year ended December 31, 2015.

(5) The Company has an option to convert any unpaid balance on or after the maturity date into an additional royalty interest pursuant to and in accordance with the terms of the existing royalty agreement between the parties.

(6) Royalty income or other payments earned by this company will be recorded when received.

(7) As part of the advance, the Company has been granted a warrant to purchase 500,000 common shares at an exercise price of $0.60 exercisable for a period of 24 months.

(8) The Company has an option to convert any unpaid balance on or after the maturity date into an additional royalty interest or Series A convertible preferred shares pursuant to and in accordance with the terms of the existing agreements between the parties.

(9) As of the period starting October 1, 2016, royalty income and other payments earned by the Company from this investee company will be recorded when received.

(10) The Company has an option to convert the short term royalty on or after the maturity date into an additional royalty interest pursuant to and in accordance with the terms of the existing traditional royalty agreement between the parties.

(11) Only the advance under the secured convertible term royalty agreement is subject to a monthly minimum payment amount.

(12) The option to convert the convertible promissory note and accrued interest into additional royalty interest was exercised on October 27, 2016. On the same date, the royalty agreement became fully secured.

(13) The Company does not have the option to convert any unpaid balance on or after the maturity date into an additional royalty interest pursuant to and in accordance with the terms of the existing royalty agreement between the parties.

(14) As of the period starting April 30, 2016, royalty income and other payments earned by the Company from this investee company will be recorded when received.

(15) Pursuant to the terms of the agreement, US$1,000,000 of the US$2,000,000 investment in this company was redeemed in September 2016.

(16) As of the period starting September 1, 2016, royalty income and other payments earned by the Company from this investee company will be recorded when received.

Since the first Contract Buyout in July 22, 2015, the Company has closed five Contract Buyouts. For these Contract Buyouts, the table below discloses: (a) the aggregate investment amount; (b) the date of the Contract Buyout; (c) the gross amount received and the net amount; (d) the realized gain on the Contract Buyout; (e) the cumulative cash generated including the royalty payments by the investment over the life of the investment; and (g) cash on cash return as of the date hereof is as follows:

Investee Company	Date of Contract Buyout	Aggregate Investment Amount	Gross Amount Received	Net Amount Received	Gains realized on Contract Buyout (1)	Cumulative cash generated over the life of the investment	Cum. Cash / investment amount
Wmode	July 23, 2015	$1,000,000	$2,783,010	$2,783,010	$1,783,010	$3,147,358	3.15
DS Handling	September 25, 2015	$1,000,000	$1,387,500	$1,387,500	$387,500	$1,650,268	1.65
INOVx	October 6, 2015	US$2,000,000 ($2,137,000)	$2,279,725	$2,247,158	$(11,089) (2)	$2,722,238	1.27
Above Security	October 20, 2015	$3,000,000	$6,000,000	$5,700,000	$2,700,000	$6,453,861	2.15
4Tell	November 17, 2015	US$1,000,000 ($1,090,215)	$1,444,377	$1,444,377	$377,862(2)	$1,855,519	1.70

(1) These amounts are based using the principles of IFRS 9.

(2) These amounts include foreign exchange gains of $422,898 and $264,285 respectively realized when the royalty agreement was Bought Out.

The Pliteq investment was fully repaid on August 31, 2016. The investment generated cash of $500,000 since the start of the investment being two times the original investment amount. At the start of the investment the anticipated term was 48 months but as the investment was fully repaid within 36 months, a $98,679 gain was realized.

OUTLOOK

The Company has invested more than $63 million of capital in 31 portfolio companies, earned Adjusted EBITDA (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) of $15.3 million since inception in July 2013 and has generated Free Cash Flow (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) of $8.2 million since July 2014. The Company is building a balanced and diversified portfolio based on a pricing level of 25% with Contract Buyout potential with the purpose of generating sustainable Free Cash Flow (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition). Contract Buyouts will continue to form a meaningful part of the Company's annual revenue stream and Free Cash Flow (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition). The capital returned from Contract Buyouts represents the cheapest form of capital for growth. However, given their nature, the timing of Contract Buyouts and buydowns will be more irregular than the monthly royalty payments received by the Company. The Company plans to make investments in certain industries where there are a higher likelihood of Contract Buyouts. Offsetting the Contract Buyouts, the Company has experienced losses and underperforming investments which management anticipates will continue in the future which is consistent with expectations for an SME portfolio. The Company plans to mitigate investment losses and underperforming investments by designing a portfolio through diversification. The core of the portfolio has reached a scale at which it is generating positive Free Cash Flow (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) and Adjusted EBITDA (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition).

Grenville's royalty agreements with its portfolio companies generated Adjusted EBITDA (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) to the Company of approximately $1.4 million for the three-month period ended September 30, 2016 and $3.5 million for the nine-month period ended September 30, 2016. As of November 15, 2016, the Company estimates the royalty payment income and interest earned for October 2016 will be $0.6 million which while lower than the run rate for the third quarter of 2016, is still sufficient to generate an estimated $0.1 million of Free Cash Flow (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) and $0.4 million of Adjusted EBITDA (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) in the month.

Based on information available as of November 15, 2016, management believes that there are a number of investments in the Above Target category that may represent Contract Buyout opportunities in the next few quarters. There is no change in the guidance provided in the MD&A as of August 29, 2016 and the Company believes that the potential gross amount that could be received from these Contract Buyouts is up to $9 million. If the amounts that the Company believes are possible, this would significantly increase Adjusted EBITDA (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) up to $5 million and Free Cash Flow (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) up to $4 million. Including the cash balance as of November 15, 2016, of $7.3 million, the available capital for investment in new companies would be up to $16.3 million. Given the nature of Contract Buyouts, the timing and the amount of Contract Buyouts are uncertain and any estimates included here may vary either positively or negatively.

Operating expenses (excluding share-based payment expense) for Q3 2016, were approximately $0.26 million per month and are estimated to be in the range of $2.4 million to $3.0 million on an annualized basis in Q4 2016.

