Grenville Strategic Royalty Corp. (formerly Troon Ventures Ltd.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of Grenville Strategic Royalty Corp. (formerly Troon Ventures Ltd.) ("**Grenville**", the "**Company**", "our" or "we") is for the year ended December 31, 2014. The information in this MD&A is current as of February 6, 2015 and should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2014 annual MD&A and the audited annual financial statements and MD&Afor the year ended December 31, 2013.

The Company's audited consolidated financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"), London, and the Interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**") 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 contains 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; 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 amount and timing of the payment of dividends by the Company; 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 relative speculative and illiquid nature of an investment in the Company; the volatility of the Company's share price; the Company's lack of 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; ability to negotiate additional royalty purchasers from new investee companies; dependence on the operations, assets and financial health of investee companies; limited ability to exercise control or direction over investee companies; potential defaults by investee companies and the unsecured nature of the the Company's investments; the Company's ability to enforce on any default by an investee company; competition with other investment entities; tax matters; the Company's ability to pay dividends in the future and the timing and amount of those dividends; reliance on key personnel, particularly our founders; dilution of shareholders' interest through future financings; and general economic and political conditions; as well as the risks discussed under the heading "Risk Factors" on pages 14 to 19 of the Annual Information Form of the Company dated April 21, 2014 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 will continue to grow moderately 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 as may be required by 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, weighted average royalty rate, rolling three month average investment per month and rolling three month average investment per transaction to assist in assessing the Company's financial performance. EBITDA, Adjusted EBITDA, average royalty payment per million invested, weighted average royalty rate, rolling three month average investment per month and rolling three month average investment per transaction (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 audited financial statements of the Company for the year ended December 31, 2014, which are available on SEDAR at www.sedar.com.

OVERVIEW

Grenville earns its revenues by providing capital to private and public businesses (individually, an "**Investee**" and collectively the "**Investees**") in exchange for long-term revenue streams. Grenville's revenue typically consists of regular monthly payments that are contractually agreed to between Grenville and each Investee ("**Royalties**"), interest income and other similar types of payments. Specific investee receivables 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 Investee's gross revenue or "top-line" performance measures. As Grenville commenced operations on July 29, 2013, there is no information available for the three month and year ended December 31, 2013.

THE REVERSE TAKE-OVER

On December 17, 2013, the Company entered into a business combination agreement with Grenville Corporation (formerly Grenville Strategic Royalty Corp.), pursuant to which on February 19, 2014 the Company completed a reverse take-over with Grenville Corporation (**the "RTO"**). Under the terms of the RTO:

(a) each pre-RTO shareholder of the Company received 0.69 of a new common share of the Company and 0.34 of a transferable share purchase warrant of the Company for each common share held immediately prior to the completion of the RTO, with each whole warrant being exercisable into one common share at an exercise price of $0.42 per common share for a period of 24 months from the date of issuance;
(b) each pre-RTO shareholder of Grenville Corporation received one common share of the Company for each common share of Grenville Corporation held immediately prior to the completion of the RTO;
(c) all outstanding stock options of the Company were exchanged for new stock options of the Company based on the exchange ratio described above, and each option-holder received additional stock options to purchase common shares exercisable until February 19, 2016 at an exercise price of $0.42 per common share in order to reflect similar terms for optionees as were offered to shareholders of the Company through the warrants;
(d) all outstanding stock options of Grenville Corporation were exchanged for an equal number of stock options of the Company at the same exercise price, being $0.028 per common share, and on the same terms as the original stock options; and

(e) the Company changed its name from Troon Ventures Ltd. to Grenville Strategic Royalty Corp.

In accordance with the guidance under *IFRS 3 Business Combinations,* the substance of the transaction is an RTO of a non-operating entity since the Company's prior activities were limited to the management of cash resources and the maintenance of its listing and accordingly did not constitute a business. As Grenville Corporation has obtained control, in accordance with *IFRS 10 Consolidated Financial Statements*, the Company's unaudited condensed consolidated financial statements are a continuation of Grenville Corporation's financial statements.

The most significant impact on the RTO on the Company was the acquisition of cash and cash equivalents amounting to $6,935,241.

GENERAL DESCRIPTION OF THE BUSINESS

Grenville seeks to purchase non-dilutive, revenue-based royalties in primarily private and public, small to medium (SME) companies in North America. The Company's royalty investments are structured to align with the interests of founders, management and shareholders of SMEs by protecting the ability of the existing management of investee companies to manage their business. Grenville seeks to provide capital as a catalyst for growth and, where possible, to attract broader funding for each investee company. Grenville believes that they have identified an underserviced segment in North American capital markets that lies between traditional equity and debt financing. For many businesses, a revenue-based royalty instrument has advantages with respect to cost and contractual terms. Traditional royalties have been used extensively in the North American resource industry but have yet to have been applied effectively in a number of other sectors including clean technology, renewables, infrastructure, technology, services, healthcare and general manufacturing, without limitation. Grenville believes, based on discussions with a large sample of investee companies that have supported our business model, that there is significant demand for non-dilutive royalty financing.

Grenville buys royalty interests in the revenue stream generated by many companies diversified across many industrial sectors and North American geographies. Grenville believes that it 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 markets. The royalty financing structure offered by Grenville can bridge the financing needs of these companies until traditional debt and equity is available to them on more attractive commercial terms. In some cases, Grenville's royalty may act as a lead order in combination with other forms of financing.

Grenville's royalty financing structure is non-dilutive, on an equity basis, and better aligned with management, in terms of growth: a model that has proven to be very successful in the mining and oil & gas, film and pharmaceutical industries. Grenville believes that royalty structures offer a useful alternative, or complement, to traditional debt and equity financing. Royalties are calculated based on the revenue generated by the investee company, require no traditional security or significant financial covenants and do not involve participation in equity ownership. As a result, Grenville believes that royalty financing is better aligned with the vision of investee company management in terms of growth and does not compete equally for return with existing equity investors. A royalty can also be structured to either survive or be liquidated in the event of an acquisition of the investee company, which can be an advantage to founders and existing equity holders.

