F I N A N C I A L S T A T E M E N T S

For

ADVANCED MORTGAGE INVESTMENT CORPORATION

For the year ended

AUGUST 31, 2016

INDEPENDENT AUDITOR'S REPORT

To the shareholders of

ADVANCED MORTGAGE INVESTMENT CORPORATION

We have audited the accompanying financial statements of Advanced Mortgage Investment Corporation which comprise the statements of financial position as at August 31, 2016 and the statements of income and comprehensive income, changes in retained earnings (net deficit) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Advanced Mortgage Investment Corporation as at August 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
November 3, 2016.

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ADVANCED MORTGAGE INVESTMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2016

	2016	2015
ASSETS		
Cash	$ 17,270	$ 276,400
Mortgage investments (note 6)	3,421,327	1,222,274
Prepaid expenses	150	3,110
	$ 3,438,747	$ 1,501,784
LIABILITIES AND SHAREHOLDERS' EQUITY (NET DEFICIT)		
LIABILITIES		
Accounts payable and accrued liabilities (note 7)	$ 95,997	$ 82,638
Dividends payable	86,087	29,325
Preferred shares (note 8)	3,256,563	1,433,930
	3,438,647	1,545,893
SHAREHOLDERS' EQUITY (NET DEFICIT)		
Common shares (note 9)	100	100
Retained earnings (deficit)	-	(44,209)
	100	(44,109)
	$ 3,438,747	$ 1,501,784

Approved by the Board:

SHERI CREESE
. . . . Director

MICHAEL HAPKE
. . . . Director

(See accompanying notes)

ADVANCED MORTGAGE INVESTMENT CORPORATION

STATEMENT OF CHANGES IN RETAINED EARNINGS (NET DEFICIT)

YEAR ENDED AUGUST 31, 2016

	Common shares		Retained earnings	
	Number	Amount	(deficit)	Total
Balance at August 31, 2014	100	$ 100	$ (25,896)	$ (25,796)
Net loss and comprehensive loss for the year ended August 31, 2015	-	-	(18,313)	(18,313)
Balance at August 31, 2015	100	100	(44,209)	(44,109)
Net income and comprehensive income for the year ended August 31, 2016	-	-	44,209	44,209
Balance at August 31, 2016	100	$ 100	$ -	$ 100

(See accompanying notes)

ADVANCED MORTGAGE INVESTMENT CORPORATION

STATEMENT OF INCOME AND COMPREHENSIVE INCOME

YEAR ENDED AUGUST 31, 2016

	2016	2015
Revenue		
Fees earned	$ 150,048	$ 90,609
Mortgage interest	212,336	74,452
	362,384	165,061
Expenses		
Broker fees (note 7)	48,436	34,144
Interest and bank charges	790	990
Management and agent fees (note 7)	47,272	34,733
Office and general	7,715	3,568
Professional fees	27,140	21,518
Referral fees (note 7)	5,799	7,229
	137,152	102,182
Income before dividends on preferred shares	225,232	62,879
Dividends on preferred shares (note 8)	181,023	81,192
Net income (loss) and comprehensive income (loss)	$ 44,209	$ (18,313)

(See accompanying notes)

ADVANCED MORTGAGE INVESTMENT CORPORATION

STATEMENT OF CASH FLOWS

YEAR ENDED AUGUST 31, 2016

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) and comprehensive income (loss)	$ 44,209	$ (18,313)
Changes in level of:		
Prepaid expenses	2,960	(3,110)
Accounts payable and accrued liabilities	13,359	51,965
Dividends payable	56,762	29,325
Mortgage interest receivable	(16,557)	(8,110)
	100,733	51,757
CASH FLOWS FROM INVESTING ACTIVITIES		
Mortgage advances	(3,501,525)	(1,573,605)
Mortgage discharge and principal repayments	1,319,029	359,441
	(2,182,496)	(1,214,164)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of preferred shares	2,277,732	857,080
Redemption of preferred shares	(455,099)	(191,278)
	1,822,633	665,802
DECREASE IN CASH	(259,130)	(496,605)
CASH AT BEGINNING OF YEAR	276,400	773,005
CASH AT END OF YEAR	$ 17,270	$ 276,400

(See accompanying notes)

1. NATURE OF OPERATIONS

Advanced Mortgage Investment Corporation (the "Corporation") is incorporated under the Canada Business Corporations Act. The Corporation's registered office and business office is located at 788 Island Park Drive in Ottawa, Ontario.