Grenville's unique capital offering continues to fill an expansive niche in the North American small to medium sized enterprise, growth-capital markets. With continued access to funding accretive to shareholder value, management is confident the Company will be able to add new portfolio companies to its existing portfolio holdings. Each new portfolio company added will further diversify and strengthen Grenville's existing portfolio balance. Management also believes that the revenue contribution per portfolio-company added will be priced at roughly the same rate as existing companies within the portfolio.

SUMMARY OF QUARTERLY RESULTS

The following table provides selected unaudited financial information for each quarter since Grenville commenced operations.

	Three months ended Sept. 30, 2016	**Three months ended June 30, 2016**	**Three months ended March 31, 2016**	**Three months ended Dec. 31, 2015**	**Three months ended Sept. 30, 2015**	**Three months ended June 30, 2015**	**Three months ended March 31, 2015**	**Three months ended Dec. 31, 2014(1)**
Royalty payment and interest income	$ 2,044,058	$ 2,072,520	$ 2,581,429	$ 2,481,828	$ 2,364,807	$2,093,571	$ 1,505,040	$ 1,378,885
Realized gains on Contract Buyouts	98,679	-	-	3,063,594	2,196,642	-	-	-
Non-cash foreign exchange and fair value changes	(3,014,279)	(806,146)	(5,451,255)	(4,643,169)	2,026,463	(397,317)	1,235,347	-
Other income	17,039	24,198	36,559	62,545	43,124	57,173	37,529	156,361
Total revenue	**$ (834,503)**	**$ 1,290,572**	**$ (2,833,267)**	**$ 964,798**	**$ 6,631,036**	**$1,753,427**	**$ 2,777,916**	**$ 1,535,246**
Total profit /(loss) for the period	(1,690,843)	(633,250)	(3,190,773)	(671,616)	4,021,100	468,891	1,348,912	(80,461)

attributable to shareholders								
Basic earnings / (loss) per share	(0.0159)	(0.0060)	(0.0306)	(0.0067)	0.0407	0.0051	0.0200	(0.0014)
Diluted earnings /(loss) per share	(0.0159)	(0.0060)	(0.0306)	(0.0067)	0.0330	0.0051	0.0168	(0.0014)

(1) The Company adopted IFRS 9 effective January 1, 2015 and has elected not to restate the 2014 or earlier period's numbers using IFRS 9 meaning that the information presented for 2014 is not comparable to the information presented for later periods under IFRS 9.

The increase in royalty payment income from the three-month period ended September 30, 2014 through to the three-month period ended March 31, 2016 was due to the increasing portfolio balance resulting from $62,974,572 in new royalty agreements acquired. The lower royalty payment income for the three-month period ended June 30, 2016 and the three-month period ended September 30, 2016 arose due to not accruing income on underperforming investments. There were aggregate realized gains (including foreign exchange gains) on Contract Buyouts of $5,260,236 resulting from $8,227,215 of investments which have been Bought Out. For most quarters, the operating results have improved as a result of increased revenues. There were no discontinued operations in any of the periods.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2016, the Company's capital resources were $38,243,394, made up as follows:

106,284,614 common shares	$ 50,252,273
Contributed surplus	613,677
Equity component of the convertible debentures	558,831
Accumulated Deficit	(13,181,387)

At December 31, 2015, there were 5,718,477 share purchase warrants outstanding with an exercise price of $0.42 with an expiry date of February 19, 2016. Between January 1, 2016 and the expiry date of the share purchase warrants, 5,443,456 warrants were exercised and proceeds of $2,286,407 were received.

A summary of all the offerings and details of the use of proceeds is in the following table:

Offering	Closing Date	Gross Proceeds	Net Proceeds	Amount used to acquire royalty agreements as of November 15, 2016	Amount yet to be used as of November 15, 2016
20 million special warrants exercisable into common shares @ $0.50 per special warrant	March 27, 2014	$10,000,000	$9,051,436	$9,051,436	-
17,250,000 8% convertible unsecured subordinated debentures	July 10, 2014	$17,250,000	$15,905,455	$15,905,455	-
19,828,300 common shares @ $0.58 per share	February 26, 2015	$11,500,414	$10,517,207	$10,517,207	-
17,250,000 common shares @ $0.80 per share	May 7, 2015	$13,800,000	$12,811,549	$12,811,549	-

Starting in March 15, 2015 and up to October 15, 2016, the Company paid a monthly dividend. The dividends paid from March 15, 2015 to October 15, 2016 were $9,310,468. All dividend payments came from accumulated and available Free Cash Flow (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition). On October 18, 2016, the Company announced a suspension of the monthly dividend to allow the Free Cash Flow (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) to be invested in the portfolio.

The Company's cash position at September 30, 2016 was $7,785,564 of which all was available to fund the business and acquire royalty agreements. All cash was held in short-term, high-quality liquid investments. The Company is satisfied that it has sufficient cash resources to meet all current obligations. The Company's cash position at November 15, 2016 is approximately $7.3 million and for the foreseeable future, growth will be financed through Free Cash Flow (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) generated from royalty payment income, capital from Contract Buyouts and co-investments with joint venture partners.