Grenville seeks to purchase royalties in companies where historical financial and product performance can be used as the primary gauge of risk. Investment due diligence is focused on tangible, measurable results rather than forward looking estimates more common in venture capital investments. Grenville seeks to generate returns by creating royalty rates and structures capable of generating returns similar to venture capital-like investments, using a portfolio model which de-risks investment returns through diversification. Grenville believes that this can be accomplished by investing a small amount in many companies and diversifying across many industrial sectors and geographies. Grenville uses a formal due diligence process and implements investments using a variety of deal structures, designed to optimize tax and accounting for both Grenville and the investee company.

RESULTS OF OPERATIONS

	Three months ended December 31, 2014	Year ended December 31, 2014	Period July 29, 2013 to December 31, 2013
Revenues	$ 1,535,246	$ 2,944,791	$ 51,952
Loss for the period	(80,461)	(3,457,760)	(108,856)
EBITDA/EBITDA (Loss) (1)	318,714	(2,712,108)	(108,856)
Adjusted EBITDA/EBITDA (Loss) (1)	(61,451)	490,357	(23,844)
Adjusted EBITDA excluding writedown	938,549	1,490,537	(23,844)
Free cash flow (1)	1,217,407	936,690	(548,988)
Basic and diluted Loss per share	(0.0014)	(0.0700)	(0.0083)
Weighted basic average number of shares outstanding	59,393,263	49,369,201	13,052,403
Weighted diluted average number of shares outstanding	72,424,888	63,212,922	13,300,690
Royalty agreements acquired in period	4,511,400	22,722,168	1,910,000
Aggregate royalty agreements acquired	24,632,168	24,632,168	1,910,000
Weighted average royalty rate (1)	3.86%	3.86%	2.41%

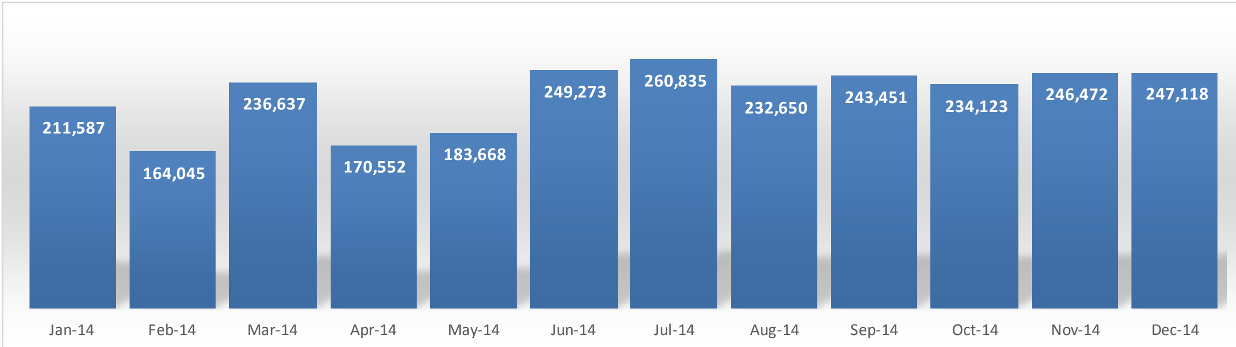
(1) ETIBDA, Adjusted EBITDA, Free cash flow and weighted average royalty rate are non-IFRS measures. Refer to section Definition of Non-IFRS Measures for further explanation and definitions.

Revenue analysis

	Three months ended December 31, 2014	% of revenue	Year ended December 31, 2014	% of revenue	Period July 29, 2013 to December 31, 2013	% of revenue	Growth %
Interest income on loans	$ 6,446	0.4	$ 38,072	1.3	$ 24,651	47.4	(73.9)
Royalty payment income	1,372,439	89.4	2,655,909	90.2	27,301	52.6	4,927.1
Other income	156,361	10.2	250,810	8.5	0	0.0	N/A
Total revenue	**$ 1,535,246**	**100.0**	**$ 2,944,791**	**100.0**	**$ 51,952**	**100.0**	**2,855.1**

Revenues were $1,535,246 and $2,944,791 for the three-month and twelve-month periods ended December 31, 2014, respectively, compared to $51,952 for the period from July 29 to December 31, 2013. The most significant component is royalty payment income, which represents 89.4% and 90.2% of total revenue for the three-month and twelve-month periods ended December 31, 2014, respectively. The increase in revenues was due to $22,722,168 in new royalty agreements acquired during the twelve-month period ended December 31, 2014, as well as, earning a full period of revenue for the investments acquired in 2013. Other income included interest income of $34,319 on short term investments earned on the available cash during the quarter and $120,280 of an unrealized gain adjustment to the carrying amount of royalty agreements as a result of increasing the estimated cash flows for one investment based on it's better than expected performance to date. Interest income was generated from cash and cash equivalents acquired as part of the RTO, cash available following the issue of special warrants in March, 2014 and cash available following the issue of the convertible debentures in July, 2014. Interest income on short term investment for the twelve-month period ended December 31, 2014 was $128,374.

The average royalty payment per million invested, net of write-downs (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) for each month during the twelve-month period ended December 31, 2014 was as follows:



The average royalty payment per million invested (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) for the month of December 2014 was $247,118. During the second quarter, management modified the calculation to base it on the portfolio rather than calculating it transaction by transaction and the chart above reflects results for all the months using this changed methodology. The methodology also allows management to present the calculation of the metric relative to our released financial results. Management believes that as the portfolio achieves a greater level of diversification, each month's result will become more closely aligned which is the experience for the last seven months of the year. With eighteen investments in the portfolio generating revenues during Q4, small variations in revenues and the timing during a calendar month of new investments has a large impact on this metric because the new calculation assumes the new investment starts midway through the month. For instance, for February and April 2014, if the new investments in that month did not occur at the end of the month but instead the first day of the following month, the result would have been $219,858 and $198,917 rather than $164,045 and $170,552, respectively.