The Corporation is a Mortgage Investment Corporation ("MIC") as defined in Section 130.1 (6) of the Canada Income Tax Act. Section 130.1 (6) of the Income Tax Act prescribes the tax treatment of a MIC allowing the income earned on mortgages to be passed on to the shareholders in a flow-through manner. The flow-through is accomplished by a dividend which is deducted from the annual income for tax purposes but taxed as bond interest in the hands of the recipients.

2. BASIS OF PRESENTATION AND ADOPTION OF IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board including International Accounting Standards prevailing at August 31, 2016.

The financial statements have been prepared on the historical cost basis, except for financial instruments classified as fair value through profit or loss, which are measured at fair value.

The financial statements are presented using the Canadian dollar which is the Corporation's functional currency.

The financial statements were authorized for issue by the Board of Directors on November 3, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies presented below have been applied consistently to all periods presented in the financial statements.

Financial instruments

Financial instruments are initially recognized at fair value including transaction costs, except those at fair value through profit or loss ("FVTPL") for which transaction costs are expensed when incurred.

The Corporation classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as authorized below:

Cash is classified as loans and receivable which is measured at amortized cost.

Mortgage investments have been classified as FVTPL which is measured at fair value, with changes in fair value being recorded in net earnings at each period end.

Accounts payable and accrued liabilities, dividends payable, advances from affiliated companies and preferred shares have been classified as other financial liabilities which are measured at amortized cost.

Management did not identify any material embedded derivatives which require separate recognition and measurement.

3. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'd.

Financial instruments - Cont'd.

At each reporting date, the Corporation assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Corporation recognizes an impairment loss for financial assets carried at amortized cost. The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows. The present value of estimated future cash flows is discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Cash

Cash includes cash on deposit with financial institutions.

Mortgage investments

Mortgage investments are designated as FVTPL with any changes in fair value reflected in the statement of income and comprehensive income. The fair value of the investments in the mortgages is calculated based on a discounted cash flow analysis of the future expected cash flows from the period end to the maturity of the investment at the Corporation's prevailing rate of return on new mortgages of similar type, term and credit risk.

When management considers the collection of the principal on a particular mortgage investment to be no longer reasonably assured, the fair value of the mortgage is not greater than the estimated fair value of the collateral securing the mortgage.

The gains and losses on disposal or repayment transactions are recorded as realized gains or losses at the time of disposal or repayment, respectively.

Accrued interest receivable

Accrued interest receivable on mortgages is calculated on each individual mortgage balance at year end using the mortgage interest rate associated with the mortgage balance. Accrued interest is included with mortgage investments.

Revenue recognition

Revenue is substantively derived from the arranging of private mortgages with a pool of third party lenders. Revenue is initially earned for administration and commitment fees and is recognized when the mortgage is signed, thereby ensuring the fee is fixed or determinable and when borrower payments have cleared the bank.

Revenue is also recognized on a monthly basis, earned over the term of the arranged mortgage, as a fixed monthly amount with the terms being fixed in each respective lending agreement, which is arranged by the Corporation.

Income taxes

It is the intention of the Corporation to qualify as a MIC for Canadian income tax purposes. As such, the Corporation is able to deduct, in computing its income for a taxation year, dividends paid to its shareholders during the year or within 90 days of the end of the year. The Corporation intends to maintain its status as a MIC and pay dividends to its shareholders in the year and in future years to ensure that it will not be subject to income taxes. Accordingly, for financial statement reporting purposes, the tax deductibility of the Corporation's distribution results in the Corporation being effectively exempt from taxation and no provision for current or future income taxes is required for the Corporation.

3. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'd.

Preferred shares

The Corporation classifies preferred shares strictly based on their substance. Preferred shares which provides for mandatory redemption by the Corporation for a fixed or determinable amount at a fixed or determinable future date, or gives the holder the right to require the issuer to redeem the share at or after a particular date for a fixed or determinable amount, meets the definition of a financial liability and is classified as such.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Changes in estimates are recorded in the accounting period in which they are determined.