WORKING CAPITAL

Grenville's working capital at September 30, 2016 and December 31, 2015 was made up as follows:

	September 30, 2016	December 31, 2015
Cash and cash equivalents	$ 7,785,564	$ 16,897,331
Promissory note receivable – current portion	3,260,609	2,713,879
Royalty agreement acquired – current portion	1,364,634	1,264,541
Prepaid expense	113,681	70,885
Income tax recoverable	412,721	-
Accounts payable and accrued expenses	(626,723)	(882,181)
Dividend payable	(442,144)	(587,448)
Finance lease liability – current portion	(3,306)	(3,166)
Income tax payable	-	(1,548,438)
Total	**$ 11,865,036**	**$ 17,925,403**

The Company believes that it is able to meet all of its obligations as they become due. A summary of the contractual and other obligations as at September 30, 2016 were:

Contractual obligation	Total	Less than 1 year	1-4 years	5 years
Accounts payable and accrued liabilities	$ 626,723	$ 626,723	$ -	$ -
Dividend	442,144	442,144	-	-
Convertible debenture	17,250,000	-	17,250,000	-
Finance lease payments	10,618	3,306	7,312	-
Payments under an operating lease	165,120	152,418	12,702	-
Total	**$ 18,494,605**	**$ 1,224,591**	**$ 17,270,014**	**$ -**

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Before January 1, 2015 the Company classified and measured subsequently all financial instruments at amortized cost except for cash and cash equivalents. From January 1, 2015, following the adoption of IFRS 9, the Company classified and measured subsequently all financial assets at fair value through profit and loss and financial liabilities such as accounts payable and the convertible debentures continue to be classified and measured at amortized cost.

As at September 30 2016, the maximum credit exposure for the royalty agreements acquired and promissory notes receivable was $43,540,429 (December 31, 2015: $46,449,356). The Company has foreign currency exposures to United States dollars. The transaction exposure will be minimized by converting all foreign currency to Canadian dollars immediately. The Company is aware that a translation exposure exists and will continue to monitor the impact on its reported results and take the required hedging action when management considers it necessary. The foreign exchange exposure at September 30, 2016 was 29,011,406 United States dollars representing 69.0% of total assets.

Since January 1, 2015, as noted above, the Company classified and measured subsequently all financial assets at fair value through profit and loss. The fair value of the royalty agreements acquired and promissory notes receivable by the Company are estimated by the Company by discounting expected future cash flows using a discount rate that includes a weighted average cost of capital using variables from the industry in which each investee company operates and company specific risk factors. Future cash flows are weighted by the Company by using a combination of a probability approach and a terminal value approach, and the fair value for each investment is individually calculated by discounting estimated future cash flows using a discount rate that takes into account the size of the investee, term, credit risk and changes in market conditions. The change in fair value that was recognized in the total comprehensive income (loss) for the three-month period ended September 30, 2016 was a loss of $3,461,018 and a loss of $6,991,329 for the nine-month period ended September 30, 2016.

Cash and cash equivalents are classified as subsequently measured at fair value through profit or loss. All cash and cash equivalents were invested in short-term high quality liquid investments. In the opinion of management these measures ensure that the Company is not exposed to material credit or liquidity risks on these cash and cash equivalent balances. The cash and cash equivalent balances at September 30, 2016 were $7,785,564 (December 31, 2015: $16,897,331).

The Company has sufficient cash available to settle all liabilities when due. The Company expects that there is sufficient cash available to meet all working capital requirements for at least the next twelve months. The fair value of accounts payable and accrued liabilities approximates their carrying value due to their short-term maturity. The fair value of the convertible debentures is based on valuation techniques taking into account trading values, market rates of interest, the current conditions in credit markets and the current estimated credit margins applicable to the Company based on similar issues.

The Company does not hold any financial derivatives at September 30, 2016 or during the nine-month period ended September 30, 2016 either for hedging or speculative purposes.

COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2016, Grenville had no commitments for material capital expenditures, no contingencies and no off-balance sheet arrangements.

As at September 30, 2016, the only material contractual obligations were the convertible debentures (see Liquidity and Capital Resources) and the payments of $165,120 under the lease agreement for the Company's office in Toronto.

TRANSACTIONS BETWEEN RELATED PARTIES

Compensation of key management personnel

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Short-term employee benefits	$ 222,426	$ 276,181	$ 792,921	$ 588,470
Share-based payments	67,556	52,551	126,059	91,225
Consultancy fees	61,371	40,000	102,829	113,750
Contract payment	-	-	675,000	-
Total	**$ 351,353**	**$ 368,732**	**$ 1,696,809**	**$ 793,445**

Effective April 26, 2016, Mr. William R. Tharp the former Chief Executive Officer and President of the Company ceased to hold the offices of Chief Executive Officer and President of the Company. In accordance with the terms of Mr. Tharp's employment agreement, the Company paid Mr. Tharp the sum of $675,000 in connection with his departure from the Company.

INTERNAL CONTROL OVER FINANCIAL REPORTING

As the Company grows, it will continue to enhance the internal controls over financial reporting.

LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

Management is required to make estimates when preparing the financial statements. Estimates may include the cash flows for royalty agreements acquired throughout the agreement including the probability of each stream of cash flows, estimates used for components of the discount rate which are used for measuring fair values, share-based payments, deferred income tax assets and before January 1, 2015 impairment of financial assets.

The terms of the royalty agreements provide that payments are made by investee companies and the Company had 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 on the basis that each royalty agreement contains one or more of the following terms: (i) a right in favour of the investee company to buydown or Contract Buyout part or all of the Company's royalty in exchange for a principal payment that, when combined with royalty payments made to the date of the buydown or Contract 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. The term of the agreement is normally perpetual and the royalty amount received can be dependent on the revenues of the investee. As a result, uncertainties exist as to how long the agreements will exist and the royalty payment income that will be received throughout the agreement. The Company has to estimate the expected cash flows based on the Company's experience of such investments, the terms of the agreement and the investee's historical cash flows. 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 that 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.

Effective January 1, 2015, Grenville classifies and measures all royalty agreements acquired and promissory notes receivable at fair value through profit and loss. The Company determines the fair value 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 calculated. 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 arising under the agreement, 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.

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.

RECENT ACCOUNTING DEVELOPMENTS

The Company has adopted IFRS from incorporation as required by the Accounting Standards Board of the Canadian Institute of Chartered Accountants. The Company adopted IFRS 9 *Financial Instruments* effective January 1, 2015 but as permitted by the transitional provisions of IFRS 9, the Company has not restated any of the financial periods prior to January 1, 2015. The IASB has issued a collection of amendments as part of its annual project "Improvements to IFRSs." They are not expected to have a material impact on the presentation of the Company's financial position or results of operations.

