

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, 2015. The information in this MD&A is current as of April 26, 2016 and should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2015 and the audited annual financial statements and MD&A for the year ended December 31, 2014.

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"), and are recorded in Canadian dollars. Certain dollar amounts in this MD&A have been rounded to the nearest thousands of dollars.

FORWARD-LOOKING INFORMATION

This MD&A and documents incorporated by reference contain certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". The forward-looking information contained herein may include, but is not limited to, information with respect to: prospective financial performance; including the Company's opinion regarding the current and future performance of its portfolio, expenses and operations; anticipated cash needs and need for additional financing; anticipated funding sources; future growth plans; royalty acquisition targets and proposed or completed royalty transactions; estimated operating costs; estimated market drivers and demand; business prospects and strategy; anticipated trends and challenges in the Company's business and the markets in which it operates; the 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 Company's ability to pay dividends in the future and the timing and amount of those dividends; the relative speculative and illiquid nature of an investment in the Company; the volatility of the Company's share price; the Company's limited operating history; the Company's ability to generate sufficient revenues; the Company's ability to manage future growth; the limited diversification in the Company's existing investments and the concentration of a significant amount of the Company's invested capital in a small number of investments; the Company's ability to negotiate additional royalty purchases from new investee companies; the Company's dependence on the operations, assets and financial health of its investee companies; the Company's limited ability to exercise control or direction over investee companies; potential defaults by investee companies and the unsecured nature of the Company's investments; the Company's ability to enforce on any default by an investee company; competition with other investment entities; tax matters, including the potential impact of the Foreign Account Tax Compliance Act on the Company; the potential impact of the Company being classified as a Passive Foreign Investment Company ("PFIC"); reliance on key personnel, particularly the Company's founders; dilution of shareholders' interest through future financings; changes to the Company's accounting policies and methods; and general economic and political conditions; as well as the risks discussed under the heading "Risk Factors" on pages 16 to 22 of the Annual Information Form of the Company dated February 11, 2015 and the risks discussed herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information and forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

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

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

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

NON-IFRS MEASURES

This MD&A also refers to certain key performance indicators, including EBITDA, Adjusted EBITDA, free cash flow, average royalty payment per million invested, twelve month total royalty income moving average, 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, twelve month total royalty income moving average, 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, 2015, which are available on SEDAR at www.sedar.com.

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OVERVIEW

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS 9 FINANCIAL INSTRUMENTS (“IFRS 9”)

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

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

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

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

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, 2014 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 of the RTO on the Company was the acquisition of cash and cash equivalents amounting to \$6,935,241.

GENERAL DESCRIPTION OF THE BUSINESS

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

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

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

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

Grenville's financial results in the short-term are primarily tied to cash-flow generated from its portfolio of producing assets. From time to time, financial results are also supplemented by Contract Buyouts or Contract Buydowns. While portfolio losses are expected from time to time, over the longer-term, the Company's results are impacted by the underlying growth from the core portfolio of investments held. Grenville has a long-term focus on making investments and recognizes that consistency of management and investment execution enables stronger deal velocity. While still a relatively young company, Grenville's approach has provided a strong balance sheet to enable the Company to make new investments.

At December 31, 2015, Grenville had \$18.0 million in working capital. Grenville's shares are listed on the TSX Venture Exchange under the symbol GRC. An investment in Grenville's shares is expected to provide investors with yield and exposure to the public and private North American SME growth market, while limiting exposure to many of the risks of investing in and operating companies in the same sector through diversification.

Since completion of the RTO just over two years ago, the Company has grown its portfolio and initiated a monthly dividend payment since February, 2015.

DIVIDEND STRATEGY

The Company's ability to generate royalty income from the portfolio of investees is a key component of a sustainable dividend policy. Any significant downturn in a material number of investee's businesses, financial condition or the industry in which the investee operates could have a material adverse effect on the Company's business, financial condition, results of operations and could impact the Company's ability to pay the dividends at the existing level or at all.

RESULTS OF OPERATIONS

	Three months ended December 31, 2015	Three months ended December 31, 2014 ⁽²⁾	Year ended December 31, 2015	Year ended December 31, 2014 ⁽²⁾
Revenues	\$ 964,798	\$ 1,535,246	\$ 12,127,179	\$ 2,944,791
Profit/(Loss) for the period	(671,616)	(80,461)	5,167,286	(3,457,760)
EBITDA/EBITDA (Loss) ⁽¹⁾	(495,542)	318,714	8,770,444	(2,712,108)
Adjusted EBITDA ⁽¹⁾	4,221,253	(61,451)	10,760,875	490,357
Adjusted EBITDA ⁽¹⁾ excluding impairment provision	4,221,253	938,549	10,760,875	1,490,537
Free cash flow ⁽¹⁾	3,739,658	1,217,407	7,349,954	936,690
Basic Earnings/(Loss) per share	(0.0067)	(0.0014)	0.0578	(0.0700)
Diluted Earnings/(Loss) per share	(0.0067)	(0.0014)	0.0535	(0.0700)
Weighted basic average number of shares outstanding	99,785,455	59,393,263	89,390,448	49,369,201
Weighted diluted average number of shares outstanding	131,646,404	72,424,888	119,808,350	63,212,922
Dividend paid and payable on common shares during the period	1,587,622	-	4,638,691	-
Dividend per share on annualized basis at December 31	0.07	-	0.07	-
Royalty agreements acquired and promissory notes in period	14,411,025	4,511,400	32,541,055	22,722,168
Aggregate royalty agreements acquired and loans	57,173,223	24,632,168	57,173,223	24,632,168
Aggregate proceeds (less costs) on Contract Buyouts	9,391,535	-	13,562,045	-
Weighted average royalty rate ⁽¹⁾	4.16%	3.86%	4.16%	3.86%

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

⁽²⁾ The Company adopted IFRS 9 effective January 1, 2015 and has elected not to restate the 2014 numbers using IFRS 9 meaning that the information presented for 2014 is not comparable to the information presented for 2015 under IFRS 9.

Revenue analysis

Three months ended December 31, 2015

	Three months ended December 31, 2015	% of revenue	Three months ended December 31, 2014 ⁽¹⁾	% of revenue	Growth %
Interest income on promissory notes/loans	\$ 122,780	12.7	\$ 6,446	0.4	1804.7
Royalty payment income	2,359,048	244.5	1,372,439	89.4	71.9
Realized gains on Contract Buyouts	2,353,457	243.9	-	-	N/A
Realized foreign exchange gains	710,137	73.6	-	-	N/A
Unrealized foreign exchange gains	444,950	46.2	-	-	N/A
Unrealized loss from changes in fair value	(5,088,119)	(527.4)	-	-	N/A
Other interest income / other income	62,545	6.5	156,361	10.2	(60.0)
Total revenue	\$ 964,798	100.0	\$1,535,246	100.0	(37.2)

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

Year ended December 31, 2015

	Year ended December 31, 2015	% of revenue	Year ended December 31, 2014 ⁽¹⁾	% of revenue	Growth %
Interest income on promissory notes/loans	\$ 170,945	1.4	\$ 38,072	1.3	349.0
Royalty payment income	8,274,301	68.2	2,655,909	90.1	211.5
Realized gains on Contract Buyouts	4,550,099	37.5	-	-	N/A
Realized foreign exchange gains	710,137	5.9	-	-	N/A
Unrealized foreign exchange gains	2,989,113	24.6	-	-	N/A
Unrealized loss from changes in fair value	(4,767,789)	(39.3)	-	-	N/A
Other interest income / other income	200,373	1.7	250,810	8.6	(20.1)
Total revenue	\$12,127,179	100.0	\$2,944,791	100.0	311.8

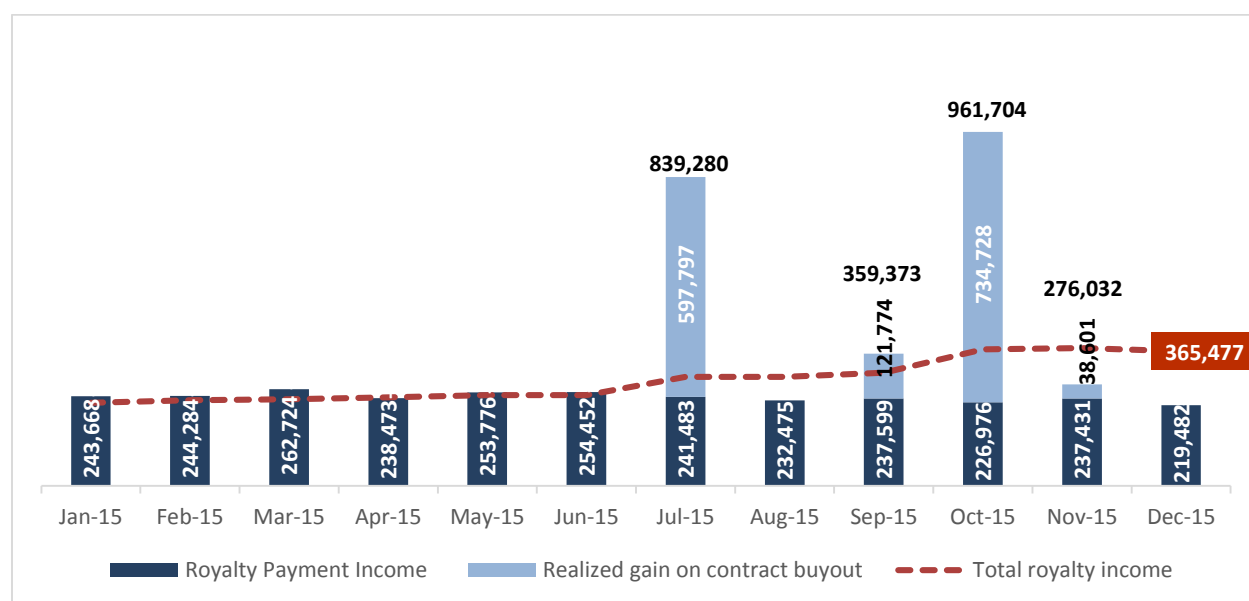
(1)The Company adopted IFRS 9 effective January 1, 2015 and has elected not to restate the 2014 numbers using IFRS 9 meaning that the information presented for 2014 is not comparable to the information presented for 2015 under IFRS 9.

Revenues were \$964,798 for the three-month period ended December 31, 2015 compared to \$1,535,246 for the three-months ended December 31, 2014. Revenues for the three months ended December 31, 2015 were negatively impacted by a net non-cash amount of \$(4,643,169). This non-cash amount of \$(4,643,169) relates primarily to \$(5,088,119) for an unrealized loss from the change in fair value of royalty agreements acquired and promissory notes receivable, partially offset by unrealized foreign exchange gains of \$444,950. Royalty payment income represented 244.5% of total revenue for the three-month period ended December 31, 2015 compared to 89.4% of total revenue for the three-month period ended December 31, 2014. The increase in royalty payment income from \$1,372,439 for the three-months ended December 31, 2014 to \$2,359,048 for the three-month period ended December 31, 2015 was due to total aggregate investments increasing by 132.1%. Realized gains on Contract Buyouts were \$2,353,457 for the three-month period ended December 31, 2015 and zero for the three-month period ended December 31, 2014. The realized gains on Contract Buyouts was a net of realized gains and losses and came from the royalty agreements with Above Security Inc., INOVx Solutions and 4Tell Inc.