Total operating expenses were $218,916 and $4,660,620 for the three-month and twelve-month periods ended December 31, 2014, respectively. Total operating expenses in the three-month period included a net foreign exchange gain of $445,963, of which $444,643 related to an unrealized foreign exchange gain following the translation of royalty agreements acquired denominated in US dollars, a share-based payment expense of $27,959 and $156,799 for withholding tax paid. Total operating expenses in the twelve-month period included $3,636,197 directly attributable to the RTO, $693,789 of unrealized foreign exchange gains and $214,406 in share-based payment expense.

Salaries, benefits and other staffing costs were $251,401 and $1,091,680 for the three-month and twelve month periods ended December 31, 2014, respectively compared to no expense in the period from July 29 to December 31, 2013. The increase was due to the fact there were new employees, who started employment with the Company at various times between January and May 2014, and directors' fees paid covering the period March 27, 2014 to December 31, 2014.

Management and facility fees were $60,357 and $163,138 for the three-month and twelve month periods ended December 31, 2014, respectively compared to $45,000 for the period from July 29 to December 31, 2013. During the three-month period the Company recorded a $54,357 expense related to Quantum Leap Asset Management, a related party, for the provision of general office and administrative services. The $54,357 included $24,357 for obligations covering the period January to May 2015 related to the relocation of the Company's corporate office in December 2014.

Share-based payment expenses were of $27,959 and $2,865,362 for the three-month and twelve-month periods ended December 31, 2014, respectively compared to nil for the period from July 29 to December 31, 2013. The amount for the three-month period related to an expense recognized for non-cash stock based compensation. This expense related to the amortization of the fair value of stock options that will vest in the future. There was no share-based payment expense recognized as any options outstanding in this period were not vested. The twelve-month expense included $2,651,316 recognized as a result of the RTO that took place on February 19, 2014. The $2,651,316 represented the difference between the fair value of the consideration and the fair value of the identifiable net assets acquired as a result of the RTO.

Professional fees were $90,105 and $853,909 for the three-month and twelve-month periods ended December 31, 2014, respectively, compared to $104,059 for the period from July 29 to December 31, 2013. Fees for the twelve-month period included $584,881 incurred as a result of the RTO that took place on February 19, 2014.

Office and general administrative expenses were $235,057 and $380,320 for the three-month and twelve-month periods ended December 31, 2014, respectively, compared to $11,749 for the period from July 29 to December 31, 2013. Within the $235,057 was $156,699 for withholding tax paid throughout 2014 and was only expensed in the three-month period ended December 31, 2014.

There was a foreign exchange gain of $445,963 recognized for the three month period ended December 31, 2014. $444,643 was the movement in the period for the translation of the portfolio denominated in US dollars. The closing exchange rate at December 31, 2014 was $1.1601 while the average exchange rate when the investments were acquired was $1.1006. As the term of the agreements is perpetual, management does not consider it necessary to hedge this foreign exchange exposure as the exposure is undeterminable and there is no impact anticipated on cash flows in the immediate future. For the year ended December 31, 2014 there was a foreign exchange gain of $693,789.

During the three month period ended December 31, 2014 the portfolio experienced an impairment on one of the investments. While management believes that some of the investment will be recovered, the Company has made a full impairment provision in the period against the book value of the investment of $1,000,000. The Company is currently pursuing all avenues including litigation to recover the full value, or as much of the investment as possible.

Financing expenses were $427,898 and $798,058 for the three-month and twelve-month periods ended December 31, 2014 respectively. Financing expenses was primarily related to the convertible debentures issued in July 2014. During the three-month period the financing expenses comprised of interest of $351,144 and $76,754 for the accretion portion of the initial transaction costs and the equity component recognized. During the twelve-month period, $661,644 was interest paid on the convertible debentures and the accretion recognized was $136,414.

EBITDA (EBITDA loss) (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) was $318,714 and $(2,712,108) from the three-month and twelve-month periods ended December 31, 2014, respectively, compared to $(108,856) for the period from July 29 to December 31, 2013.

Adjusted EBITDA (Adjusted EBITDA loss) (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) was $(61,451) and $490,357 for the three-month and twelve-month periods ended December 31, 2014, respectively, compared to $(23,844) for the period from July 29 to December 31, 2013. Excluding the writedown of $1,000,000, Adjusted EBITDA was $938,549 and $1,490,537 for the three-month and twelve-month periods ended December 31, 2014. The increase in Adjusted EBITDA during the twelve-month period is primarily due to the income generated due on the $22,722,168 in new royalty agreements acquired during the twelve-month period ended December 31, 2014, as well as, earning a full period of revenue for the investments acquired in 2013 of $1,910,000.

The Company generated free cash flow (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) of $1,207,417 and $936,690 for three-month and twelve-month periods ended December 31, 2014, respectively, compared to absorbing free cash flow (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) of $548,988 for the period from July 29 to December 31, 2013. The amount of the free cash flow for the three-month period ended December 31, 2014 includes $1,038,124 for HST refund received in November 2014.

Income (loss) after taxes was $(80,461) and $(3,457,760) for the three-month and twelve-month periods ended December 31, 2014, respectively, compared to $(108,856) for the period from July 29 to December 31, 2013. The Company recorded a $1,000,000 impairment provision, referenced above, during the three-month period which was partially offset by the foreign exchange gain of $445,963.

Portfolio Update

As at December 31, 2014, the Company has deployed capital of approximately $24,632,168 of which $4,511,400 related to four royalty agreements completed during the three months ended December 31, 2014. In January 2015, an additional royalty investment was made totaling $100,000. Together, this brings the Grenville portfolio to twenty four investments into nineteen individual investees, with five investees having received a 2nd installment.

The Weighted Average Royalty Rate (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) for all the royalty financings made as of December 31, 2014 was 3.86%, compared to 2.41% for all the investments made (including any write-downs) as of December 31, 2013.