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which addresses the recognition of revenue. The new standard is not expected to be in scope for the Company revenues generated from financial instruments. However, the new standard will be in scope for revenues generated under license agreements which the Company completed in October 2016.

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 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.

OUTSTANDING SHARES

The Company is authorized to issue an unlimited number of common shares, without nominal or par value, and no other classes of shares. As of November 15, 2016, there were issued and outstanding: (a) 106,284,614 Common Shares; (b) 8,251,717 options under the company's stock option Plan to acquire 8,251,717 common shares, at a weighted average exercise price of $0.6378; and (c) convertible debentures at a conversion price of $0.92 (or a conversion rate of 1,086.9565 common shares for each $1,000 principal amount of debentures) which, if converted into common shares at that price, would result in the issuance of 18,750,000 common shares.

RISK FACTORS

An investment in the Company's securities should only be considered by those investors who can afford a total loss of their investment. The risks presented below should not be considered to be exhaustive and may not represent all of the risks that the Company may face. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the Company's business operations. If any of the risks described below or in the Company's other public filings occur, the Company's business, financial condition, results of operation or prospects could be materially adversely affected and the Company's ability to satisfy its obligations, pay dividends or continue as a going concern could be threatened.

Dependence on the Performance of Investee Companies

The Company will be dependent on the operations, assets and financial health of the SMEs from which royalties are purchased. The ability to meet operating expenses in the long-term will be largely dependent on the royalty payments received from investee companies and realized gains on Contract Buyouts which will be the primary sources of cash flow. Royalty payments from investee companies will generally be based on a percentage of such companies' top line revenues. Accordingly, if the financial performance of an investee company declines, cash payments to the Company will likely decline. The failure of any investee company to fulfill its royalty payment obligations could adversely affect the Company's results of operations, prospects or cash flow and could threaten the Company's business, financial condition, ability satisfy its obligations, pay dividends or continue as a going concern. The Company conducts due diligence on each of its investee companies prior to entering into agreements with them and monitors investee company activities by receiving and reviewing regular financial reports. Nonetheless, there is a risk that there may be some liabilities or other matters that are not identified through the due diligence or ongoing monitoring that may have an adverse effect on an investee company's business, and this could have a material adverse impact on the Company's business, financial condition, results of operations or prospects and could threaten the Company's ability to satisfy its obligations, pay dividends or continue as a going concern.

Limited Number of Investee Companies and Concentration Risk

The Company has purchased royalties from a small number of investee companies to date. While the intention is to purchase a large number of royalties from companies in different industry sectors, it will take time to attain such diversification, if such diversification can be achieved at all. Until such time as diversification is achieved, the Company may have a significant portion of its assets dedicated to a single business sector or industry. In the event that any such business or industry is unsuccessful or experiences a downturn, this could have a material adverse effect on the Company's business, financial condition, and results of operations or prospects and could threaten the Company's ability to satisfy its obligations, pay dividends or continue as a going concern.

As at the date of this MD&A, the Company's top five investments represent approximately 40% of the Company's invested capital and 42% of the Company's monthly royalty income. The largest of these investments is CompGen, which represents approximately 13.8% of the Company's invested capital and US$108,125, or 15.3%, of the Company's monthly royalty revenue. Any significant downturn or loss in any one or more of these investee's business, financial condition or the industry in which it operates could have a material adverse effect on the Company's business, financial condition, results of operations or prospects and could threaten the Company's ability to satisfy its obligations, pay dividends or complete additional financings or continue as a going concern.

Limited Control Over Investee Company Management

Although the royalty purchase agreements do contain approval rights in the Company's favour in respect of certain fundamental transactions involving its investee companies, the Company does not have significant influence or control over any of the investee companies or their operations as the Company does not mandate board representation as a condition to investment. Royalty payments received from the investee companies therefore depend upon a number of factors that may be outside of the Company's control.

Risk of Payment Defaults under Royalty Agreements

While the Company believes that the Company has structured, and will continue to structure, the royalty purchase agreements in such a way as to encourage payment of royalties and discourage default, there is no guarantee that investee companies will not default on their royalty payment obligations as a result of business failure, obligations to shareholders, obligations to lenders or to other investors or stakeholders, or that on the occurrence of a default by an investee company the Company will be able to recover all or any of the investment. Such failure could have a material adverse effect on the Company's business, financial condition, results of operations or prospects and could threaten the Company's ability to satisfy its obligations or pay dividends. In addition, because the Company has structured, and generally intends to structure, its investments in investee companies on an unsecured or subordinated security basis, the Company's rights, including payment rights, will be subordinate to the rights of senior lenders of investee companies and other parties holding security interests against investee companies.

Volatility of Share Price

Securities markets throughout the world are cyclical and, over time, tend to undergo high levels of price and volume volatility. A publicly traded company will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Company's listed securities will trade cannot be predicted. The market price of the Company's listed securities could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the results of any public announcements the Company makes, general economic conditions, and other factors. Increased levels of volatility and resulting market turmoil may adversely impact the price of the Company's listed securities. If as the Company expects, the Company is required to access capital markets to carry out its development objectives, the state of domestic and international capital markets and other financial systems could affect the Company's access to, and cost of, capital. Such capital may not be available on terms acceptable to the Company or at all, and this could have a material adverse impact on the Company's business, financial condition, results of operations or prospects and could threaten the Company's ability to satisfy its obligations, pay dividends or continue as a going concern.

Financing Risks

The Company does not have any history of significant earnings and due to the nature of the Company's business, there can be no assurance that the Company will be profitable. While the Company may generate additional working capital through equity or debt offerings or through the receipt of royalty payments from the Company's investee companies, there is no assurance that such funds will be sufficient to facilitate the development of the Company's business as currently planned or, in the case of equity financings, whether such funds will be available on terms acceptable to us or at all.