Revenues were \$12,127,179 for the year ended December 31, 2015 compared to \$2,944,791 for the year ended December 31, 2014. Revenues for the year ended December 31, 2015 were negatively impacted by a net non-cash amount of \$(1,778,676). This non-cash amount of \$(1,778,676) relates primarily to \$(4,767,789) for an unrealized loss from the change in fair value of royalty agreements acquired and promissory notes receivable, partially offset by unrealized foreign exchange gains of \$2,989,113. The growth in royalty payment income of 211.5% reflected total aggregate investments increasing by 132.1% between the year ended December 31, 2015 and the year ended December 31, 2014 as well as 2015 reflecting a full year's income. Realized gains on Contract Buyouts were \$4,550,099 for the year ended December 31, 2015 and zero for the year ended December 31, 2014 which gains related to five agreements bought out between July 2015 and December 2015 and zero for the year ended December 31, 2014.

For the three-month period ended December 31, 2015, other interest income was made up of interest earned of \$62,545 compared to other income of \$156,361 for the three-month period ended December 31, 2014 which was made up of an adjustment to the carrying cost of the investment for Wmode Inc. of \$120,280 with the balance relating to interest earned. The interest earned of \$62,545 for the three-month period ended December 31, 2015 and \$200,373 for the year ended December 31, 2015 was on short term investments of available cash. The available cash in 2015 arose from the cash that was waiting to be invested in royalty agreements following the issue of common shares in May 2015 and the cash of \$13,562,045 returned following the Contract Buyouts. The interest earned of \$33,925 for the three-month period ended December 31, 2014 and \$128,374 for the year ended December 31, 2014 was on available cash following the issue of special warrants at the end of March 2014 and the convertible debentures in July 2014. The adjustments to the carrying cost of investments of \$120,280 recognized for the year ended December 31, 2014 was due to the change in the estimated cash flows for the Wmode investment and was recognized in accordance with AG8 of IAS 39.

The average royalty payment per million invested, (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) including realized gains on Contract Buyouts and net of write-offs for the period from December 2014 to December 2015 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 2015 was \$219,482. The royalty payment income result in December 2015 is lower than previous months as royalty payment income of \$336,299 relating to the previous months was uncollected and was adjusted for in December 2015 so as to show the average royalty payment per million invested (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) over the total capital deployed and not just the capital invested that is performing. Accordingly, the Company adjusted the results for the months June 2015 to September 2015 in the above table from what was reported previously. The difference in the result for the months June 2015 to September 2015 was in the range of 0-3% and as a result is not considered material. The chart above includes a rolling 12-month average of total royalty income (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) and includes royalty payment income and realized gains on Contract Buyouts. The purpose of this metric is to provide a comparison between the long term impacts of recurring royalty revenues and intermittent Contract Buyout revenue.

During the three month period ended December 31, 2014, the portfolio experienced a full impairment write-down of \$1,000,000 on one of the investments. During the year ended December 31, 2015, the Company recovered \$409,064 of the investment. The Company continues to pursue all avenues including litigation to recover the full value, or as much of the investment as possible.

Operating expense analysis

Total operating expenses were \$1,468,561 for the three-month period ended December 31, 2015, compared to \$218,916 for the three-month period ended December 31, 2014. Included in the operating expenses for the three-month period ended December 31, 2015 was an employee bonus expense of \$475,000 and professional fees of \$321,202 while the operating expenses for the three-month period ended December 31, 2014 did not have any employee bonus expense, had professional fees expenses of

\$90,105 and included a net foreign exchange gain of \$373,302, of which \$360,819 related to an unrealized foreign exchange gain on the translation of royalty agreements. For the three-month period ended December 31, 2015, realized and unrealized foreign exchange gains are reported as part of revenues as required under IFRS 9.

Total operating expenses were \$3,382,504 for the year ended December 31, 2015 compared to \$4,660,620 for the year ended December 31, 2014. The operating expenses for the year ended December 31, 2015 included employee bonus expense of \$525,000 and additional cost of the increased number of employees including a new managing director and investment team member while the operating expenses for the year ended December 31, 2014 included a net foreign exchange gain of \$693,789 and expenses of \$3,636,197 directly attributable to the RTO. For the three-month period ended December 31, 2015, realized and unrealized foreign exchange gains are reported as part of revenues as required under IFRS 9.

Salaries, benefits and other staffing costs were \$824,096 for the three-month period ended December 31, 2015, compared to \$251,401 for the three-month period ended December 31, 2014. Included in the \$824,096 for the three-month period ended December 31, 2015 was an employee bonus expense of \$475,000 and the costs of the increased number of employees including a new managing director and investment team member which were not included in the three-month period ended December 31, 2014. Salaries, benefits and other staffing costs were \$1,803,973 for the year ended December 31, 2015, compared to \$1,091,680 for the year ended December 31, 2014. Included in the expense for the year ended December 31, 2014 was a one-time severance payment of \$400,000 to the former chief executive officer of the Company's predecessor, Troon Ventures Ltd., which was incurred as of the date of the RTO. Salaries, benefits and other staffing costs excluding this severance cost were higher for the year ended December 31, 2015 because of the employee bonus expense of \$525,000, increased number of employees including a new managing director and investment team member, severance paid to a former employee who left the company in the first quarter of 2015 and directors' fees that were incurred for the full period in 2015 but in 2014 were incurred for only nine months.

Management and facility fees were \$38,105 and \$156,647 for the three-month period ended and year ended December 31, 2015 respectively, compared to \$60,357 and \$163,138 for the three-month period ended and the year ended December 31, 2014 respectively. The higher cost for the three-month period ended December 31, 2015 compared to the three-month period ended December 31, 2014 was a result of a termination expense of \$24,536 incurred in terminating the lease of the Company's old office in December 2014.

Share-based payment expenses were \$73,625 for the three-month period ended December 31, 2015, compared to \$27,959 for the three-month period ended December 31, 2014. The increase in the expense was a result of an additional 4,715,000 options issued during the year ended December 31, 2015. Share-based payment expenses were \$211,754 for the year ended December 31, 2015, compared to \$2,865,362 for the year ended December 31, 2014. The expense for the year ended December 31, 2014 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 \$371,202 for the three-month period ended December 31, 2015, compared to \$90,105 for the three-month period ended December 31, 2014. Professional fees were higher for the three-month period ended December 31, 2015 due to higher portfolio activity requiring more professional services and higher investor relations and communications expenses. Professional fees were \$782,090 for the year ended December 31, 2015, compared to \$853,909 for the year ended December 31, 2014. Professional fees were higher for the year ended December 31, 2014 due to the fact that professional fees totalling \$584,881 were incurred due to the RTO that was completed on February 19, 2014 but that were partially offset by the higher professional fees in the year ended December 2015 associated with the higher portfolio activity and more investor relations and communications expenses.

Office and general administrative expenses were \$151,040 for the three-month period ended December 31, 2015, compared to \$235,057 for the three-month period ended December 31, 2014. Within the \$235,057 for the three-month period ended was \$156,699 for withholding tax expensed as the Company determined during that period that the withholding tax was not recoverable. The office and general administrative expenses for the year ended December 31, 2015 were \$425,631 compared to \$380,320 for the year ended December 31, 2014.

As a result of the adoption of IFRS 9 with effect from January 1, 2015, foreign exchange differences relating to the translation of the portfolio denominated in US dollars was included within the Royalty agreements acquired and Promissory notes receivable captions in revenue for the year ended December 31, 2015 while for the year-ended December 31, 2014 such foreign exchange differences were included as part of operating expenses. Overall there was an unrealized foreign exchange gain of \$2,986,704 for the year ended December 31, 2015 reflecting the impact of the stronger US dollar during the year on the Company's US dollar

denominated royalty investments. The closing exchange rate at December 31, 2015 was \$1.3840 compared to \$1.1601 at December 31, 2014. During the year ended December 31, 2015 there were realized foreign exchange gains of \$710,137 due to two Contract Buyouts on US dollar denominated investments.

Analysis for further items included in the Results of Operations

Financing expenses relating to the convertible debentures issued in July 2014 were \$428,097 and \$1,692,562 for the three-month period ended and year ended December 31, 2015, respectively. Of these expenses, \$342,165 and \$1,380,000 respectively were in respect of interest and \$85,932 and \$312,562 respectively was for the accretion portion of the initial transaction costs and the equity component recognized. As the convertible debentures were issued on July 10, 2014, financing expenses for the year-ended December 31, 2014 were lower at \$798,058. For the three-month period ended December 31, 2014, the total financing expense was \$370,160 of which \$310,500 and \$59,660 was in respect of interest and accretion respectively.

Income taxes were \$(260,244) and \$1,884,827 for the three-month period ended and year ended December 31, 2015, respectively. The effective tax rate was 26.5% and a full recognition was made for all temporary differences. Due to the availability of tax losses there was a small income tax recovery of \$31,107 and \$56,127 recognized for the three-month period ended and year ended December 31, 2014 respectively.

EBITDA (EBITDA Loss) (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) was \$(495,542) and \$8,770,444 for the three-month period ended and year ended December 31, 2015 respectively, compared to EBITDA (EBITDA loss) (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) of \$318,714 and \$(2,712,108) for the three-month period and year ended December 31, 2014 respectively. EBITDA increased by a combination of royalty payment income of \$5,618,392 and the realized gains on Contract Buyouts of \$4,550,099 for the year ended December 31, 2015 and non-recurrence of one-time RTO related costs of \$3,636,197 included in the year ended December 31, 2014.

Adjusted EBITDA (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) was \$4,221,253 and \$10,760,875 for the three-month period and year ended December 31, 2015, respectively, compared to an Adjusted EBITDA (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) of \$(61,451) and \$490,357 for the three-month period ended and year ended December 31, 2014, respectively. The increase in Adjusted EBITDA since the three-month period ended and year ended December 31, 2014 was due to increased royalty payment income of \$986,609 and \$5,618,392 respectively as a result of \$32,541,055 in new royalty agreements acquired since the end of December 2014 and the realized gains on Contract Buyouts of \$2,353,457 and \$4,550,099 for the three-month period ended and year ended December 31, 2015.