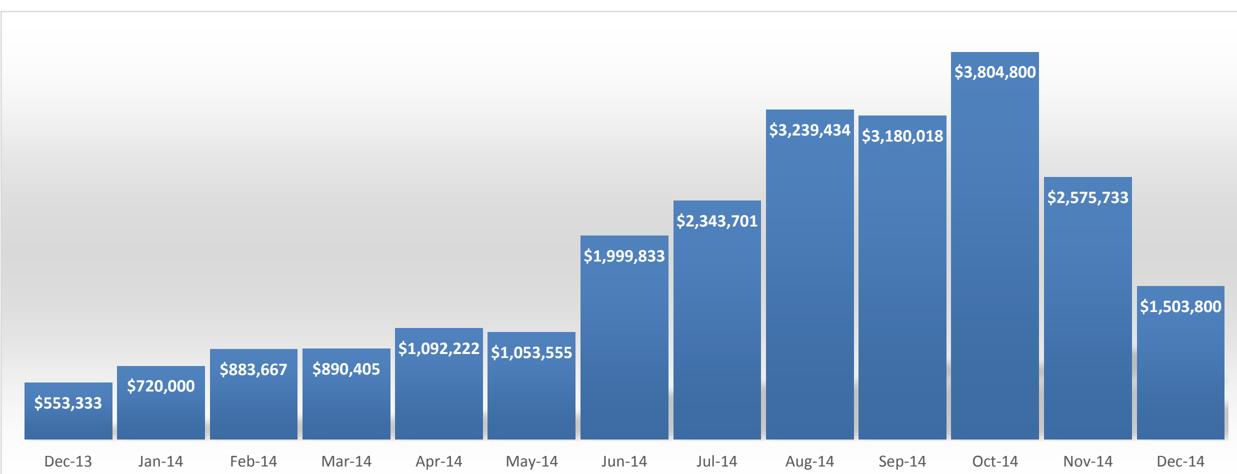
Diversification Analysis

The diversification analysis of the Company's portfolio holdings, by investment and by capital invested, and by currency, is provided, as follows:

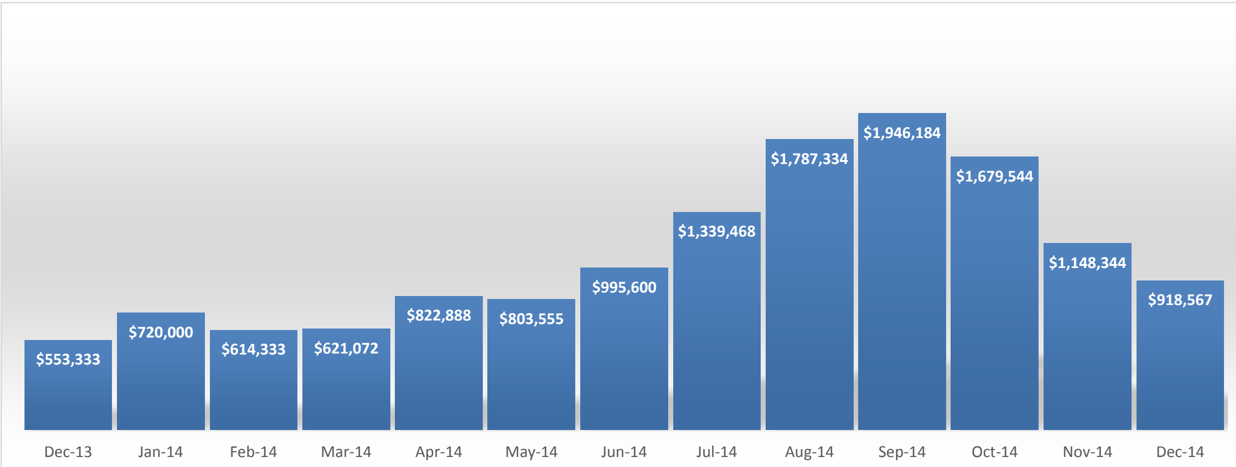
Diversification Analysis by Investment	Cyclical	Neutral	Defensive
Investment By Name	Pliteq Clear Blue Insight DS Handling MERA BG Furniture	WMode 4Tell BlueDrop OneUP Switch Video INOVx	PFO Cherubim Lattice Above Security Medical Imaging Aquam / Nu Flow
# of Investments	**6**	**6**	**6**
Total Investments	**18**	(Write-down (1 company) excluded from Total Investments and table, above).	
Capital Investment Analysis			
• Total Investments by Segment ($)	$5.0 million	$7.4 million	$11.2 million
• Total Investments by Segment (%)	21.3%	31.1%	47.6%
• Total Investments ($)	$23.6 million	**(Write-down ($1mln) excluded from Total and table, above)**	
• Canadian Investments ($)	$5.0 million	$2.5 million	$4.0 million
• US Investments (in CDN$)	-	$4.9 million	$7.2 million
• % of Canadian Investments (%)	100.0%	34.0%	35.6%
• % of US Investments (in CDN$s) (%)	-	66.0%	64.4%
Other			
Underlying Revenue Growth Across Portfolio	11.00% or 9% excluding the impact of foreign exchange		

The rolling three month metrics (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) are used by management to monitor trends in the size, volume and velocity in investments, to gain insight into portfolio performance, risk management, future financing requirements and portfolio diversification indicators, without limitation. The Company's diversification strategy is currently defensive in nature as evidenced by the segment analysis. Management has the ability to adjust its investment pace, based on market conditions and opportunities available. These adjustments support the continual rebalancing of the portfolio across industry sectors, countries and currencies. This strategy is intended to protect investors against significant losses from major swings in the market as occurred in the fourth quarter of 2014. The Company's investment pace during the fourth quarter slowed relative to the second and third quarters, but the overall investment pace remains in line with Management's year-end expectations (1.33 new investments per month, or 1.67 investments per month including follow-ons). The pace of investment in the fourth quarter reflected both a cautiousness post the investment impairment and a response to the highly volatile global markets through the end of the year and into the first month of 2015.