Outstanding Debt

Certain features of the Company's outstanding debt could adversely affect the Company's ability to raise additional capital, fund operations or pay dividends, could expose the Company to interest rate risks or limit the Company's ability to react to changes in the economy and its industry, or could prevent the Company from meeting certain of its business objectives. In addition, any conversion of interest or principal on the Company's outstanding debt into common shares of the Company will dilute the interests of existing shareholders.

Dilution

The Company anticipates that it will be required to conduct additional equity financings in order to finance additional royalty purchases and develop the Company's business as currently planned. Any further issuance of equity shares pursuant to such equity financings will dilute the interests of existing shareholders, and existing shareholders will have no pre-emptive rights in connection with any such future issuances.

Early Stage of Development

The Company is an early stage company. There will be limited financial, operational and other information available with which to evaluate the Company's prospects. There can be no assurance that the Company's operations will be profitable in the future or will generate sufficient cash flow to satisfy the working capital requirements. In addition, as an early stage company the Company may not yet have all of the skills or personnel necessary to properly analyze and value royalty opportunities.

Ability to Negotiate Additional Royalty Purchases

A key element of the Company's growth strategy involves purchasing additional royalties from new investee companies. The Company's ability to identify investee companies and acquire additional royalties is not guaranteed. Achieving the benefits of future investments will depend in part on successfully identifying and capturing such opportunities in a timely and efficient manner and in structuring such arrangements to ensure a stable and growing stream of revenues.

Ability to Manage Future Growth

The ability to achieve desired growth will depend on the Company's ability to identify, evaluate and successfully negotiate royalty purchases from investee companies. Achieving this objective in a cost-effective manner will be a product of the Company's sourcing capabilities, the management of the investment process, the ability to provide capital on terms that are attractive to potential investee companies and the Company's access to financing on acceptable terms. As the Company grows, the Company will also be required to hire, train, supervise and manage new employees. Failure to effectively manage any future growth or to successfully negotiate suitable royalty purchases could have a material adverse effect on the Company's business, financial condition, and results of operations or prospects and could threaten the Company's ability to satisfy its obligations, pay dividends or continue as a going concern.

Exercise of Buyout Option

Some of the royalty purchase agreements with investee companies contain or will contain buyout options which allow investee companies to repurchase royalties for a set price. While the buyout provision is designed to produce enhanced returns, if the Company has miscalculated the value of a buyout option relative to the ongoing value of a lost royalty stream, the return on an investment may be lower than expected, which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects and could threaten the Company's ability satisfy its obligations or pay dividends. In addition, if the lost royalty stream is not replaced with a new royalty stream on a timely basis, there will be a reduction in the Company's revenues in the financial periods following the exercise of the buyout which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects and could threaten the Company's ability satisfy its obligations or pay dividends.

Risks Facing Investee Companies

As previously noted, the financial condition and results of operations will be affected by the performance of the SMEs in which the Company invests capital through royalty purchases. Each investee company will also be subject to risks which will affect their financial condition. Given that the Company is not privy to all aspects of the businesses in which we will make future investments, it is impossible to predict exactly what risks investee companies will face. Nonetheless, the Company expects that typical risks which SMEs might face include the following:

- Investee companies may need to raise capital through equity or debt financing. Such equity or debt may impair the ability of the investee companies to finance their future operations and capital needs. Flexibility to respond to changing business and economic conditions and to business opportunities may thereby be limited.
- The success of the Company's investee companies may depend on the management talents and efforts of one or two persons or a small group of persons. The death, disability or resignation of one or more of these persons could have a material adverse impact on an investee company.
- Investee companies may require additional working capital to carry out their business activities and to expand their businesses. If such working capital is not available, the financial performance and development of the businesses of the investee companies may be adversely affected.
- Damage to the reputation of the brands of the investee companies could negatively impact consumer opinion of those companies or their related products and services, which could have an adverse effect on their businesses.
- Investee companies may face intense competition, including competition from companies with greater financial and other resources, more extensive development, manufacturing, marketing, and other capabilities. There can be no assurance that the investee companies will be able to successfully compete against their competitors or that such competition will not have a material adverse effect on their businesses.
- Investee companies may experience reduced revenues with the loss of a customer representing a high percentage of their monthly revenues.
- Investee companies may experience reduced revenues due to an inability to meet regulatory requirements, or may experience losses of revenues due to unforeseeable changes in regulations imposed by various levels of government.
- Investee companies may rely on government or other subsidy programs for revenue or profit generation. Changes or elimination of such programs may have an adverse effect on the company.
- Investee companies may derive some of their revenues from non-Canadian sources and may experience negative financial results based on foreign exchange losses.

Joint Venture Relationships

The Company will be dependent on the performance of the joint ventures with both FGI and Darwin, which joint ventures are intended to enable the Company to scale its portfolio across a broader number of investment opportunities. The success of the joint ventures will be largely dependent on the Company's ability to successfully manage its joint venture relationships.

Impact of Regulation and Regulatory Changes

The Company and investees are subject to a variety of laws, regulations and guidelines in the jurisdictions in which the Company and investees operate and may become subject to additional laws, regulations and guidelines in the future in such jurisdictions. The financial and managerial resources necessary to ensure such compliance could escalate significantly in the future which could have a material adverse effect on the business, resources, financial condition, results of operations and cash flow of the Company and the investee companies and could threaten the Company's ability to satisfy its obligations, pay dividends or continue as a going concern. Such laws and regulations are also subject to change and it is impossible for us to predict the cost or impact of changes to such laws and regulations on its future operations.

PFIC Status for U.S. Investors

Generally, unfavourable rules may apply to U.S. investors who own and dispose of securities of a PFIC for any year during which the U.S. investor holds such securities (regardless of whether the company continues to be a PFIC), including, without limitation, increased tax liabilities under U.S. tax laws and regulations and additional reporting requirements. Specifically, if a non-U.S. entity is classified as a PFIC, any gain on disposition of securities of a PFIC and any "excess distribution" received by a U.S. holder would be: (i) deemed to have been earned rateably over the period such holder owns such securities: (ii) taxed at ordinary income tax rates; and (iii) subject to an interest charge for the deemed deferral in payment of the tax.