The Company generated free cash flow (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) of \$3,739,658 and \$7,349,954 for the three-month period ended and year ended December 31, 2015, respectively compared to \$1,217,407 and \$936,690 for the three-month period ended and year ended December 31, 2014, respectively. Free cash flow (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) for the three-month period ended and year ended December 31, 2015 increased due to the increase of royalty payment income of \$986,609 and \$5,618,392 respectively as a result of \$32,541,055 in new royalty agreements acquired since the end of December 2014 and the realized gains on Contract Buyouts of \$2,353,457 and \$4,550,099 for the three-month period ended and year ended December 31, 2015.

Profit (Loss) after taxes was \$(671,616) and \$5,167,286 for the three-month period ended and year ended December 31, 2015, respectively compared to a loss after taxes of \$(80,461) and \$(3,457,760) for the three-month period ended and year ended December 31, 2014, respectively. The increase in the profit after taxes arose due to increased royalty payment income of \$986,609 and \$5,618,392 respectively, realized gains on Contract Buyouts of \$2,353,457 and \$4,550,099 in the three-month period ended and year ended December 31, 2015 respectively, against which the total RTO related costs of \$3,636,197 that were incurred in the year ended December 31, 2014 but no similar expense in the year ended December 31, 2015.

PORTFOLIO UPDATE

The Company's portfolio continued to perform during the three-months ended December 31, 2015, as evidenced by the growth in royalty revenues and the three Contract Buyouts. The three Contract Buyouts generated a return of capital of \$9,391,535 to the Company that is available for re-investment in new royalty agreements. Capital deployed during the three-month period ended December 31, 2015 was \$14,411,025. Included in this amount were four new company investments in the three-month period ended December 31, 2015 and from January 1, 2016 to April 26, 2016, an additional \$5,801,169 was deployed into follow-on investments. Total capital deployed for 2015 was \$32,541,055 and included thirteen new company investments and a monthly investment pace of \$2,711,754, at the higher end of management's guidance of \$2 – 3 million average investment per month investment pace. Total investments to the date of this MD&A is made up of investments into thirty-one companies. As of April 26, 2016 total capital deployed less the capital returned from Contract Buyouts was \$53,408,240.

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, 2015 was 4.16%, compared to 3.56% for all the investments made as of December 31, 2014.

New Company Investments

Updates on each of the four investees where a royalty agreement was closed during the period from October 1, 2015 to April 26, 2016 are as follows:

Agnity Global, Inc. (“Agnity”): Agnity was originally established in California in 2008. Through its subsidiary, Agnity Communications, Inc., Agnity operates in the telecommunications industry providing solutions for network virtualization and the seamless migration from legacy networks such as 3G to 4G/LTE. Agnity also owns a healthcare-focused division, Agnity Healthcare, Inc., providing HIPAA compliant secure mobile contextual messaging and communication applications to clinicians and healthcare.

BESH Holding Corporation (“BESH”): BESH is an Illinois based holding company holding investments in WestLake Financial, Inc. (WestLake), a healthcare brokerage and human resource outsourcing company focused on managing healthcare programs, and SaveUp, Inc. (SaveUp), a software company delivering tools that allow its corporate clients to reward good behavior of their customers or employees through gamification.

Compression Generation Services, LLC (“CompGen”): CompGen was founded in 2011 and is based in Houston, Texas, operating as a provider of high pressure compressors offering equipment and parts sourcing, retro-fit, and exchange program engineering & installation services to O&G and power generation companies worldwide. In addition to the initial investment, Grenville and CompGen entered into a Secured Term Royalty Purchase Agreement for a Line of Credit.

Steam Plant and CHX Systems Ltd (“Sofame”): Steam Plant and CHX Systems (“SPCS”) is a 28-year old private engineering services firm based in Clifford Park, NY. SPCS specializes in all aspects of instrumentation and control for power plants, pulp and paper, water and waste water, and industrial and institutional facilities. SPCS’ expertise includes process controls, boilers, auxiliary equipment, steam and condensate distribution, combustion controls, burner management, emissions monitoring, and the efficient use of steam. SPCS is setup to provide comprehensive support in the areas of engineering, system integration, field service, mechanical fabrication, and equipment supply for boiler room applications.

In addition to new company investments, Grenville also made additional follow-on investments during the period from October 1, 2015 to April 26, 2016 into the following companies:

Lattice Biologics Inc. (“Lattice”): Grenville assisted Lattice in negotiating the terms of a reverse takeover transaction with Blackstone Ventures Inc., a TSX Venture-listed company. In July 2015, to facilitate that transaction, Grenville provided a secured loan (included in Promissory notes receivable) to Lattice in the amount of US \$700,000 to fund working capital through the RTO process. Following the RTO in December 2015, Grenville provided a further US\$250,000 to help Lattice obtain post RTO financing.

Above Security Inc. (“Above”): On August 14, 2015 and October 15, 2015, the Company loaned \$180,000 and \$750,000, respectively, to Above as bridge financing to fund Above during the process of its acquisition by Hitachi Systems, Ltd. The acquisition was completed on October 15, 2015 and Grenville’s royalty agreement terminated on October 20, 2015. Grenville received \$6,460,000 inclusive of principal royalty payments and interest on this investment.

BG Furniture Inc. (“BG”): Between October 30, 2015 and the date of the MD&A, Grenville has provided \$650,000 in working capital loans by way of a promissory note which is convertible, at Grenville’s election, into either the existing royalty or a minority preferred equity share.

Dove Cleaners { Inc. / Corp. / DBA } (“Dove”): On October 2, 2015 and December 24, 2015, the Company completed a \$200,000 second tranche investment following the successful completion of a milestone under the royalty agreement and a \$50,000 secured promissory note advance respectively.

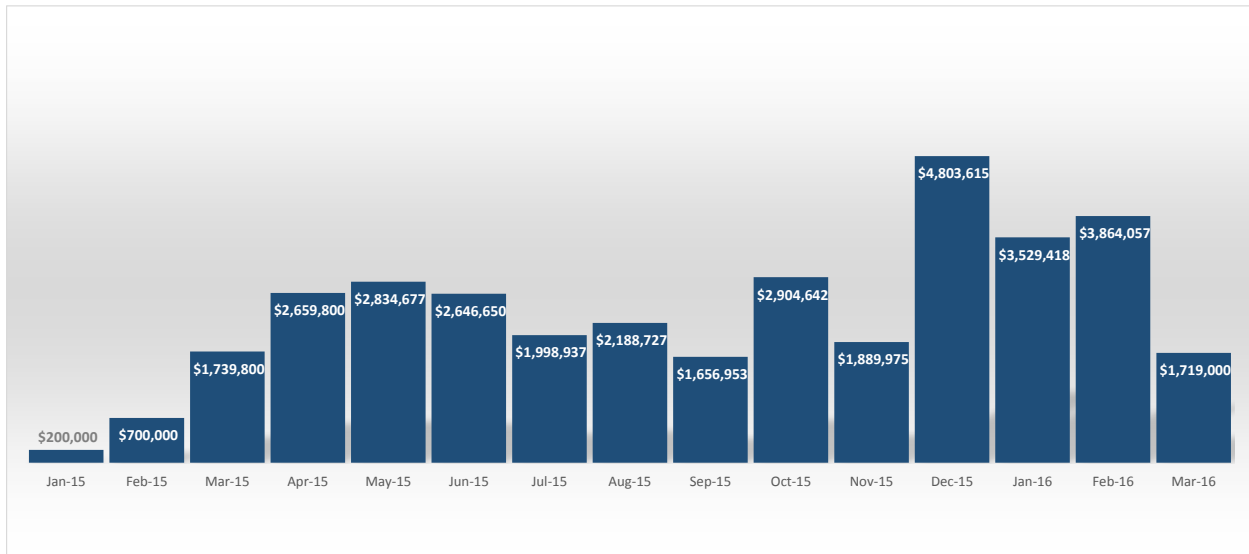
Humble Abode Inc. (“Humble”): On January 11, 2016, the Company completed a US\$400,000 Secured Term Royalty Purchase Agreement with Humble that was used for working capital purposes.

Medical Imaging Corp. (“Medical Imaging”): On February 22, 2016, the Company completed a US\$500,000 secured convertible promissory note which is convertible into the royalty agreement, the proceeds of which were used for working capital purposes.

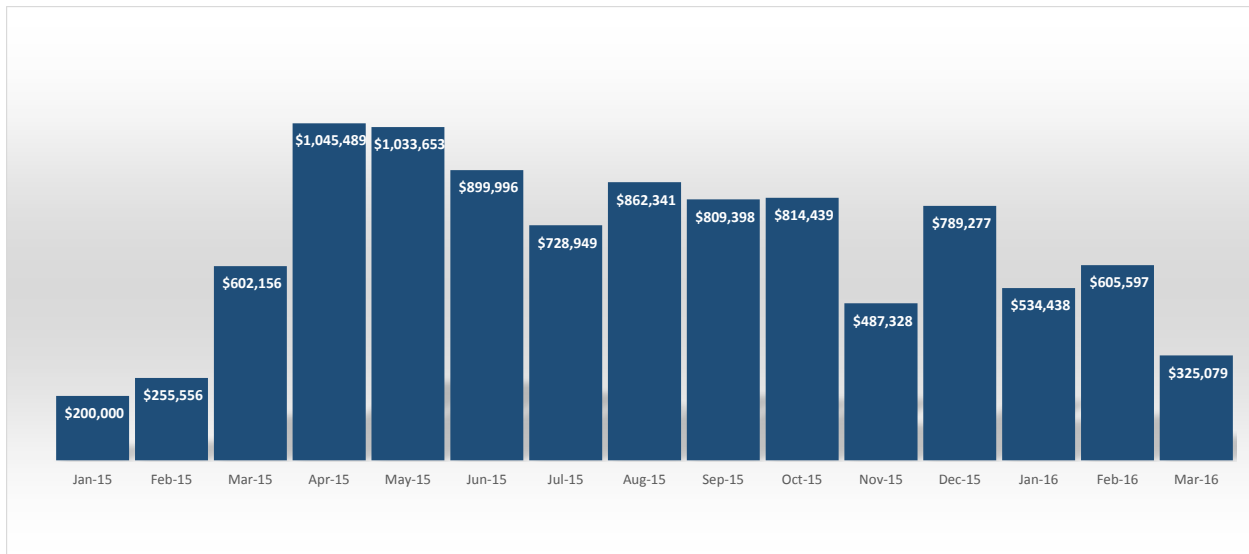
Rolling Three Month Analysis of Investments

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, and to assist with risk management. For the three-month period ended December 31, 2015, the investment pace for the period was consistent with our objective of one to three investments per month. For March 2016, the rolling three-month average investment per month and average investment amount per month was \$1,719,000 and \$325,079 respectively. The rolling three-month average investment per month for March 2016 was similar to September 2015 and was lower than the result for December 2015, January 2016 and February 2016 reflecting that the investments in December 2015 totalled \$9,701,100. The rolling three-month average investment per transaction was \$325,079 for March 2016 which is a level lower than historical because of the larger number of individual small investments that have been occurring since December 2015. Our target remains 1-3 transactions, or investments, per month with an average investment amount placed per month of between \$2,000,000 and \$4,000,000 subject to the availability of capital. This, in turn, implies an average investment per transaction range between \$666,667 and \$4,000,000.