Rolling three month average investment per month



Rolling three month average investment per transaction



An update on each of the four new investees where a royalty agreement was closed during the three months ended December 31, 2014 are as follows:

BG Furniture: BG Furniture is an 87 year old enterprise manufacturing high quality solid wood furniture in Walkerton, Ontario. The company is run by two well-known furniture industry executives, Adam Hoffman and Dirk Neilsen who are modernizing the manufacturing facility to produce more customer selection and industry leading delivery times.

APO Solutions (Abaca): November 10th, 2014 the Company recorded and announced the 100% non-recurring write-down of the Abaca investment and is currently taking all necessary actions to recover this capital. Abaca has ceased operations.

Medical Imaging Corp. (MEDD): MEDD is a company focused on operations and further acquisition of stable operating medical imaging businesses throughout Canada and the US. MEDD's clinics offer MRI, CT, X-Ray, PET scans, and radiology reports. With their head office in Toronto, MEDD initiated their medical imaging clinic roll-up strategy in 2009 when the company purchased Canadian Teleradiology Services Inc., a Toronto-based provider of remote medical diagnostic imaging scans for rural hospitals and clinics. In 2012, MEDD modified their strategy to begin acquiring existing full-service imaging clinics located in the US, making their first acquisition in December 2012 of Schuylkill Open MRI, Inc. located in Pottsville, Pennsylvania. In July 2014, MEDD identified and engaged to acquire 3 medical imaging clinics in western Florida.

Switch Video: Switch Video is one of the web industry's largest video production companies based in North America. They produce simple explainer videos to help big and small companies simplify their product offerings through easy-to-watch, easier-to-understand videos in various languages. Switch Video has produced over 450 videos for clients worldwide ranging from small businesses to Fortune 1000 enterprises including – Hewlett-Packard, Shaw Communications, Microsoft, The United Nations, and Brown-Forman.

SELECTED ANNUAL INFORMATION

The following table provides financial data derived from the Company's audited financial statements since the Company commenced business:

	Year ended December 31, 2014	Period July 29, 2013 to December 31, 2013
Revenues	$ 2,944,791	$ 51,952
Total loss for the period attributable to shareholders	(3,457,760)	(108,856)
Basic and diluted loss per share	(0.0700)	(0.0083)
Total assets	35,194,085	3,176,891
Total non-current financial liabilities	15,295,274	-

The increase in revenues in the year was due to $22,722,168 in new royalty agreements acquired as well as, earning a full period of revenue for the investments acquired in 2013. Similarly the increase in total assets resulted from the $22,722,168 in new royalty agreements acquired and cash and cash equivalents of $9,748,841. Included in non-current financial liabilities was $15,282,675 relating to convertible debentures issued effective July 10, 2014. There were no discontinued operations in either period.

SUMMARY OF QUARTERLY RESULTS

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

	Three months ended December 31, 2014	Three months ended September 30, 2014	Three months ended June 30, 2014	Three months ended March 31, 2014	Period July 29, 2013 to December 31, 2013
Total revenue	$ 1,535,246	$ 38,072	$ 24,651	$ 24,651	$ 51,952
Total profit/(loss) for the period attributable to shareholders	(80,461)	528,558	(224,610)	(3,681,246)	(108,856)
Basic and diluted earnings/(loss) per share	(0.0014)	0.0089	(0.0057)	(0.1280)	(0.0083)

The increase in revenues in each quarter was due to the increasing portfolio balance resulting from $22,722,168 in new royalty agreements acquired as well as, earning a full period of revenue for the investments acquired in 2013. The loss for the three months ended March 31, 2014 included $3,636,197 of expense directly relating to the RTO. For the quarters since then the operating resulting has improved because of the increased revenue. There were no discontinued operations in any of the periods.

OUTLOOK

Grenville's royalty agreements with its portfolio companies provided revenue to the Company of approximately $3.0 million in 2014. For January 2015, the current agreements with our portfolio companies have earned royalty payment income of approximately $0.5m which will increase as new investments are added throughout 2015. Operating expenses for 2014, excluding the exceptional items around the RTO, share based payment and unrealized foreign exchange gains, came in at approximately $1,320,000, or $110,000 per month, and are estimated to run in the range of $1,650,000 and $1,950,000 on an annualized basis in the early part of 2015.

Grenville's unique capital offering continues to fill an expansive niche in the North American small to medium enterprise, growth-capital markets. With continued access to funding accretive to shareholder value, we are confident we will be able to add new portfolio companies to the Company's holdings. Each new portfolio company added will further diversify and strengthen Grenville's existing portfolio. 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.

Certain information contained herein may be considered to be future oriented financial information or financial outlook under applicable securities laws. The purpose of providing such information in this MD&A is to demonstrate the visibility the Company has with respect to its revenue streams, and such statements are subject to the risks and assumptions identified for the business in this MD&A, and readers are cautioned that the information may not be appropriate for other purposes.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2014 the Company's capital resources were $19,535,133, made up as follows:

59,410,419 common shares	$ 21,211,197
9,532,473 share warrants at an exercise price of $0.42 with an expiry date of February 19, 2016.	1,030,233
Contributed surplus	301,488
Equity component of the convertible debenture	558,831
Accumulated Deficit	(3,566,616)

On March 27, 2014, the Company raised gross proceeds of $10,000,000 through the issuance of 20,000,000 special warrants. The special warrants were converted on May 15, 2014 into 20,000,000 common shares. After deducting issuing costs, the net proceeds received were $9,051,436. As of December 31, 2014, all of the net proceeds were utilized to acquire royalty agreements between May 15, 2014 and December 31, 2014.