A non-U.S. entity will be a PFIC for any taxable year in which either (i) at least 75% of its gross income is passive income, or (ii) at least 50% of the value (determined on the basis of a quarterly average) of its assets is attributable to assets that produce or are held for the production of passive income.

The Company has not made, and does not expect to make, a determination as to whether it is or has ever been a PFIC. Consequently, there can be no assurance that the Company has never been a PFIC or will not become a PFIC for any tax year during which U.S. investors hold securities of the Company.

U.S. investors are urged to consult their own tax advisors regarding the possible application of the PFIC rules and the consequences of holding securities of the Company if the Company is treated as a PFIC for any taxable year in which a U.S. investor holds its securities.

Competition from Other Investment Companies

The Company competes with a number of private equity funds and mezzanine funds, investment banks, equity and non-equity based investment funds and other sources of financing, including the public capital markets. Some of the Company's competitors are substantially larger and have considerably greater financial resources than the Company does. Competitors may have a lower cost of funds and many have access to funding sources and unique structures that are not available to the Company. In addition, some of the competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments than the Company. Pressure from the Company's competitors may have a material adverse effect on the Company's business, financial condition, results of operations or prospects and could threaten the Company's ability to satisfy its obligations, pay dividends or continue as a going concern.

Impact of Quarterly and Annual Financial Reporting

There can be no assurance that the Company will be profitable on a quarterly or annual basis. The business strategies may not be successful. As a reporting company, the Company will be required to report financial results on an annual and quarterly basis. If the Company's business is not profitable, the market price of the Company's shares may decline.

Payment of Dividends

There is uncertainty with respect to future dividend payments by Grenville and the level thereof. Holders of the Company's common shares do not have a right to dividends on such shares unless declared by the Board of Directors of the Company. The declaration of dividends is at the discretion of the Board of Directors of the Company, even if the Company has sufficient funds, net of its liabilities, to pay such dividends, and the declaration of any dividend will depend on the Company's financial results, cash requirements, future prospects and other factors deemed relevant by the Board of Directors of the Company.

Currency Fluctuations

Certain of the Company's royalties may be paid and received in United States dollars and potentially other foreign currencies. The Canadian dollar relative to the United States dollar or other foreign currencies is subject to fluctuations. Failure to adequately manage foreign exchange risk could therefore adversely affect the Company's business, financial condition, results of operations or prospects and could threaten the Company's ability satisfy its obligations or pay dividends.

Reliance on Key Personnel

The Company's success will depend on the abilities, experience, efforts and industry knowledge of the Company's senior management and other key employees. The long-term loss of the services of any key personnel for any reason could have a material adverse effect on business, financial condition, results of operations or prospects and could threaten the Company's ability to satisfy its obligations, pay dividends or continue as a going concern. In addition, the growth plans may require additional employees, increase the demand on management and produce risks in both productivity and retention levels. The Company may not be able to attract and retain additional qualified management and employees as needed in the future. There can be no assurance that the Company will be able to effectively manage growth, and any failure to do so could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Conflicts of Interest

Certain of the Company's directors and officers will also serve as directors and/or officers of other companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such director may have a conflict of interest in accordance with the procedures set forth in applicable corporate legislation and under other applicable laws and could threaten the Company's ability to satisfy its obligations, pay dividends or continue as a going concern.

Effect of General Economic and Political Conditions

The Company's business, and the business of each of its investee companies, is subject to the impact of changes in national or North American economic conditions including, but not limited to, recessionary or inflationary trends, equity market conditions, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence. These economic conditions may be further affected by political events throughout the world that cause disruptions in the financial markets, either directly or indirectly. Adverse economic and political developments could have a material adverse effect on the business, financial condition, results of operations or prospects of the Company and is investee companies and could threaten the Company's ability to satisfy its obligations, pay dividends or continue as a going concern.

Sale of Common Shares by Existing Shareholders

If the Company's shareholders sell substantial amounts of the Company's shares in the public market, the market price of the Company's shares may decline.

Legal Proceedings

In the normal course of business, the Company may be subject to lawsuits, claims, regulatory proceedings, and litigation for amounts not covered by the Company's liability insurance. Some of these proceedings could result in significant costs, whether or not resolved in the Company's favour.

Analyst Reports

The trading price of the Company's common shares will be influenced by the research and other reports that industry or securities analysts publish about it, its business, its market or its competitors. If any of the analysts who cover the Company changes his or her recommendation regarding the Company's stock adversely, or provides more favourable relative recommendations about the Company's competitors, the Company's stock price would likely decline. If any analyst who covers the Company were to cease such coverage or fail to regularly publish reports on the Company, the Company could lose visibility in the financial markets, which in turn could cause the stock price or trading volume to decline.

Accounting Policies and Methods

The accounting policies and methods the Company utilizes determine how the Company reports its financial condition and results of operations, and they may require management to make estimates or rely on assumptions about matters that are inherently uncertain. Such estimates and assumptions may require revisions, and these changes may materially adversely affect the Company's business, financial condition, and results of operations or prospects. The Company has elected to adopt IFRS 9 as the Company believes that classification and measurement guidelines under IFRS 9 are more aligned with the Company's business model and the cash flow characteristics of the Company's financial assets. The most significant impact of the adoption of IFRS 9 has resulted in royalty agreements, loans receivable, acquired and accrued interest and royalty payments receivables being classified as subsequently measured at fair value through profit or loss rather than amortized cost. This change in classification primarily reflects the characteristics of the cash flows generated by these financial assets which are not solely made up of principal and interest. Changes in the fair value of royalty agreements and promissory notes are recognized in consolidated comprehensive income (loss) reflecting market conditions. As a result of the adoption of IFRS 9, the Company may have to amend the valuation of its investment in an investee company if the value of such investee company declines, which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

APPROVAL

The Board of Directors of the Company approved this MD&A on November 15, 2016.