Rolling three-month average investment per month



Rolling three-month average investment per transaction



Portfolio Performance Profile

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

The definitions of the guidelines used and the amounts in each category as of December 31, 2015, September 30, 2015, June 30, 2015, March 31, 2015 and December 31, 2014 were:

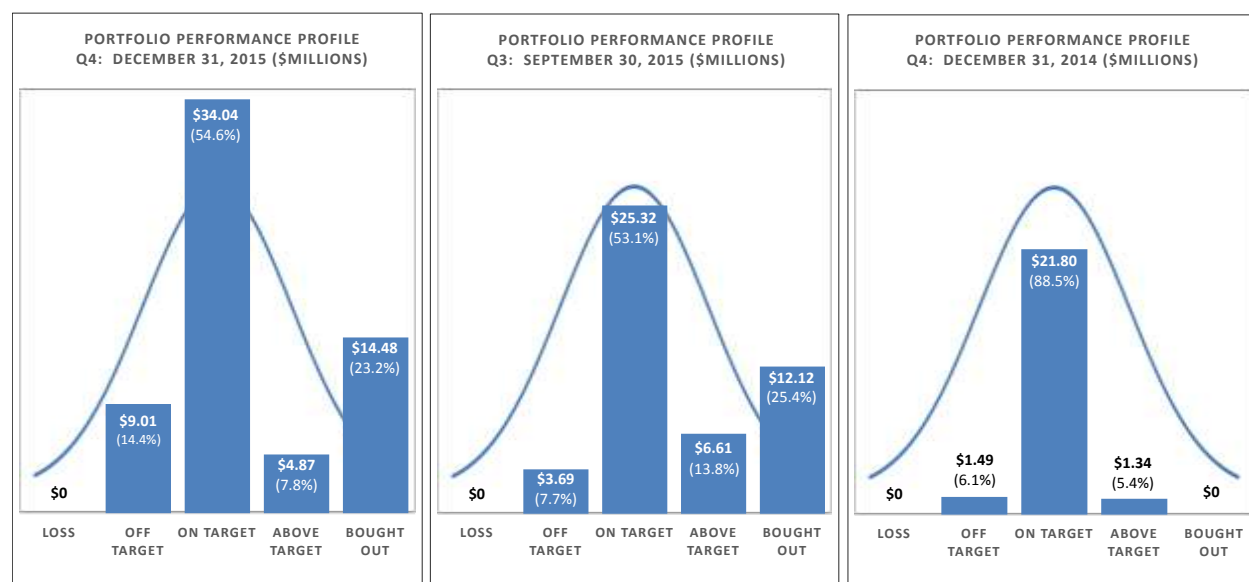
Bought out: means a Contract Buyout occurred within the past 12 months from the date of this MD&A.

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

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

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

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



Category	December 31, 2015	%	September 30, 2015	%	June 30, 2015	%	March 31, 2015	%	December 31, 2014	%
Bought out	\$14,484,482	23.2	\$ 12,117,668	25.4	\$ 2,783,010	7.1	\$ -	-	\$ -	-
Above Target	4,871,900	7.8	6,609,985	13.8	11,535,109	29.2	2,340,215	7.8	1,340,215	5.4
On Target	34,041,916	54.6	25,324,484	53.1	21,216,473	53.5	25,970,917	87.0	21,800,703	88.5
Off Target	9,012,206	14.4	3,690,936	7.7	4,039,936	10.2	1,540,436	5.2	1,491,250	6.1
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$62,410,504	100	\$ 47,743,073	100	\$39,574,528	100	\$29,851,568	100	\$ 24,632,168	100

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

Category	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 31, 2015	Dec. 31, 2014
Cumulative royalty agreements acquired and promissory notes investments	\$ 57,173,223	\$ 42,762,458	\$ 37,791,518	\$ 29,851,568	\$ 24,632,168
Realized gains on Contract Buyouts and redemptions	5,237,281	4,980,615	1,783,010	-	-
Total	\$ 62,410,504	\$ 47,743,073	\$ 39,574,528	\$ 29,851,568	\$ 24,632,168

As of December 31, 2015, 85.6% of the investment portfolio has generated returns equal to or in excess of Grenville's pricing level of 25%. The Bought Out category as a percentage of total portfolio value was 23.2% as at December 31, 2015 compared to 25.4% and 0% as at September 30, 2015 and December 31, 2014 respectively. As at December 31, 2015, 7.8% of total portfolio value was Above Target, compared to 13.8% and 5.4% as at September 30, 2015 and December 31, 2014, respectively. As at December 31, 2015, 54.6% of total portfolio value was On Target, compared to 53.1% and 88.5% as at September 30, 2015 and December 31, 2014, respectively. Due to the movement of \$5,321,270 of invested capital into the Off Target category during the three-month period ended December 31, 2015, the Off Target category as a percentage of total portfolio value increased from 7.7% as at September 30, 2015 and 6% as at December 31, 2014, respectively, to 14.4% as at December 31, 2015. Under IFRS 9, the unrealized loss (net of unrealized gains) for the change in fair value of the portfolio was \$5,088,119 for the three-month period ended December 31, 2015 and \$4,767,789 for the year ended December 31, 2015. The Company recognized realized gains on Contract Buyouts of \$2,353,457 for the three-month period ended December 31, 2015 and \$4,550,099 for the year ended December 31, 2015.

Over the past year, what we have seen is the combined effects of a natural maturation of a portfolio of private investments and the impact of economic volatility on the portfolio.

More specifically, the 2014 chart illustrates an early portfolio where the large majority of investments had been made within one year and were performing on-target. In 2015, some assets became outperformers, while others stayed on-target or lagged, which filled the distribution categories as expected since the inception of the Company. Furthermore, 2015 demonstrated that the Grenville portfolio of royalties, appears to have a right-tailed distribution, where outperformers occur and generate higher performances than would be expected with a normally distributed population and the frequency of off-target investments is also greater than in a normal distribution. While the loss category has yet to fill and mature, this will occur over time. The Company anticipates that investors will continue to benefit from the design of the instrument which generates monthly payments and provides for risk mitigation and portfolio diversification, and in management's expertise in order to minimize losses.

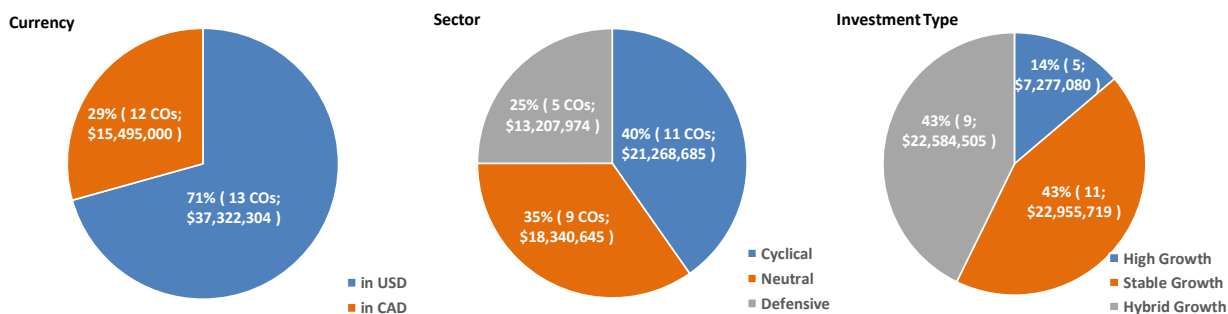
At this stage, management believes that the portfolio is performing in a way that is consistent with initial expectation and the inherent risk characteristics of the SMEs space. At any given time, management is highly engaged with companies in the off target category to help generate the conditions for the investment to generate positive returns, if possible, but notes that turnarounds are not expected to occur in every case. The timing or possibility of turnarounds, contract buyouts or ultimate loss of principal is not predictable with accuracy in most cases.

Secondly, we have noted that some of our investments have been impacted by the general economic malaise that followed the significant decline in local and global markets and the shift in currency prices that have occurred, some directly and some

indirectly. Grenville works with investments continually to provide operational or financial support so as to help create the conditions for recovery where possible. Management notes recovery will not be possible in every case.

Diversification Analysis

As of April 26, 2016 the diversification analysis of the Company’s portfolio holdings, by currency, sector and investment type is provided, as follows:



	Cyclical	%	Neutral	%	Defensive	%	Total	%
Number of Investments	11	44.0%	9	36.0%	5	20.0%	25	100%
Canadian Investments	\$ 11,585,000	54.5%	\$ 1,910,000	10.4%	\$ 2,000,000	15.1%	\$ 15,495,000	29%
US Investments	\$ 9,683,685	45.5%	\$ 16,430,645	89.6%	\$ 11,207,974	84.9%	\$ 37,322,304	71%
Sector Total	\$ 21,268,685		\$ 18,340,645		\$ 13,207,974		\$ 52,817,304	
Sector %	40%		35%		25%			

Excluded from the investment information above is one investment that was written down and five investments that have been bought out.

The Company has developed an investment framework focused on building a balanced, diversified portfolio in the small-to-SME sized, public and private, North American operating company marketplace. We measure and manage diversification based on currency, industrial sector and growth profile. With 25 investments (net of one impairment and five Contract Buyouts as of April 26, 2016) Management believes the current level of diversification is consistent with our internal business plan. We will continue to rebalance the portfolio through selection of new investments and management of Contract Buyout opportunities, on an opportunistic basis. This strategy is intended to protect investors against significant losses from major swings in performance in any sector of the economy, whether in Canada or the United States.

Past due

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

	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 30, 2015	Dec. 31, 2014
Past due					
- 30 days or less	\$ 270,437	\$ 181,102	\$ 190,450	\$ 25,948	\$ 36,253
- 30 to 60 days	99,329	27,245	-	79,163	-
- 61 to 90 days	83,079	27,245	-	-	-
- Over 91 days	113,172	-	-	-	-
Total	\$ 566,017	\$ 235,592	\$ 190,450	\$ 105,111	\$ 36,253

As of December 31, 2015, 80% of the investments included in the 30 days or less past due category were collected during January 2016. As of April 26, 2016, one of the accounts in the 61 to 90 days category is current. This was achieved by modifying the agreement effective March 31, 2016 and including part of the outstanding royalty as part of the investment balance.

Of the aging analysis recorded as Past Due, approximately \$7.1 million became not past due (current), subsequent to the year end. The status of Past Due is a category management works closely with investees to manage effectively, with a clear objective of capital preservation, and assisting to facilitate transactions, as necessary, to ensure the successful continuation of the investments.