The Company closed a "bought deal" offering for 8% convertible unsecured subordinated debentures, maturing on December 31, 2019, on July 10, 2014. The offering was for $15,000,000 with an overallotment of $2,250,000. The overallotment was fully utilized resulting in gross proceeds of $17,250,000. The net proceeds were $15,906,575 and as of December 31, 2014, $8,395,503 of these funds was used to acquire royalty agreements. The remaining balance of $7,511,072 will be utilized to acquire further royalty agreements. The interest payments under the debenture will amount to $1,380,000 per annum.

The Company's cash position at December 31, 2014 was $9,748,841 and 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. At the Company continues to grow the Company will be required to raise additional capital on a regular basis.

WORKING CAPITAL

Grenville's working capital at December 31, 2014 and December 31, 2013 was made up as follows:

	December 31, 2014	December 31, 2013
Cash and cash equivalents	$ 9,748,841	$ 593,417
Accrued interest and royalty payment receivable	491,060	20,606
Loan receivable – current portion	55,613	125,944
Royalty agreement acquired – current portion	104,689	-
Receivable from tax authorities	267,705	166,036
Deposit and prepaid expense	80,997	506,663
Accounts payable and accrued expenses	(279,546)	(210,715)
Finance lease liability – current portion	(3,748)	-
Income tax payable	(80,384)	-
Total	**$ 10,385,227**	**$ 1,201,951**

The Company is of the view that the Company is able to meet all obligations as they become due.

A summary of the contractual obligations as at December 31, 2014 were:

Contractual obligation	Total	Less than 1 year	1-4 year	5 year
Accounts payable and accrued liabilities	$ 279,546	$ 279,546	$ -	$ -
Convertible debenture	17,250,000	-	-	17,250,000
Finance lease payments	16,347	3,748	9,681	2,918
Payments under an operating lease	431,581	152,148	279,433	-
Total	**$ 17,977,474**	**$ 435,442**	**$ 289,114**	**$ 17,252,918**

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. The Company, except for cash and cash equivalents, measure all financial instruments subsequently at amortized cost. Of the financial instruments measured at amortized cost, only accounts payable and accrued liabilities and the convertible debentures were not classified as loans and receivables.

Cash and cash equivalents are classified as held-for-trading and are subsequently measured at fair value. 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 credit or liquidity risk on these cash and cash equivalent balances. The cash and cash equivalents balances at December 31, 2014 were $9,748,841.

For financial assets measured at amortized cost, Grenville will assess, at each reporting period, whether impairment has occurred. As of the current date there was one financial asset impaired and there were no assets in the balance of the portfolio in default that have exceeded the contracted cure period. In monitoring credit risk for the royalty agreements acquired and the loan receivable, the Company considers the payment history, industry, sales volume and aging trends, maturity, and other relevant factors. The Company performs periodic credit evaluations of the financial condition of the investee. As at December 31, 2014, the maximum credit exposure for the royalty agreements acquired and the loan receivable was $24,774,819. 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. The foreign exchange exposure at December 31, 2014 was 12,278,755 United States dollars representing 34.9% of total assets.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant credit, market and liquidity risks. The Company does not hold any financial derivatives either for hedging or speculative purposes.

As all accounts payable and accrued liabilities are short term, 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 receivables, accounts payable and accrued liabilities approximates their carrying value due to their short-term maturity. The fair value of the loan receivable and royalty agreements acquired are estimated by discounting 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 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. There was no change in fair value that was recognized in the total comprehensive loss for the three month period ended December 31, 2014 or the loss for the year ended December 31, 2014.

COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2014, Grenville had no commitments for material capital expenditures, no contingencies and no off-balance sheet arrangements.

The only material contractual obligations is the convertible debentures (see Liquidity and Capital Resources) notwithstanding there are some ongoing obligations under an agreement with Quantum Leap Asset Management Limited for the provision of general office and administrative services which expired in December 2014. The agreement with Quantum Leap Asset Management Limited is described in more detail under Transactions between Related Parties.

TRANSACTIONS BETWEEN RELATED PARTIES

a) Related Party Transaction

The Company entered into an independent contractor agreement with Quantum Leap Asset Management Limited ("QLAM"), a company controlled by William Tharp, a director and the Chief Executive Officer of the Company, dated July 29, 2013, for the provision of general office and administrative services (the "QLAM Agreement"). The QLAM Agreement will expired on December 31, 2014 by mutual agreement of the parties though the Company will continue to pay some outstanding obligations of QLAM up to an amount of $24,356 between January 2015 and May 2015.

Under the terms of the QLAM Agreement, the Company paid QLAM a maximum of $10,000 per month, plus applicable taxes, primarily for the Company's proportionate share of the cost of QLAM's office rent and ancillary services, payable in advance on the first day of the month. If the Company requests the provision of additional services, the parties will negotiate pricing and payment terms for such additional services. For the three month period ended December 31, 2014 and the year ended December 31, 2014 the Company incurred $30,000 and $120,000 respectively, in fees under the QLAM Agreement.

b) Compensation of key management personnel

	3 month period ended December 31, 2014	Year ended December 31, 2014	Period July 29 to December 31, 2013
Short term employee benefits	$ 157,311	$ 484,070	$ -
Share-based payments	14,310	188,803	-
Consultancy fees	33,750	103,125	-
Severance payment	-	400,000	-
Totals	**$ 205,371**	**$ 1,175,998**	**$ -**

The severance payment of $400,000 was paid to the former President and Chief Executive Officer of Troon Ventures Ltd. but who continues to be an independent director of Grenville.

Since March 27, 2014 the Executive Chairman and Chief Executive Officer received salary compensation and the non-executive board members received directors' fees.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Grenville is still an early development stage company and as the Company grows, it will continue to establish additional and broader internal controls over financial reporting.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

Management is required to make estimates when preparing the financial statements. Estimates may include amounts of liabilities for services provided but not yet invoiced, share-based payments, deferred income tax assets and impairment of financial assets.