Management makes accounting estimates when determining the value of contingencies and accrued liabilities and the fair value of its mortgage investments. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements for changes in such estimates in future periods could be material.

In classifying and measuring financial instruments held by the Corporation, management is required to make significant judgements. Management has applied judgement in determining the classification of the preferred shares as liability as these shares are redeemable at the option of the holder.

4. **EMERGING ACCOUNTING PRONOUNCEMENTS UNDER IFRS**

A number of new standards, amendments to standards and interpretations have been issued in IFRS but are not yet effective for the year ended August 31, 2016, and accordingly, have not been applied in preparing these financial statements.

IFRS 9, Financial Instruments: Classification and Measurement ("IFRS 9"), was issued by the IASB in November 2009 and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. For financial liabilities measured at fair value, fair value changes due to changes in the Company's credit risk are presented in other comprehensive income instead of net income unless this would create an accounting mismatch. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. This standard becomes effective on January 1, 2018. The Corporation has not yet assessed the impact of the new standard on its financial statements.

The IASB has issued a new standard, IFRS 15, Revenue from Contracts with Customers which replaces among others, IAS 18, Revenue; IFRIC 18, Transfers of Assets from Customers and SIC 31, Revenue - Barter Transactions Involving Advertising Services. The purpose of IFRS 15 is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. This standard becomes effective on January 1, 2018. The Corporation has not yet assessed the impact of the new standard on its financial statements.

5. FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

The Corporation classifies its fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The accounting standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The inputs fall into three levels that may be used to measure fair value:

Level 1 - Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 - Applies to assets or liabilities for which there are inputs other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

Level 3 - Applies to assets or liabilities for which there is no observable market data.

The fair value of assets and liabilities measured on a recurring basis include mortgage investments determined based on level 3. Generally the fair value of the mortgage investments approximate their carrying values given the short-term nature of these mortgages. The Corporation believes that the recorded values of all of the other financial instruments approximate their current fair values because of their nature and respective maturity dates and durations.

A reconciliation of Level 3 assets at August 31, 2016 and August 31, 2015 is as follows:

	2016	2015
Mortgage investments at beginning of the year	$ 1,222,274	$ -
Funding of mortgage investments	3,501,525	1,573,606
Accrued interest	16,557	8,110
Principal repayments on mortgage investments	(1,319,029)	(359,442)
Mortgage investments at end of year	$ 3,421,327	$ 1,222,274

b) Risk management

The Corporation's financial instruments are subject to the following risks:

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Corporation. This risk arises principally from cash and the mortgages held. The Corporation mitigates this risk by having well established lending policies in place that ensure that mortgages are well secured and by limiting its exposure to any one mortgagor. The Corporation has recourse under these mortgages in the event of default by the borrower, in which case the Corporation would have a claim against the underlying property. The Corporation generally places its cash in Canadian chartered banks and as such, the Corporation does not anticipate significant credit risk associated with cash.

The maximum exposure to credit risk at August 31, 2016 is the carrying value of its cash and mortgage investments presented on the statement of financial position.

Liquidity risk

All financial liabilities are exposed to liquidity risk. Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities. The Corporation's management addresses this risk by reviewing its expected future cash flow requirements. In addition, the Corporation has policies in place that limit the total amount of share redemptions in any given year.

5. **FINANCIAL INSTRUMENTS** - Cont'd.

The table below analyzes the Corporation's financial liabilities as at August 31, 2016 and August 31, 2015 into relevant groupings based on contractual maturity dates. The amounts in the table are contractual undiscounted cash flows. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

	On demand	Within one year	No stated maturity	Total
August 31, 2016				
Accounts payable and accrued liabilities	$ -	$ -	$ 95,997	$ 95,997
Dividends payable	-	86,087	-	86,087
Preferred shares	3,256,563	-	-	3,256,563
Total	$ 3,256,563	$ 86,087	$ 95,997	$ 3,438,647
August 31, 2015				
Accounts payable and accrued liabilities	$ -	$ -	$ 82,638	$ 82,638
Dividends payable	-	29,325	-	29,325
Preferred shares	1,433,930	-	-	1,433,930
Total	$ 1,433,930	$ 29,325	$ 82,638	$ 1,545,893