Investments overview

For royalty investments and debt advances completed as of the date hereof: (a) the amount invested and advanced by Grenville; (b) the date of completion of the investment and advance; (c) the nature of the interest acquired by Grenville; (d) the accounting valuation as at the date of each investment and advance; (e) the royalty, interest or other payments earned by Grenville from such investment during the fiscal year ended December 31, 2014; (f) the royalty, interest or other payments earned by Grenville from such investment during the year ended December 31, 2015; (g) whether the royalty investment requires payment of a minimum monthly payment by the investee company; and (h) whether the investment provides the investee company with the right to buydown or buyout part or all of the royalty is as follows:

Investee Company and Nature of Interest Acquired by the Company	Date of Completion of First Investment	Investment Amount / Acquisition Cost	Transaction Costs Capitalized in accordance with IFRS ⁽¹⁾	Accounting Valuation of Invested Amount at Time of Investment	Royalty, Interest or Other Payments Earned by the Company during the Year Ended December 31, 2014	Royalty, Interest or Other Payments Earned by the Company during the Year ended December 31, 2015	Minimum Monthly Payments ⁽²⁾	Buyout / Buydown Options
Pliteq (loan)	August 1, 2013	\$250,000	\$1,864.50	\$251,864.50	\$166,659.56	\$166,656.00	N/A	N/A
Clear Blue (streaming royalty)	November 12, 2013	\$125,000, plus a follow-on investment of \$250,000	\$8,400.00	\$133,400 (initial investment), plus a follow-on of \$250,000	\$3,649.47	\$13,847.44	No	Yes
Wmode (gross sales royalty)	November 1, 2013	\$1,000,000	\$4,912.50	\$1,004,912.50	\$212,013.32	\$121,284.40	No	Yes and option exercised on July 23, 2015.
4tell Solutions (gross sales royalty)	December 31, 2013	USD\$500,000 (\$535,000), plus a follow-on investment of USD\$500,000 (\$555,215)	Nil	USD\$500,000 (\$535,000), plus a follow-on investment of USD\$500,000 (\$555,215)	\$174,375.80	\$233,218.67	No	Yes and option exercised on November 6, 2015
Bluedrop (gross sales royalty)	January 10, 2014	\$500,000, plus: (i) a follow-on investment of \$500,000 and (ii) a standby royalty facility of up to \$650,000, of which no amounts have been advanced by the Company to date.	\$450	\$500,450 (initial investment), plus a follow-on investment of \$500,000	\$155,189.74	\$225,718.89	Yes	Yes
PFO Global Group (gross sales royalty and unsecured convertible promissory note ⁽⁴⁾)	February 25, 2014	USD\$1,000,000 (\$1,116,000), plus a follow-on investment of USD\$500,000 (\$544,050), and USD\$250,000 (\$304,950). Advance under promissory note is USD\$400,000 (\$499,880)	Nil	USD\$1,000,000 (\$1,116,000), plus a follow-on investment of USD\$500,000 (\$544,050), and USD\$250,000 (\$304,950). Advance under promissory note is USD\$400,000 (\$499,880)	\$307,813.02	\$536,604.10, plus interest earned on the unsecured convertible promissory note of \$55,384.24	Yes	Yes
Cherubim (gross sales royalty)	April 28, 2014	USD\$1,000,000 (\$1,105,450)	Nil	USD\$1,000,000 (\$1,105,450)	\$186,376.40	\$322,330.26	No	Yes

Investee Company and Nature of Interest Acquired by the Company	Date of Completion of First Investment	Investment Amount / Acquisition Cost	Transaction Costs Capitalized in accordance with IFRS ⁽¹⁾	Accounting Valuation of Invested Amount at Time of Investment	Royalty, Interest or Other Payments Earned by the Company during the Year Ended December 31, 2014	Royalty, Interest or Other Payments Earned by the Company during the Year ended December 31, 2015	Minimum Monthly Payments ⁽²⁾	Buyout / Buydown Options
Insight (gross sales royalty)	May 30, 2014	\$1,250,000	Nil	\$1,250,000	\$181,636.00	\$311,376.00	Yes	Yes
Aquam (gross sales royalty)	June 6, 2014	\$2,000,000	Nil	\$2,000,000	\$273,055.17	\$845,459.29	Yes	Yes
Mera (gross sales royalty)	June 13, 2014	\$850,000, plus a follow-on investment of \$100,000	Nil	\$850,000, plus a follow-on investment of \$100,000	\$121,048.48	\$236,355.40	Yes	Yes
INOvx (gross sales royalty)	July 1, 2014	USD\$2,000,000 (\$2,137,053)	Nil	USD\$2,000,000 (\$2,137,053)	\$269,156.00	\$199,776.00	Yes	Yes and option exercised on October 6, 2015.
Above Security (gross sales royalty and unsecured convertible promissory note ⁽⁴⁾)	August 15, 2014	\$2,000,000 initial investment, plus two follow-on investments of \$500,000 each. Advance under the promissory note was \$180,000 and \$750,000	Nil	\$2,000,000 initial investment, plus two follow-on investments of \$500,000 each. Advance under the promissory note was \$180,000 and \$750,000	\$189,517.65	\$564,347.70, plus interest earned on the unsecured convertible promissory note of \$30,000.00	Yes	Yes and option exercised on October 20, 2015.
OneUp Games (gross sales royalty)	August 15, 2014	USD\$2,000,000 (\$2,187,200)	Nil	USD\$2,000,000 (\$2,187,200)	\$215,940.66	\$644,675.99	Yes	Yes
DS Handling (gross sales royalty)	September 5, 2014	\$1,000,000	Nil	\$1,000,000	\$79,860.77	\$182,636.55	Yes	Yes and option exercised on September 25, 2015.
Lattice Biologics (gross sales royalty and secured convertible promissory note ⁽⁴⁾ ⁽⁵⁾)	September 12, 2014	USD\$2,000,000 (\$2,215,800), plus a follow-on investment of USD\$200,000 (\$243,890) and USD\$800,000 (\$975,840). Advance under the promissory note was USD\$700,000 (\$916,860), USD \$150,000 (\$208,554) and USD \$100,000 (\$131,700)	Nil	USD\$2,000,000 (\$2,215,800), plus a follow-on investment of USD\$200,000 (\$243,890) and USD\$800,000 (\$975,840). Advance under the promissory note was USD\$700,000 (\$916,860), USD \$150,000 (\$208,554) and USD \$100,000 (\$131,700)	\$166,301.81	\$649,465.13, plus interest earned on the secured convertible promissory note of \$37,010.95	Yes	Yes
BG Furniture (gross sales royalty and secured convertible promissory note ⁽⁶⁾)	October 17, 2014	\$750,000 plus a follow-on investment of \$200,000 and	Nil	\$750,000 plus a follow-on investment of \$200,000 and	\$38,810.50	\$109,206.95, plus interest earned on the secured	Yes	Yes

Investee Company and Nature of Interest Acquired by the Company	Date of Completion of First Investment	Investment Amount / Acquisition Cost	Transaction Costs Capitalized in accordance with IFRS ⁽¹⁾	Accounting Valuation of Invested Amount at Time of Investment	Royalty, Interest or Other Payments Earned by the Company during the Year Ended December 31, 2014	Royalty, Interest or Other Payments Earned by the Company during the Year ended December 31, 2015	Minimum Monthly Payments ⁽²⁾	Buyout / Buydown Options
		\$550,000. Advance under the promissory note was \$650,000		\$550,000. Advance under the promissory note was \$650,000		convertible promissory note of \$1,326.96		
APO Group (gross sales royalty)	October 17, 2014	\$1,000,000	Nil	\$1,000,000	Nil	Nil	Yes	Yes
MEDD (gross sales royalty and secured convertible promissory note ⁽⁴⁾)	October 31, 2014	USD\$2,000,000 (\$2,261,400). Advance under the promissory note was USD \$500,000 (\$683,650)	Nil	USD\$2,000,000 (\$2,261,400). Advance under the promissory note was USD \$500,000 (\$683,650)	\$87,720.09	\$519,261.79	Yes	Yes
Switch Video (gross sales royalty)	November 21, 2014	\$500,000 plus a follow-on investment of \$410,000.	Nil	\$500,000 plus a follow-on investment of \$410,000.	\$13,888.72	\$124,999.87	Yes	Yes
WATCH IT! (gross sales royalty and secured convertible term gross sales royalty ⁽⁷⁾)	February 25, 2015	\$1,000,000 plus a follow-on investment of \$1,000,000 and \$1,000,000	Nil	\$1,000,000 plus a follow-on investment of \$1,000,000 and \$1,000,000	Nil ⁽³⁾	\$349,308.75	Yes	Yes
Interiormark (gross sales royalty)	March 20, 2015	USD\$1,750,000 (\$2,217,600)	Nil	USD\$1,750,000 (\$2,217,600)	Nil ⁽³⁾	\$443,858.17	Yes	Yes
Humble Abode (secured gross sales royalty and secured convertible term gross sales royalty ⁽⁷⁾)	March 31, 2015	USD\$550,000 (\$701,800) plus a follow-on investment of USD\$450,000 (\$558,540). Advance under the convertible term gross sales royalty was USD\$400,000 (\$567,280)	Nil	USD\$550,000 (\$701,800) plus a follow-on investment of USD\$450,000 (\$558,540). Advance under the convertible term gross sales royalty was USD\$400,000 (\$567,280)	Nil ⁽³⁾	\$211,861.28, plus interest earned on an secured convertible promissory note rolled into the convertible term gross sales royalty of \$86.50	Yes	Yes
Dove Cleaners (gross sales royalty and secured convertible promissory note ⁽⁴⁾)	April 29, 2015	\$1,300,000 plus a follow-on investment of \$200,000. Advance under the promissory note was \$50,000	Nil	\$1,300,000 plus a follow-on investment of \$200,000. Advance under the promissory note was \$50,000	Nil ⁽³⁾	\$229,032.24, plus interest earned on the secured convertible promissory note of \$145.83	Yes	Yes
Expert Home (gross sales royalty)	April 30, 2015	\$1,560,000	Nil	\$1,560,000	Nil ⁽³⁾	\$260,000.00	Yes	Yes
Manifest (gross sales royalty)	June 29, 2015	\$250,000, plus a follow-on investment of \$250,000	Nil	\$250,000, plus a follow-on investment of \$250,000	Nil ⁽³⁾	\$54,267.44	Yes	Yes
TruGolf (gross sales royalty)	June 30, 2015	USD\$1,000,000 (\$1,246,900)	Nil	USD\$1,000,000 (\$1,246,900)	Nil ⁽³⁾	\$166,354.14	Yes	Yes