The Company capitalizes transaction costs on royalty agreements which are not recoverable from the investee when there is intent by both parties to enter into an agreement. In order to calculate the effective interest rate applicable for the entire term of the agreement (which in turn determines the income to be recognized in the Statement of Comprehensive Income and Loss), the Company must estimate the expected cash flows based on the Company's experience of such investments and the investee's historical cash flows. At the end of each quarter, the Company reviews the estimated cash flows to see if a revision is required, based on the actual level of cash flows received. Any adjustment to the principal reflecting a revision in the cash flows is recognized as an income or expense in profit or loss.

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 has adopted IFRS 10, 11, 12 and 13 which were effective on January 1, 2013. The IASB has and will issue a collection of amendments as part of its annual project "Improvements to IFRSs." They will not have a material impact on the presentation of the Company's financial position or results of operations.

In November 2009, the IASB issued IFRS 9 *Financial Instruments*, which addresses the classification and measurement of financial instruments. Application of IFRS 9 is mandatory from the effective date of January 1, 2018. The Company has carried out an impact analysis and the new standard will mean that the Company's royalty agreements acquired will be subsequently measured at fair value and the changes in fair value will be reflected in the statement of comprehensive income and loss. This change will not impact the cash flows generated by the Company's activities and as a result will not have a material adverse effect on the Company's business, financial condition, results of operations or prospects but could have a material impact in the presentation of the financial statements.

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which addresses the recognition of revenue. The new standard is out of scope for the Company as 100% of its revenues are generated by financial instruments.

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 at December 31, 2014, there were issued and outstanding: (a) 59,410,419 Common Shares; (b) Warrants to acquire 9,532,473 common shares at an exercise price of $0.42; (c) options under the Company's Stock Option Plan to acquire 3,364,790 common shares, at a weighted average exercise price of $0.4695 and (d) 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.

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, which will be the sole source 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 financial condition and cash flow. The Company conducts due diligence on each of our 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.

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 our investee companies, the Company does not have significant 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 our 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. In addition, because the Company has structured, and generally intends to structure, our investments in investee companies on an unsecured basis, our rights, including payment rights, will be subordinate to the rights of secured 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 Grenville make, 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 expect, Grenville 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.

Financing Risks

The Company does not have any history of significant earnings and due to the nature of our 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 our investee companies, there is no assurance that such funds will be sufficient to facilitate the development of our 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

Grenville 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 our 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 Grenville may not yet have all of the skills or personnel necessary to properly analyze and value royalty opportunities.

Limited Number of Investee Companies

Grenville 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 our 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, results of operations or prospects.

Ability to Negotiate Additional Royalty Purchases

A key element of the growth strategy involves purchasing additional royalties from new investee companies. Grenville'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 our access to financing on acceptable terms. As Grenville 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 our business, financial condition, results of operations or prospects.

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. Although Grenville believe that the repurchase prices will adequately compensate us for lost royalty payments, 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 our business, financial condition, results of operations or prospects.

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, we expect 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 our investee companies' ability 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 our 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 our investee companies may be adversely affected.
- Damage to the reputation of our investee companies' brands 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 our 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.

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 our and the investee companies' business, resources, financial condition, results of operations and cash flows. 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.

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 Grenville. 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.

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.

No Guarantee as to Timing or Amount of Dividends

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.

The Company may not declare or pay a dividend if there are reasonable grounds to believe that (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities, including those arising in the ordinary course of business. Dividends are not guaranteed and may fluctuate or be reduced or eliminated. There can be no assurance as to the levels of dividends to be paid by the Company, if any. The market value of the common shares of the Company may deteriorate if the Company is unable to pay dividends in accordance with its dividend strategy, or not at all, and such deterioration may be material.

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 our business, financial condition, results of operations or prospects.

Reliance on Key Personnel

Grenville'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. 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 we 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 Grenville and the Company's 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.

Effect of General Economic and Political Conditions

Grenville's business, and the business of each of our 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 Company's and our investee companies' business, financial condition, results of operations or prospects.

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 Grenville may be subject to lawsuits, claims, regulatory proceedings, and litigation for amounts not covered by our liability insurance. Some of these proceedings could result in significant costs, whether or not resolved in our 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 us, our business, our market or our 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, Grenville'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.

APPROVAL

The Board of Directors of the Company approved this MD&A on February 6, 2015.

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 foreign exchange differences on royalty agreements acquired, unrealized adjustments made to the carrying amount as a result of revising estimated cash flows 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 for the periods ended as indicated:

	Three months ended December 31, 2014	**Year ended December 31, 2014**	**Period from July 29, 2013 to December 31, 2013**
Loss before income taxes	**$ (111,568)**	**$ (3,513,887)**	**$ (108,856)**
Depreciation	2,384-	3,721	-
Financing expense	427,898	798,058	-
EBITDA/EBITDA (Loss)	**318,714**	**(2,712,108)**	**(108,856)**
Adjustments:			
Unrealized foreign exchange gain on carrying amount of Royalty Agreements Acquired	(444,643)	(684,297)	-
Unrealized adjustment to carrying amount of royalty agreements as a result of revising estimated cash flows	(120,280)	(120,280)	-
Share-based payment expense	27,959	214,046	-
RTO transaction expense (1)	-	2,651,316	-
Severance payment	-	400,000	-
Legal and professional expenses directly related to RTO	-	584,881	-
Withholding tax expensed	156,799	156,799	-
Legal and professional fees directly related to start-up of business	-	-	85,012
Adjusted EBITDA/EBITDA (Loss)	**$ (61,451)**	**$ 490,357**	**$ (23,844)**

(1) The RTO transaction expense arises from a share-based payment. As the expense is so significant and relates to a specific transaction it is included under RTO transaction expense rather than Share-based payment expense.

During the 2nd Quarter, 2014, management changed how Adjusted EBITDA was calculated by including unrealized foreign exchange differences, unrealized adjustments to the carrying amount of royalty agreements acquired and share-based payment expenses relating to services provided. As a result, any comparatives relating to Adjusted EBITDA must now show unrealized foreign exchange differences, unrealized adjustments to the carrying amount of royalty agreements acquired and share-based payment expenses relating to services provided. For the period from July 29, 2013 to December 31, 2013, there were no unrealized foreign exchange differences, unrealized adjustments to the carrying amount of royalty agreements acquired or share-based payment expenses relating to services provided so there is no change in Adjusted ETIBDA relative to that which was previously reported.