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk. The Corporation manages this risk by having well established lending policies in place that ensure mortgages are well secured.

i) Currency risk

Currency risk is the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

Substantially all of the Corporation's transactions are in Canadian dollars and as a result, the Corporation is not subject to significant currency risk.

ii) Interest rate risk

Interest rate risk is the risk that the value of the Corporation's financial instruments will fluctuate due to changes in market interest rates. In respect of the Corporation's mortgage investments, the Corporation generally issues mortgages with terms of no longer than 24 months at fixed interest rates. Accordingly the Corporation is subject to limited exposure to interest rate risk.

iii) Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Corporation is not exposed to significant other price risk.

Changes in risk

There have been no changes in the Corporation's risk exposures from the prior year.

6. MORTGAGE INVESTMENTS

Mortgage investments are secured by the real property to which they relate, mature at various dates up to September 2017 with interest rates ranging from 4.99% to 15.00%. All mortgages are secured and relate to residential properties located in Ontario.

	2016	2015
Total mortgages receivable	$ 3,396,660	$ 1,214,164
Accrued interest and payments owing	24,667	8,110
	$ 3,421,327	$ 1,222,274

7. RELATED PARTY TRANSACTIONS

The Corporation, 7016514 Canada Inc. (operating as Advanced Alternative Lending ("AAL")), Advanced Capital Corporation ("ACC") and Mortgage Brokers City Inc. ("MBC") are companies under common ownership and management.

The following related party transactions occurred in the normal course of business and have been recorded at their exchange amount which is the amount agreed upon by the related parties.

The Corporation incurred the following fees to its affiliated companies as follows:

	2016	2015
Broker fees to MBC	$ 46,271	$ 25,470
Management fees to AAL	37,330	30,578
Agent fees to ACC	9,942	4,155
Referral fees to ACC	5,799	4,440
Referral fees to AAL	-	1,289
	$ 99,342	$ 65,932

In accordance with the management agreement between the Corporation and AAL, AAL is entitled to a management fee equal to 2.6% per annum of the assets under management as well as an annual performance fee equal to 25% of the amount by which the Corporation's net income for the fiscal year exceeds the corresponding target yield. AAL may waive any of the fees in its sole discretion, in whole or in part, at any time, without notice and in any single instance.

The management fees to AAL has been calculated as follows:

	2016	2015
Maximum fees under management agreement		
- management	$ 63,881	$ 27,005
- performance	20,745	3,573
Total maximum entitlement	84,626	30,578
Portion waived by AAL		
- management	(30,846)	-
- performance	(20,745)	(3,518)
Sub-total	33,035	27,060
Applicable sales tax thereon at 13%	4,295	3,518
Total management fees to AAL	$ 37,330	$ 30,578

Included in accounts payable and accrued liabilities at year-end are the following amounts:

	2016	2015
Accounts payable to AAL	$ 70,657	$ 52,430
Accounts payable to ACC	1,130	5,155
Accounts payable to MBC	5,248	5,934
	$ 77,035	$ 63,519

8. PREFERRED SHARES

Authorized:

An unlimited number of non-voting preferred shares without par value.

Shares issued are:

	2016		2015	
	Number of shares	Amount	Number of shares	Amount
Balance at beginning of year	1,438,766	$ 1,438,766	772,964	$ 772,964
Issuance of shares	2,168,242	2,168,242	807,984	807,984
Redemption of shares	(455,099)	(455,099)	(191,278)	(191,278)
Reinvested distributions	109,490	109,490	49,096	49,096
Balance at end of year	3,261,399	3,261,399	1,438,766	1,438,766
Issuance costs	-	(4,836)	-	(4,836)
	3,261,399	$ 3,256,563	1,438,766	$ 1,433,930

The Corporation in its discretion may redeem all or any portion of the preferred shares upon providing the holders thereof with not less than 21 days' notice and payment of the redemption amount. Upon completion of the redemption process, the redeemed and non-voting preferred shares shall be cancelled. If not, all of the outstanding preferred shares are to be redeemed, the preferred shares to be redeemed will be, unless the holders of the preferred shares otherwise agree, redeemed based in proportion to the number of preferred shares registered in the name of each holder as a percentage of the total number of preferred shares outstanding. The amount to be paid by the Corporation in respect of each preferred share to be redeemed will be the redemption amount as hereinafter defined.