Investee Company and Nature of Interest Acquired by the Company	Date of Completion of First Investment	Investment Amount / Acquisition Cost	Transaction Costs Capitalized in accordance with IFRS ⁽¹⁾	Accounting Valuation of Invested Amount at Time of Investment	Royalty, Interest or Other Payments Earned by the Company during the Year Ended December 31, 2014	Royalty, Interest or Other Payments Earned by the Company during the Year ended December 31, 2015	Minimum Monthly Payments ⁽²⁾	Buyout / Buydown Options
Medallion (gross sales royalty)	August 26, 2015	USD\$2,000,000 (\$2,664,000)	Nil	USD\$2,000,000 (\$2,664,000)	Nil ⁽³⁾	\$195,072.84	Yes	Yes
Agnity (gross sales royalty and unsecured convertible promissory note ⁽⁴⁾)	October 30, 2015	USD\$2,000,000 (\$2,625,400). Advance under the promissory note was USD\$750,000 (\$984,525)	Nil	USD\$2,000,000 (\$2,625,400). Advance under the promissory note was USD\$750,000 (\$984,525)	Nil ⁽³⁾	\$113,304.18, plus interest earned on the unsecured convertible promissory note of \$20,113.70	Yes	Yes
CompGen (secured gross sales royalty and secured term gross sales royalty ⁽⁸⁾)	December 4, 2015	USD \$3,000,000 (\$4,016,100) and a short term gross sales royalty facility of up to USD \$2,500,000, of which USD \$2,190,000 (\$2,944,393) has been drawn	Nil	USD \$3,000,000 (\$4,016,100) and a short term gross sales royalty facility of up to USD \$2,500,000, of which USD \$2,190,000 (\$2,944,393) has been drawn	Nil ⁽³⁾	\$78,129.03	Yes	Yes
Westlake (gross sales royalty)	December 4, 2015	USD \$2,000,000 (\$2,677,400)	Nil	USD \$2,000,000 (\$2,677,400)	Nil ⁽³⁾	\$52,086.44	Yes	Yes
SPCS (gross sales royalty)	December 8, 2015	USD \$2,000,000 (\$2,723,200)	Nil	USD \$2,000,000 (\$2,723,200)	Nil ⁽³⁾	\$44,644.45	Yes	Yes

Notes:

- (1) Certain transaction costs which were not otherwise reimbursed by the investee companies on Grenville's initial investments were capitalized by Grenville in accordance with IAS 39. All transaction costs on subsequent investments were reimbursed by the applicable investee companies.
- (2) 96.94% of Grenville's total invested capital is subject to a requirement by the applicable investee company to pay the greater of a pre-defined minimum monthly amount or the applicable royalty rate based on the investee company's revenue for the immediately preceding month.
- (3) No payments were earned under this royalty agreement during the year ended December 31, 2014 as the agreement was entered into following the completion of the 2014 financial year.
- (4) The Company has an option to convert any unpaid balance on or after the maturity date into an additional royalty interest pursuant to and in accordance with the terms of the existing royalty agreement between the parties.
- (5) As part of the advance, the Company has been granted a warrant to purchase 500,000 common shares at an exercise price of \$0.60 exercisable for a period of 24 months.
- (6) The Company has an option to convert any unpaid balance on or after the maturity date into an additional royalty interest or Series A convertible preferred shares pursuant to and in accordance with the terms of the existing agreements between the parties.
- (7) The Company has an option to convert the short term royalty on or after the maturity date into an additional royalty interest pursuant to and in accordance with the terms of the existing traditional royalty agreement between the parties.
- (8) The Company does not have the option to convert any unpaid balance on or after the maturity date into an additional royalty interest pursuant to and in accordance with the terms of the existing royalty agreement between the parties.

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

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

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

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

OUTLOOK

As the Company continues to scale its business, it is building a diversified U.S. and Canadian dollar portfolio consisting of cyclical, neutral and defensive sectors and have varying revenue growth categories. The portfolio has been designed through diversification and asset selection to mitigate a level of portfolio company investment loss that would be expected in SME investments. The Company has invested more than \$62.3 million of capital in 31 portfolio companies. Management is building a balanced portfolio based on the pricing of risk in the SME market at a rate of \$250,000 of annual royalty per million of invested capital, equivalent to a portfolio cash return of 25%. The core of the portfolio has reached a scale at which it is generating stable income and Adjusted EBITDA (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition). The five Contract Buyouts announced since the beginning of Q3 2015 generated a return in excess of the 25% pricing level and represents a material revenue source for the Company. Management believes Contract Buyouts will continue to form a meaningful part of the Company's annual revenue stream. However, given their nature, the timing of buyouts and buydowns will be more irregular than the monthly royalty payments received by the Company, which are more consistent in nature. Total Contract Buyouts to date of \$13.7 million have generated additional cash flow to the business of \$5.3 million, net of initial investment amounts.

Grenville's royalty agreements with its portfolio companies generated Adjusted EBITDA (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) and Free Cash Flow (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition) to the Company of approximately \$4.2 million and \$3.7 million for the three-month period ended December 31, 2015, respectively. As of April 26, 2016, Management estimates the royalty payment income and interest earned for the three-months ended March 31, 2016 will be between \$2.3 to \$2.5 million. Under IFRS 9, there will be an expected non-cash foreign exchange loss in the range of \$2.3 to \$2.6 million, effectively offsetting the royalty payment income and interest earned. The expected unrealized foreign exchange loss of between \$2.3 to \$2.6 million reflects the strengthening of the Canadian dollar against the United States dollar by 8.5 cents during the period.

Since the end of the year, Grenville has completed \$5.8 million in follow-on investments. For the investments relating to \$3.7 million of the \$5.8 million follow-on investments, the Company had recognized an unrealized loss from the change in the fair value of the original investment amount of approximately 50% during the year ended December 31, 2015. If a similar level of unrealized loss needs to be recognized on the \$3.7 million under IFRS 9, this unrealized loss will further decrease the revenues that will be reported for the three-month period ended March 31, 2016. Operating expenses for Q4 2015, excluding any foreign exchange effects and staff bonus expense, were approximately \$0.33 million per month, and are estimated to be in the range of \$3.5 million to \$4.5 million on an annualized basis in Q1 2016.

Royalty payments received from investee companies and realized gains on Contract Buyouts are the primary sources of cash flow for Grenville. As at the date of this MD&A, the Grenville's top five investments represents approximately 40% of the portfolio and 42% of the Grenville's monthly royalty income. The largest of these investments is CompGen which represents approximately 13.2% of Grenville's invested capital and US\$106,404, or 15.6%, of the Grenville's monthly royalty revenue. A material adverse event in CompGen or any or more of the other top five investments would significantly impact Grenville's results. Similarly, a material adverse event in a combination of multiple small investments would have a significant impact on the Grenville's results.

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, management is confident the Company will be

able to add new portfolio companies to its existing portfolio holdings. Each new portfolio company added will further diversify and strengthen Grenville's existing portfolio balance. Management also believes that the revenue contribution per portfolio-company added will be priced at roughly the same rate as existing companies within the portfolio.

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, 2015	Year ended December 31, 2014 ⁽¹⁾	Period July 29, 2013 to December 31, 2013 ⁽¹⁾
Revenues	\$ 12,127,179	\$ 2,944,791	\$ 51,952
Total profit/(loss) for the period attributable to shareholders	5,167,286	(3,457,760)	(108,856)
Basic earnings/(loss) per share	0.0578	(0.0700)	(0.0083)
Diluted loss per share	0.0535	(0.0700)	(0.0083)
Total assets	64,544,855	35,194,085	3,176,891
Total non-current financial liabilities	15,605,863	15,295,274	-

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

The increase in revenues for the year ended December 31, 2015 was due to \$32,541,055 in new royalty agreements acquired and promissory note receivable as well as earning a full period of revenue for the investments acquired in earlier years. For the year ended December 31, 2015 there were also five Contract Buyouts that generated realized gains of \$4,550,099. The year ended December 31, 2015 was the first year there was a profit attributable to shareholders because of the higher revenues and no related RTO expenses which amounted to \$3,636,197 in the year ended December 31, 2014. The increase in total assets resulted from the \$32,541,055 in new royalty agreements acquired and cash and cash equivalents of \$16,897,331. Included in non-current financial liabilities was \$15,595,237 relating to convertible debentures issued effective July 10, 2014. There were no discontinued operations in any of the periods.

SUMMARY OF QUARTERLY RESULTS

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

	Three months ended December 31, 2015	Three months ended Sept. 30, 2015	Three months ended June 30, 2015	Three months ended March 31, 2015	Three months ended December 31, 2014 ⁽¹⁾	Three months ended Sept. 30, 2014 ⁽¹⁾	Three months ended June 30, 2014 ⁽¹⁾	Three months ended March 31, 2014 ⁽¹⁾
Total revenue	\$ 964,798	\$ 6,631,038	\$ 1,753,427	\$ 2,777,916	\$ 1,535,246	\$ 905,384	\$ 357,090	\$ 147,071
Total profit/(loss) for the period attributable to shareholders	(671,616)	4,021,099	468,891	1,348,912	(80,461)	528,558	(224,610)	(3,681,246)
Basic earnings/(loss) per share	(0.0067)	0.0441	0.0051	0.0200	(0.0014)	0.0089	(0.0057)	(0.1280)
Diluted earnings/(loss) per share	(0.0067)	0.0330	0.0051	0.0168	(0.0014)	0.0089	(0.0057)	(0.1280)

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

The increase in revenues in each quarter was due to the increasing portfolio balance resulting from \$57,173,323 in new royalty agreements acquired and realized gains on Contract Buyouts of \$4,550,099. The loss for the three months ended March 31, 2014 included \$3,636,197 of expense directly relating to the RTO. For most quarters since then the operating results have improved as a result of the increased revenues. There were no discontinued operations in any of the periods.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2015 the Company's capital resources were \$45,917,759, made up as follows:

100,762,965 common shares	\$	47,318,036
5,718,477 share purchase warrants at an exercise price of \$0.42 with an expiry date of February 19, 2016		618,068
Contributed surplus		417,567
Equity component of the convertible debentures		558,831
Accumulated Deficit		(2,994,743)

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 \$9,051,437. All of the net proceeds were utilized to acquire new royalty agreements between May 15, 2014 and December 31, 2014.

The Company closed a "bought deal" offering of 8% convertible unsecured subordinated debentures, maturing on December 31, 2019. The offering was for \$15,000,000 with an over-allotment of \$2,250,000. The over-allotment was exercised in full, resulting in aggregate gross proceeds of \$17,250,000. All of the net proceeds were utilized to acquire royalty agreements between December 2014 and the end of April 2015. The interest payments under the debentures will amount to \$1,380,000 per annum.

The Company closed a "bought deal" offering of 19,828,300 common shares at a price of \$0.58 per share on February 26, 2015. The offering was for \$10,000,000 with an over-allotment of \$1,500,414. The over-allotment was exercised in full resulting in aggregate gross proceeds of \$11,500,414. The net proceeds of the offering were \$10,517,207 and since the end of December 2015, all of the net proceeds have been utilized to acquire new royalty agreements and fund follow-on investments.