The reconciliation of EBITDA loss to Adjusted EBITDA, if these changes were not made, is:

	Three months ended December 31, 2014	Year ended December 31, 2014	Period from July 29, 2013 to December 31, 2013
Loss before income taxes	**$ (111,568)**	**$ (3,513,887)**	**$ (108,856)**
Depreciation	2,384	3,721	-
Financing expense	427,898	798,058	-
EBITDA/EBITDA (Loss)	**318,714**	**(2,712,108)**	**(108,856)**
Adjustments:			
RTO transaction expense(1)	-	2,651,316	-
Severance payment	-	400,000	-
Legal and professional expenses directly related to RTO	-	584,881	-
Withholding tax expensed	156,799	156,799	-
Legal and professional fees directly related to start-up of business	-	-	85,012
Adjusted EBITDA/EBITDA (Loss)	**$ 475,513**	**$ 1,080,888**	**$ (23,844)**

(1) The RTO transaction expense arises from a share-based payment. As the expense is so significant and relates to a specific transaction it is included under RTO transaction expense rather than Share-based payment expense.

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 adding back the royalty agreements acquired 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 December 31, 2014	Year ended December 31, 2014	Period from July 29, 2013 to December 31, 2013
Net cash used in operating activities	**$ (2,914,423)**	**$ (22,028,331)**	**$ (2,474,615)**
Royalty agreements acquired	4,511,400	22,722,168	1,925,627
Interest expense	(351,144)	(661,644)	-
Income tax payable- movement in period	(28,426)	(80,384)	-
RTO expenses not paid from Free cash flow – see above	-	984,881	-
Free Cash Flow	**$ 1,217,407**	**$ 936,690**	**$ (548,988)**

Average royalty payment per million invested refers to the royalty payment earned 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 during the year:

	Ref.	Total for year ended December 31, 2014	Dec-14	Nov-14	Oct-14	Sep-14	Aug-14	Jul-14	Jun-14	May-14	Apr-14	Mar-14[(1)]	Feb-14[(1)]	Jan-14[(1)]
Royalty payment														
Interest income on loans		38,072	1,905	2,150	2,392	2,629	2,861	3,088	3,311	3,529	3,742	3,952	4,156	4,357
Royalty payment income		2,655,909	529,808	455,890	386,741	357,388	265,704	219,503	170,868	84,842	59,287	71,182	30,303	24,393
Principal payments		133,786	(45,052)	22,215	32,804	15,564	18,591	30,620	10,360	10,146	9,937	9,733	9,532	9,336
Total Royalty payment	**A**		486,661	480,255	421,937	375,581	287,156	253,211	184,539	98,517	72,967	84,866	43,991	38,086
Capital Deployed														
Starting balance			23,632,168	23,132,168	20,120,768	16,904,968	12,717,768	10,580,715	7,186,665	5,686,665	4,581,215	4,026,000	2,410,000	1,910,000
Royalty agreements acquired			-	500,000	4,011,400	3,215,800	4,187,200	2,137,053	3,394,050	1,500,000	1,105,450	555,215	1,616,000	500,000
Investment impaired			-	-	(1,000,000)	-	-	-	-	-	-	-	-	-
Ending balance			23,632,168	23,632,168	23,132,168	20,120,768	16,904,968	12,717,768	10,580,715	7,186,665	5,686,665	4,581,215	4,026,000	2,410,000
Average capital deployed*	**B**		**23,632,168**	**23,382,168**	**21,626,468**	**18,512,868**	**14,811,368**	**11,649,242**	**8,883,690**	**6,436,665**	**5,133,940**	**4,303,608**	**3,218,000**	**2,160,000**
Average royalty per $1m invested														
((A*12)/B)*1,000,000			**247,118**	**246,472**	**234,123**	**243,451**	**232,650**	**260,835**	**249,273**	**183,668**	**170,552**	**236,637**	**164,045**	**211,587**

* Starting balance plus ending balance divided by 2

[(1)]For January 2014, February 2014 and March 2014 the average royaty rate per $1m invested is now shown using the new calculation for comparison purposes.

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.

Rolling three month average investment per month represents the average of the cost of the investments in royalty agreements in the current month and the previous two months.

Rolling three month average investment per transaction represents the average of the transaction size for the investments in royalty agreements in the current month and the previous two months.

These rolling three month metrics are used by management to monitor trends in the size, volume and velocity in investments, to gain insight into portfolio performance, risk management, future financing requirements and portfolio diversification indicators, without limitation.

The calculation of the rolling three month average investment per month and the rolling three month average transaction per transaction since December 2013 are:

	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Royalty agreements acquired	$535,000	$500,000	$1,616,000	$555,215	$1,105,450	$1,500,000	$3,394,050	$2,137,053	$4,187,200	$3,215,800	$4,011,400	$ 500,000	$ -
# of transactions closed in mth	1	1	2	1	1	2	3	1	2	2	3	1	-
Average deal size (Ref A / Ref B)	$535,000	$500,000	$808,000	$555,215	$1,105,450	$750,000	$1,131,350	$2,137,053	$2,093,600	$1,607,900	$1,337,133	$500,000	
3 month moving average*													
- Average investment per month (Ref A)	$553,333	$720,000	$883,667	$890,405	$1,092,222	$1,053,555	$1,999,833	$2,343,701	$3,239,434	$3,180,018	$3,804,800	$2,575,733	$1,503,800
- Average investment per transaction (Ref C	$553,333	$720,000	$614,333	$621,072	$822,888	$803,555	$995,600	$1,339,468	$1,787,334	$1,946,184	$1,679,544	$1,148,344	$918,567

* average of the sum of the current month and the previous 2 months.