A preferred shareholder may request the Corporation to redeem all or any portion of its preferred shares at the end of any calendar quarter, provided the preferred shareholder has held the preferred shares for a period of at least 12 months. In certain circumstances, the hold period restrictions may be waived or abridged by the Corporation in its sole discretion. The amount payable by the Corporation in respect of each preferred share to be redeemed shall be the redemption amount, as hereinafter defined, which shall be due 15 days after the redemption date.

Preferred shareholders wishing to redeem preferred shares must submit written notice of such intention to the Corporation prior to the last business day of the preceding calendar quarter in which preferred shares are intended to be redeemed. Only whole preferred shares may be redeemed unless it is the investor's entire investment in the Corporation that is being redeemed.

The Corporation has the discretion to reject or defer any redemption application by a preferred shareholder where, in the view of the Corporation, such a redemption will result in the Corporation failing to qualify as a mortgage investment corporation under the Income Tax Act or which would otherwise be contrary to applicable laws.

The redemption amount is an amount equal to the amount paid up on the preferred shares being redeemed together with all dividends declared thereon and unpaid as at the Redemption Date.

Substantial Shareholders are defined as a preferred shareholder who together with parties related to that preferred shareholder (as defined by the Income Tax Act) holds a total number of preferred shares which is equal to or greater than 10% of the total number of preferred shares outstanding.

8. **PREFERRED SHARES** - Cont'd.

As long as a particular preferred shareholder is classified as a Substantial Shareholder they will be restricted to redeeming no more than 20% of their preferred shares in any quarter.

The Corporation shall not be obligated to redeem more than 10% of the issued preferred shares in any fiscal year. The Corporation shall redeem preferred shares in order in which the Corporation receives written notice of redemption from the preferred shareholders.

Preferred shares are entitled to dividends at the discretion of the Board of Directors. The Corporation makes dividend payments to preferred shareholders on a monthly basis within 15 days after end of each month. The Corporation intends to pay out as cash dividends substantially all of its net income and net realized capital gains within 90 days of the fiscal year end. For the year ended August 31, 2016, the Corporation declared dividends totaling $181,023 ($0.075 per share) (2015 - $81,192; $0.08 per share) of which $86,087 is payable at August 31, 2016 (2015 - $29,325).

The Corporation's dividend reinvestment and share purchase plan ("DRIP") provides eligible and registered holders of preferred shares with a means to reinvest dividends declared and payable on such preferred shares in additional preferred shares. Under the DRIP, the shareholders may enroll to have their cash dividends reinvested to purchase additional preferred shares.

9. **COMMON SHARES**

Authorized:

Unlimited number of common shares without par value.

Shares issued are:

	2016	2015
Common - 100 shares	$ 100	$ 100

Common shares are not entitled to receive any dividends in respect of such shares. In the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the Corporation will distribute the assets of the Corporation among the shareholders in the following priority:

First, to the holders of the Preferred Shares, an amount equal to the Redemption Amount attributed to the Preferred Shares;

Second, to the holders of the Common Shares, an amount equal to the amount paid up thereon; and

Third, the balance, if any, to the holders of Preferred Shares and Common Shares on a pro rata basis.

The holders of the Common Shares shall be entitled to receive notice of and to attend and shall be entitled to one vote at any meeting of the shareholders of the Corporation for each Common Share held, except meetings at which only holders of a specified class of shares are entitled to vote.

10. CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are to meet regulatory requirements and other contractual obligations and to safeguard the Corporation's ability to continue as a going concern in order to generate returns to its investors.

The Corporation's capital is comprised of its preferred shares and its equity, including capital stock and retained earnings.

The Corporation is not subject to externally imposed capital requirements.

11. SUBSEQUENT EVENT

Subsequent to year-end, the Board of Directors declared monthly dividends for an aggregate amount of $26,067 ($0.0075 per share) to preferred shareholders from September 2016 to October 2016.

12. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year. Advances from affiliated companies and accounts payable and accrued liabilities are now presented on the statement of financial position as accounts payable and accrued liabilities. Details of the related party balances are provided in note 7.