ADDITIONAL INFORMATION

A copy of this MD&A, as well as additional information concerning the Company, is available on SEDAR at www.sedar.com.

DEFINITION OF NON-IFRS MEASURES

The following key performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative or replacement of net earnings or any other measure of performance under IFRS. These non-IFRS measures do not have any standardized meaning and may not be comparable to similar measures presented by other issuers. These non-IFRS measures will be found throughout this report and the definitions can be found below.

EBITDA refers to earnings determined in accordance with IFRS, before depreciation and amortization, net of gain or loss on disposal of capital assets, interest expense and income tax expense. EBITDA is used by Management and many investors to determine the ability of an issuer to generate cash from operations. Management believes EBITDA is a useful supplemental measure from which to determine the Company's ability to generate cash available for royalty investments, working capital, income taxes and dividends.

Adjusted EBITDA refers to EBITDA excluding items that are non-recurring in nature or will not have a cash impact in the immediate future. "Adjusted EBITDA" is calculated by adding back non-recurring charges and significant long-term unrealized gains or losses to EBITDA. Management deems non-recurring charges to be unusual and/or infrequent charges that the Company incurs outside of its common day-to-day operations. Management considers unrealized gains or losses from changes in fair value, unrealized foreign exchange differences on royalty agreements acquired and share-based payment expense as long term, unrealized, gains and losses and therefore included as an adjustment when determining Adjusted EBITDA. Adding back these adjustments allows management to assess EBITDA from ongoing operations. The following table reconciles EBITDA measures to IFRS measures reported in the consolidated statements of comprehensive income (loss) for the periods ended as indicated:

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Profit/(Loss) before income taxes	**$ (2,155,078)**	**$ 5,487,583**	**$ (7,271,883)**	**$ 7,983,974**
Depreciation	9,765	6,636	29,899	17,550
Financing expense	424,714	422,371	1,284,020	1,264,464
EBITDA/EBITDA (Loss)	**(1,720,599)**	**5,916,590**	**(5,957,964)**	**9,265,988**
Adjustments:				
Unrealized foreign exchange (gain)/loss on carrying amount of Royalty Agreements Acquired	(556,293)	(1,518,461)	2,130,334	(2,544,163)
Unrealized loss/(gain) on change in fair value of Royalty Agreements Acquired and Promissory Notes Receivable	1,718,761	(508,002)	5,249,072	(320,330)
Realized loss from investment write-off	1,840,936	-	1,840,936	-
Share-based payment expense	93,591	70,486	208,280	138,129
Adjusted EBITDA	**$ 1,376,396**	**$ 3,960,613**	**$ 3,470,658**	**$ 6,539,624**

(1) The Company adopted IFRS 9 effective January 1, 2015 and the 2015 numbers are presented using IFRS 9 meaning that the information presented for 2015 is comparable to the information presented for 2016 under IFRS 9.

Free Cash Flow refers to the amount of cash that is available to the Company as a result of operating activities. "Free Cash Flow" is calculated by deducting from net cash flows used for operating activities as presented in the consolidated statements of cash flows, the interest amount in financing expense, the movement in income tax payable during the period and adjusting for new investments, redemptions and Contract Buyouts for royalty agreements acquired and promissory notes receivable in the period. The following table reconciles the Free Cash Flow measure to IFRS measures reported in the audited consolidated financial statements:

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Net cash generated by/(used in) operating activities	**$ 1,609,618**	**$ 1,339,069**	**$ (5,895,932)**	**$ (10,067,120)**
Royalty agreements acquired – new investments	370,797	4,970,940	6,171,924	18,130,210
Royalty agreements acquired – redemptions	(1,305,724)	-	(1,303,472)	
Royalty agreements acquired – Contract Buyouts	-	(2,790,807)		(2,790,807)

Debenture interest paid	-	-	(690,000)	(690,000)
Interest payable – movement in period	(341,219)	(351,616)	(341,219)	(351,616)
Income tax recoverable / payable - movement in period	(169,480)	(512,783)	1,961,159	(633,595)
Free Cash Flow	**$ 163,992**	**2,654,803**	**$ (97,540)**	**3,597,072**

Average Royalty Payment Per Million Invested refers to the royalty payment income earned and the realized gains on Contract Buyouts during the period, converted into an annualized amount and by reference to a $1 million investment. This is used by management to monitor the performance of a royalty investment and the portfolio compared to the pre-determined target of $250,000 per million invested. The following table shows the calculation for each month since June 2015:

	Ref.	Jun-16	May-16	Apr-16	Mar-16	Feb-16	Jan-16	Dec-15	Nov-15	Oct-15	Sep-15	Aug-15	Jul-15	Jun-15
Royalty payment														
Interest income on loans														
Royalty payment income		664,806	670,012	635,820	841,647	813,114	847,092	1,058,250	698,618	700,029	756,073	711,930	720,256	747,748
Adjusted for royalty not received								(336,299)						
Principal payments														
Realized gain on contract buyouts									113,579	2,266,012	387,500	-	1,783,010	-
Total Royalty payment	**A**	664,806	670,012	635,820	841,647	813,114	847,092	721,951	812,197	2,966,041	1,143,573	711,930	2,503,266	747,748
Capital Deployed														
Starting balance		48,692,135	48,692,135	48,396,260	44,747,750	44,747,750	44,180,470	34,763,770	35,853,985	38,165,638	38,205,638	35,291,638	36,291,638	34,236,198
Royalty agreements acquired less buyouts				295,875	3,648,510	-	567,280	9,416,700	(1,090,215)	(2,311,653)	(40,000)	2,914,000	(1,000,000)	2,055,440
Ending balance		48,692,135	48,692,135	48,692,135	48,396,260	44,747,750	44,747,750	44,180,470	34,763,770	35,853,985	38,165,638	38,205,638	35,291,638	36,291,638
Average capital deployed*	**B**	**48,692,135**	**48,692,135**	**48,544,198**	**46,572,005**	**44,747,750**	**44,464,110**	**39,472,120**	**35,308,878**	**37,009,812**	**38,185,638**	**36,748,638**	**35,791,638**	**35,263,918**
Average royalty per $1m invested		**Apr-16**	**Apr-16**	**Apr-16**	**Mar-16**	**Feb-16**	**Jan-16**	**Dec-15**	**Nov-15**	**Oct-15**	**Sep-15**	**Aug-15**	**Jul-15**	**Jun-15**
((A*12)/B)*1,000,000		**163,839**	**165,122**	**157,173**	**216,863**	**218,053**	**228,614**	**219,482**	**276,032**	**961,704**	**359,373**	**232,475**	**839,280**	**254,452**
Analysis														
Royalty payment income		163,839	165,122	157,173	216,863	218,053	228,614	219,482	237,431	226,976	237,599	232,475	241,483	254,452
Realized gain on contract buyout		-	-	-	-			-	38,601	734,728	121,774	-	597,797	-
Total royalty income	C	**163,839**	**165,122**	**157,173**	**216,863**	**218,053**	**228,614**	**219,482**	**276,032**	**961,704**	**359,373**	**232,475**	**839,280**	**254,452**
Rolling 12 month average of total royalty income**														
Total royalty income (Ref C)		**336,501**	**344,052**	**351,440**	**358,215**	**362,036**	**364,222**	**365,477**	**367,780**	**365,317**	**304,685**	**295,025**	**295,039**	**246,835**

* Starting balance plus ending balance divided by 2

** Average of the sum of the current month and the previous 11 months.

Twelve-month total royalty income moving average represents the average of the royalty payment income and realized gains in the current month and the previous eleven months. The table directly above shows the calculation for each month since June 2015.

Weighted average royalty rate represents the applicable royalty rate, stipulated in the royalty agreement, weighted by the investment amount under each agreement over the aggregate investments. This is used by management to assess the portfolio compared to the pre-determined targets. The calculation is carried out on a transaction by transaction basis and weighted by the investment amount over the aggregate investments.

RECONCILIATION OF PREVIOUSLY REPORTED RESULTS

Reconciliation of previously reported results for the three-months period ended March 31, 2015, June 30, 2015 and September 30, 2015.

As discussed on page 4 of this MD&A, the Company adopted IFRS 9 effective January 1, 2015. The consolidated financial statements previously filed for the three-month periods ended March 31, 2015, June 30, 2015 and September 30, 2015 were not prepared using IFRS 9 and it is not the intention of the Company to refile financial statements for these three periods prepared under IFRS 9. The purpose of the schedule and reconciliation below is to present revised metrics for these three quarters as part of the transition to IFRS 9 in a manner consistent with this MD&A and the annual consolidated financial statements for the year ended December 31, 2015 so that the amounts shown can be used for comparison purposes in future periods.

	Three months ended March 31, 2015	Three months ended June 30, 2015	Three months ended September 30, 2015
a) Revenues			
Previously reported	**1,610,690**	**2,298,542**	**4,537,725**
Amounts reclassified to revenue			
Unrealized foreign exchange gain/(loss) on carrying amount of Royalty Agreements Acquired and Promissory Notes	1,235,347	(209,645)	1,518,461
New amounts recognized as revenue			
Part of royalty earned treated as principal payment	(76,688)	50,193	37,103
Income earned but previously recognized over the life of the royalty agreement	8,567	10,000	6,540
Unrealized gain/(loss) on change in fair value	-	(187,672)	508,002
Amounts no longer recognized as revenue			
Adjustment to carrying amount of royalty agreements as a result of revising estimated cash flows	-	(207,991)	23,207
Revised amounts	**2,777,916**	**1,753,427**	**6,631,038**
b) Profit / (Loss) for period			
Previously reported	**1,398,981**	**(25,716)**	**3,899,245**
*New amounts recognized in profit / (loss) for period **			
Part of royalty earned treated as principal payment	(56,366)	36,892	27,271
Income earned but previously recognized over the life of the royalty agreement	6,297	7,350	4,807
Unrealized gain/(loss) on change in fair value	-	(137,939)	373,381
*Amounts no longer recognized in profit / (loss) for period **			
Adjustment to carrying amount of royalty agreements as a result of revising estimated cash flows	-	(152,873)	17,057
Impairment provision	-	741,178	(300,662)
Revised amounts	**1,348,912**	**468,891**	**4,021,099**
c) EBITDA /EBITDA Loss			
Previously reported	**2,330,640**	**413,942**	**5,750,802**
*New amounts recognized in EBITDA for period ***			
Part of royalty earned treated as principal payment	(76,688)	50,193	37,103
Income earned but previously recognized over the life of the royalty agreement	8,567	10,000	6,540
Unrealized gain/(loss) on change in fair value	-	(187,672)	508,002
*Amounts no longer recognized in EBITDA ***			
Adjustment to carrying amount of royalty agreements as a result of revising estimated cash flows	-	(207,991)	23,207
Impairment provision		1,008,405	(409,064)
Revised amounts	**2,262,519**	**1,086,877**	**5,916,590**
d) Adjusted EBITDA /EBITDA Loss			
Previously reported	**1,125,132**	**455,295**	**4,326,034**
*New amounts recognized in Adjusted EBITDA ***			
Part of royalty earned treated as principal payment	(76,688)	50,193	37,103
Income earned but previously recognized over the life of the royalty agreement	8,567	10,000	6,540
*Amounts no longer recognized in Adjusted EBITDA ***			
Impairment provision		1,008,405	(409,064)
Revised amounts	**1,057,011**	**1,523,893**	**3,960,613**

* amounts are stated after an effective tax rate of 26.5%

** amounts are stated on a before tax basis.