On May 7, 2015, the Company closed a "bought deal" offering, of 17,250,000 common shares at a price of \$0.80 per share. The offering was for \$12,000,000 with an over-allotment of \$1,800,000. The over-allotment was exercised in full resulting in aggregate gross proceeds of \$13,800,000. The net proceeds of the offering were \$12,788,897 and in the period to the end of December 2015, all of the net proceeds have been used to acquire new royalty agreements and fund follow-on investments.

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

Offering	Closing Date	Gross Proceeds	Net Proceeds	Amount used to acquire royalty agreements as of November 16, 2015	Amount yet to be used as of April 26, 2016
20 million special warrants exercisable into common shares @ \$0.50 per special warrant	March 27, 2014	\$10,000,000	\$9,051,436	\$9,051,436	-
17,250,000 8% convertible unsecured subordinated debentures	July 10, 2014	\$17,250,000	\$15,905,455	\$15,905,455	-
19,828,300 common shares @ \$0.58 per share	February 26, 2015	\$11,500,414	\$10,517,207	\$10,517,207	-
17,250,000 common shares @ \$0.80 per share	May 7, 2015	\$13,800,000	\$12,788,897	\$12,788,897	-

At December 31, 2015 there were 5,718,477 share purchase warrants outstanding with an expiry date of February 19, 2016. Between January 1, 2016 and the expiry date of the share purchase warrants, 5,443,456 warrants were exercised and proceeds of \$2,286,252 were received.

Since March 15, 2015 the Company paid a monthly dividend of \$0.00416 per share. The dividends paid from March 15 to December 31, 2015 were \$4,051,243 in the aggregate. Further dividends were paid during the period January 1, 2016 to April 26 of \$2,429,070. All dividend payments came from accumulated and available free cash flow (a non-IFRS measure, refer to Definition of Non-IFRS Measures for definition).

The Company's cash position at December 31, 2015 was \$16,897,331 of which all was available to fund the business and acquire royalty agreements. All cash was held in short-term, high-quality liquid investments. The Company is satisfied that it has sufficient cash resources to meet all current obligations. The Company's cash position at April 26, 2016 is approximately \$9 million and as the Company continues to grow, it will be required to raise additional capital on a regular basis.

WORKING CAPITAL

Grenville's working capital at December 31, 2015 and December 31, 2014 was made up as follows:

	December 31, 2015	December 31, 2014
Cash and cash equivalents	\$ 16,897,331	\$ 9,748,841
Accrued interest and royalty payment receivable	-	491,060
Promissory note receivable / loan receivable – current portion	2,713,879	55,613
Royalty agreement acquired – current portion	1,264,541	104,689
GST receivable	-	267,705
Prepaid expense	70,885	80,997
Accounts payable and accrued expenses	(882,181)	(279,546)
Dividend payable	(587,448)	-
Finance lease liability – current portion	(3,166)	(3,748)
Income tax payable	(1,548,438)	(80,384)
Total	\$ 17,925,403	\$ 10,385,227

The Company is of the view that it is able to meet all of its obligations as they become due. A summary of the contractual and other obligations as at December 31, 2015 were:

Contractual obligation	Total	Less than 1 year	1-4 years	5 years
Accounts payable and accrued liabilities	\$ 882,181	\$ 882,181	\$ -	\$ -
Dividend	587,448	587,448	-	-
Convertible debenture	17,250,000	-	17,250,000	-
Finance lease payments	13,792	3,166	10,626	-
Payments under an operating lease	279,163	152,148	127,015	-
Total	\$ 19,012,584	\$ 1,624,943	\$ 17,387,641	\$ -

FINANCIAL INSTRUMENTS

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

As at December 31, 2015, the maximum credit exposure for the royalty agreements acquired and promissory notes receivable was \$46,449,356 (2014: \$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 and take the required hedging action when management considers it necessary. The foreign exchange exposure at December 31, 2015 was 25,661,837 United States dollars representing 54.3% of total assets.

Before January 1, 2015, for financial assets measured at amortized cost, Grenville assessed at the end of each quarter whether impairment has occurred at each reporting period. In monitoring credit risk for the royalty agreements acquired and loans 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 and some details are included under the subsection Past Due in the Portfolio section of this MD&A.

After January 1, 2015, as noted above, the Company classified and measured subsequently all financial assets at fair value through profit and loss. The fair value of the royalty agreements acquired and promissory notes receivable by the Company are estimated by the Company by discounting expected future cash flows using a discount rate that includes a weighted average cost of capital using variables from the industry in which each investee company operates and company specific risk factors. Future cash flows are weighted by the Company by using a combination of a probability approach and a terminal value approach, and the fair value for each investment is individually calculated by discounting estimated future cash flows using a discount rate that takes into account the size of the investee, term, credit risk and changes in market conditions. The change in fair value that was recognized in the total comprehensive income (loss) for the three-month period ended December 31, 2015 and the year ended December 31, 2015 were losses of \$5,088,119 and \$4,767,789 respectively.

Cash and cash equivalents are classified as subsequently measured at fair value through profit or loss. All cash and cash equivalents were invested in short term high quality liquid investments. In the opinion of management these measures ensure that the Company is not exposed to material credit or liquidity risks on these cash and cash equivalent balances. The cash and cash equivalent balances at December 31, 2015 were \$16,897,331 (2014: \$9,748,841).

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

The Company does not hold any financial derivatives at December 31, 2015 or during the year ended December 31, 2015 either for hedging or speculative purposes.

COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2015, Grenville had no commitments for material capital expenditures, no contingencies and no off-balance sheet arrangements.

As at December 31, 2015, the only material contractual obligations were the convertible debentures (see Liquidity and Capital Resources) and the payments of \$279,163 under the lease agreement for the Company's office in Toronto.

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 expired on December 31, 2014 by mutual agreement of the parties though the Company continued to pay some outstanding obligations of QLAM totalling \$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 year ended December 31, 2014, the Company incurred \$120,000 in fees under the QLAM Agreement. As mentioned above, the Company continued to pay some outstanding obligations of QLAM totalling \$24,356 between January 2015 and May 2015. The Company expensed this in full in the three-month period end and year ended December 31, 2014.

b) Compensation of key management personnel

	Three months ended December 31, 2015	Three months ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
Short term employee benefits	\$ 597,167	\$ 157,311	\$ 1,185,637	\$ 484,070
Share-based payments	54,006	14,310	145,231	188,803
Consultancy fees directly paid to KMP	40,000	33,750	153,750	103,125
Severance payment	-	-	-	400,000
Total	\$ 691,173	\$ 205,371	\$ 1,484,618	\$ 1,175,998

The severance payment of \$400,000 was paid to the former President and Chief Executive Officer of Troon Ventures Ltd. 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

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

LIMITATIONS OF CONTROLS AND PROCEDURES

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

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

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

Before January 1, 2015, where royalty agreements acquired and loan receivable were classified as loans and receivable, management determined that the terms of the royalty agreements provide that payments to be made by investee companies are fixed or determinable. The Company had concluded that it is highly probable (which it defines as a probability equal to or exceeding 75%) that it will collect greater than 85% of its initial investment under each royalty agreement on the basis that each royalty agreement contains one or more of the following terms: (i) a right in favour of the investee company to buydown or buyout part or all of the Company's royalty in exchange for a principal payment that, when combined with royalty payments made to the date of the buydown or buyout, exceed the value of the Company's initial investment; and (ii) the payment of a minimum monthly royalty payment by the investee company, which provides the Company with certainty of payment over time. The Company also needed to use estimates in order to determine the effective interest rate. The term of the agreement is normally perpetual and the royalty amount received can be dependent on the revenues of the investee. As a result, uncertainties exist as to how long the agreements will exist and the royalty payment income that will be received throughout the agreement. In order to determine the effective interest rate that was to be applied for the entire term of the agreements, the Company has to estimate the expected cash flows based on the Company's experience of such investments, the terms of the agreement and the investee's historical cash flows. Those royalty agreements that contain a provision requiring an investee company to make a minimum monthly royalty payment provide the Company with a strong indication of what expected cash flows under that royalty agreement should be over time. In addition to historical revenues of investee companies, the Company also considers other factors, such as external market factors, future performance and industry performance, in estimating expected cash flows from

an investment. At the end of each quarter, the Company reviewed the estimated cash flows to see if they need to be revised based on the actual level of cash flows received.

Effective January 1, 2015, Grenville classifies and measures all royalty agreements acquired and promissory notes receivable at fair value through profit and loss. The Company determines the fair value using discounted cash flow models with fair value estimated by applying a discount rate based on a weighted average cost of capital using variables from the industry in which each investee company operates as well as company specific variables. Future cash flows are weighted by the Company using a combination of a probability approach and a terminal value approach, as applicable, and the fair value for each investment is individually calculated. Some or all of the inputs used in the cash flow model may not be observable in the market and are generally derived from published sources that are commonly used by market participants. As a result of the significant use of unobservable inputs a high degree of management judgement and estimation is required. Management judgement is required for the determination of the expected future cash flows arising under the agreement, determination of the probability of the outcomes, adjustments to the discount rate for liquidity risk, model uncertainties and investee-specific risk factors. The extent of the adjustments to the discount rate is based on management's assessment that a third party market participant would take them into account in pricing the transaction.

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

RECENT ACCOUNTING DEVELOPMENTS

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

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which addresses the recognition of revenue. The new standard is not expected to be in scope as the Company revenues are generated solely from financial instruments.

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

OUTSTANDING SHARES

The Company is authorized to issue an unlimited number of common shares, without nominal or par value, and no other classes of shares. As of April 26, 2016, there were issued and outstanding: (a) 106,263,278 Common Shares; (b) 7,626,109 options under the company's stock option Plan to acquire 7,626,109 common shares, at a weighted average exercise price of \$0.7185; and (c) convertible debentures at a conversion price of \$0.92 (or a conversion rate of 1,086.9565 common shares for each \$1,000 principal amount of debentures) which, if converted into common shares at that price, would result in the issuance of 18,750,000 common shares.

RISK FACTORS

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

Dependence on the Performance of Investee Companies

The Company will be dependent on the operations, assets and financial health of the SMEs from which royalties are purchased. The ability to meet operating expenses in the long term will be largely dependent on the royalty payments received from investee companies and realized gains on Contract Buyouts which will be the primary sources of cash flow. Royalty payments from investee companies will generally be based on a percentage of such companies' top line revenues. Accordingly, if the financial performance of an investee company declines, cash payments to the Company will likely decline. The failure of any investee company to fulfill its royalty payment obligations could adversely affect the Company's results of operations, prospects or cash flow and could

threaten the Company's business, financial condition, ability to satisfy its obligations, pay dividends or continue as a going concern. The Company conducts due diligence on each of its investee companies prior to entering into agreements with them and monitors investee company activities by receiving and reviewing regular financial reports. Nonetheless, there is a risk that there may be some liabilities or other matters that are not identified through the due diligence or ongoing monitoring that may have an adverse effect on an investee company's business, and this could have a material adverse impact on the Company's business, financial condition, results of operations or prospects and could threaten the Company's ability to satisfy its obligations, pay dividends or continue as a going concern.

Limited Number of Investee Companies and Concentration Risk

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

As at the date of this MD&A, the Company's top five investments represent approximately 40% of the Company's invested capital and 42% of the Company's monthly royalty income. The largest of these investments is CompGen, which represents approximately 13.2 % of the Company's invested capital and US\$106,560, or 15.6%, of the Company's monthly royalty revenue. Any significant downturn or loss in any one or more of these investee's business, financial condition or the industry in which it operates could have a material adverse effect on the Company's business, financial condition, results of operations or prospects and could threaten the Company's ability to satisfy its obligations, pay dividends or complete additional financings or continue as a going concern.

Limited Control Over Investee Company Management

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

Risk of Payment Defaults under Royalty Agreements

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

Volatility of Share Price

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

Financing Risks

The Company does not have any history of significant earnings and due to the nature of the Company's business, there can be no assurance that the Company will be profitable. While the Company may generate additional working capital through equity or

debt offerings or through the receipt of royalty payments from the Company's investee companies, there is no assurance that such funds will be sufficient to facilitate the development of the Company's business as currently planned or, in the case of equity financings, whether such funds will be available on terms acceptable to us or at all.

Outstanding Debt

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

Dilution

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

Early Stage of Development

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

Ability to Negotiate Additional Royalty Purchases

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

Ability to Manage Future Growth

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

Exercise of Buyout Option

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

Risks Facing Investee Companies

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

- Investee companies may need to raise capital through equity or debt financing. Such equity or debt may impair the ability of the investee companies to finance their future operations and capital needs. Flexibility to respond to changing business and economic conditions and to business opportunities may thereby be limited.

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

Impact of Regulation and Regulatory Changes

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

PFIC Status for U.S. Investors

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

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

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

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

Competition from Other Investment Companies

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

on the Company's business, financial condition, results of operations or prospects and could threaten the Company's ability to satisfy its obligations, pay dividends or continue as a going concern.

Impact of Quarterly and Annual Financial Reporting

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

No Guarantee as to Timing or Amount of Dividends

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

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 the Company's business, financial condition, results of operations or prospects and could threaten the Company's ability satisfy its obligations or pay dividends.

Reliance on Key Personnel

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

Conflicts of Interest

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

Effect of General Economic and Political Conditions

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

Sale of Common Shares by Existing Shareholders

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

Legal Proceedings

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

Analyst Reports

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

Accounting Policies and Methods

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

APPROVAL

The Board of Directors of the Company approved this MD&A on April 26, 2016.

ADDITIONAL INFORMATION

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

DEFINITION OF NON-IFRS MEASURES

The following key performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative or replacement of net earnings or any other measure of performance under IFRS. These non-IFRS measures do not have any standardized meaning and may not be comparable to similar measures presented by other issuers. These non-IFRS measures will be found throughout this report and the definitions can be found below. Effective January 1, 2015, the Company early adopted IFRS 9 *Financial Instruments*. As permitted by the transitional provisions of IFRS 9, the Company has not restated the financial results or balances presented for the year ended December 31, 2014 and so in this section, any information relating to the three-month period and year ended December 31, 2014 have not been restated using IFRS 9 and therefore is not comparable to the information presented for the three-month period ended and year ended December 31, 2015 under IFRS 9.

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

Adjusted EBITDA refers to EBITDA excluding items that are non-recurring in nature or will not have a cash impact in the immediate future. "Adjusted EBITDA" is calculated by adding back non-recurring charges and significant long-term unrealized gains or losses to EBITDA. Management deems non-recurring charges to be unusual and/or infrequent charges that the Company incurs outside of its common day-to-day operations. Management considers unrealized gains or losses from changes in fair value, unrealized foreign exchange differences on royalty agreements acquired, 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 income (loss) for the periods ended as indicated:

	Three months ended December 31, 2015	Three months ended December 31, 2014 ⁽¹⁾	Year ended December 31, 2015	Year ended December 31, 2014 ⁽¹⁾
Profit/(Loss) before income taxes ⁽¹⁾	\$ (931,861)	\$ (111,568)	\$ 7,052,113	\$ (3,513,887)
Depreciation	8,221	2,384	25,769	3,721
Financing expense	428,098	427,898	1,692,562	798,058
EBITDA/EBITDA (Loss)	(495,542)	318,714	8,770,444	(2,712,108)
Adjustments:				
Unrealized foreign exchange (gain)/loss on carrying amount of Royalty Agreements Acquired	(444,949)	(444,643)	(2,989,112)	(684,297)
Unrealized loss on change in fair value of Royalty Agreements Acquired and Promissory Notes Receivable	5,088,119	-	4,767,789	-
Unrealized adjustment to carrying amount of royalty agreements as a result of revising estimated cash flows		(120,280)	-	(120,280)
Share-based payment expense	73,625	27,959	211,754	214,046
RTO transaction expense ⁽²⁾	-	-	-	2,651,316
Severance payment	-	-	-	400,000
Withholding tax expensed	-	156,799	-	156,799
Legal and professional expenses directly related to RTO	-	-	-	584,881
Adjusted EBITDA	\$ 4,221,253	\$ (61,451)	\$ 10,760,875	\$ 490,357

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

(2)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, 2015	Three months ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
Net cash used in operating activities	\$ (2,355,957)	\$ (2,914,423)	\$ (12,423,077)	\$ (22,028,331)
Royalty agreements acquired	14,410,845	4,511,400	32,541,055	22,722,168
Royalty agreements acquired and loan receivable-Contract Buyout payments and loan repayments	(7,129,163)	-	(9,919,970)	-
Debenture interest paid	(690,000)	-	(1,380,000)	(661,644)
Interest payable – movement in period	351,616	(351,144)	-	-
Income tax payable- movement in period	(847,683)	(28,426)	(1,468,054)	(80,384)
RTO expenses not paid from Free cash flow	-	-	-	984,881
Free Cash Flow	\$ 3,739,658	\$ 1,217,407	\$ 7,349,954	\$ 936,690

Average Royalty Payment Per Million Invested refers to the royalty payment income earned and the realized gains on Contract Buyouts during the period, converted into an annualized amount and by reference to a \$1 million investment. This is used by management to monitor the performance of a royalty investment and the portfolio compared to the pre-determined target of \$250,000 per million invested. The following table shows the calculation for each month since December 2014:

Ref.	Total for 2015	Dec-15	Nov-15	Oct-15	Sep-15	Aug-15	Jul-15	Jun-15	May-15	Apr-15	Mar-15	Feb-15	Jan-15	Dec-14
Royalty payment														
Interest income on loans														1,905
Royalty payment income	8,273,887	1,058,250	698,618	700,029	756,073	711,930	720,256	747,748	697,333	601,778	597,518	503,472	480,882	529,808
Adjusted for royalty not received		(336,299)												
Principal payments														(45,052)
Realized gain on contract buyouts	4,550,101		113,579	2,266,012	387,500	-	1,783,010	-	-	-	-	-	-	-
Total Royalty payment	A	721,951	812,197	2,966,041	1,143,573	711,930	2,503,266	747,748	697,333	601,778	597,518	503,472	480,882	486,661
Capital Deployed														
Starting balance		34,763,770	35,853,985	38,165,638	38,205,638	35,291,638	36,291,638	34,236,198	31,711,568	28,851,568	25,732,168	23,732,168	23,632,168	23,632,168
Royalty agreements acquired less buyouts		9,416,700	(1,090,215)	(2,311,653)	(40,000)	2,914,000	(1,000,000)	2,055,440	2,524,630	2,860,000	3,119,400	2,000,000	100,000	-
Ending balance		44,180,470	34,763,770	35,853,985	38,165,638	38,205,638	35,291,638	36,291,638	34,236,198	31,711,568	28,851,568	25,732,168	23,732,168	23,632,168
Average capital deployed*	B	39,472,120	35,308,878	37,009,812	38,185,638	36,748,638	35,791,638	35,263,918	32,973,883	30,281,568	27,291,868	24,732,168	23,682,168	23,632,168
Average royalty per \$1m invested		Dec-15	Nov-15	Oct-15	Sep-15	Aug-15	Jul-15	Jun-15	May-15	Apr-15	Mar-15	Feb-15	Jan-15	Dec-14
((A*12)/B)*1,000,000		219,482	276,032	961,704	359,373	232,475	839,280	254,452	253,776	238,473	262,724	244,284	243,668	247,118
Analysis														
Royalty payment income		219,482	237,431	226,976	237,599	232,475	241,483	254,452	253,776	238,473	262,724	244,284	243,668	247,118
Realized gain on contract buyout		-	38,601	734,728	121,774	-	597,797	-	-	-	-	-	-	-
Total royalty income	C	219,482	276,032	961,704	359,373	232,475	839,280	254,452	253,776	238,473	262,724	244,284	243,668	247,118
Rolling 12 month average of total royalty income**														
Total royalty income (Ref C)		365,477	367,780	365,317	304,685	295,025	295,039	246,835	246,404	240,562	234,901	232,728	226,041	223,368

* Starting balance plus ending balance divided by 2

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

Twelve month total royalty income moving average represents the average of the royalty payment income and realized gains in the current month and the previous eleven months. The table directly above shows the calculation for each month since December 2014.

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, 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, 2014 are:

Rolling three month average investment per month and average investment per transaction

	Ref	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Royalty Agreements Acquired	A	100,000	2,000,000	3,119,400	2,860,000	2,524,630	2,555,320	916,860	3,094,000	960,000	4,659,925	50,000	9,700,920	837,335	1,053,915	3,265,749
# of Transactions in a mth	B	1	3	3	2	4	4	1	3	2	5	1	7	5	4	6
Average Deal Size (Ref A/ Ref B)	C	100,000	666,667	1,039,800	1,430,000	631,158	638,830	916,860	1,031,333	480,000	931,985	50,000	1,385,846	167,467	263,479	544,292
3 Month moving average*																
- Average investment per month (Ref A)		200,000	700,000	1,739,800	2,659,800	2,834,677	2,646,650	1,998,937	2,188,727	1,656,953	2,904,642	1,889,975	4,803,615	3,529,418	3,864,057	1,719,000
- Average investment per transaction (Ref C)		200,000	255,556	602,156	1,045,489	1,033,653	899,996	728,949	862,341	809,398	814,439	487,328	789,277	534,438	605,597	325,079

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

RECONCILIATION OF PREVIOUSLY REPORTED RESULTS

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

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

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

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

** amounts are stated on a before tax basis.