Founders Advantage Capital Corp.

Management's Discussion and Analysis

For the three and nine months ended June 30, 2016 and 2015

INTRODUCTION

The Management's Discussion and Analysis ("MD&A") for Founders Advantage Capital Corp. ("Founders Advantage" or the "Corporation") relates to the financial condition and results of operations for the three and nine months ended June 30, 2016 and 2015. Past performance may not be indicative of future performance. All amounts are presented in Canadian dollars, the Corporation's functional currency, unless otherwise stated. This MD&A was reviewed and approved for issuance by the Audit Committee of the Corporation, on behalf of the Board of Directors, on August 29, 2016.

This MD&A should be read in conjunction with the Corporation's audited annual consolidated financial statements, and related notes for the year ended September 30, 2015 and the interim condensed consolidated financial statements ("interim financial statements") and related notes for the three and nine months ended June 30, 2016 and 2015 which have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

Additional information relating to Founders Advantage is available on SEDAR at www.sedar.com and on the Corporation's website www.advantagecapital.ca.

Statements are subject to the risks and uncertainties identified in the "Cautionary Note Regarding Forward-Looking Statements" section of this document. The Corporation has included the non-IFRS performance measures of EBITDA, Adjusted EBITDA, and Free Cash Flow throughout this document. For further information and detailed calculations of these measures, see the "Key Performance Indicators" and "Non-IFRS and Additional IFRS Measures" sections of this document.

As a result of the two investments mentioned in the "Business Overview" section below, the nature of the business of Founders Advantage has significantly changed since September 30, 2015. As a result, several of the prior period balances included in the illustrative tables throughout this MD&A may not be directly comparable to the current period balances.

NON-IFRS AND ADDITIONAL IFRS MEASURES

Management believes that disclosing certain non-IFRS financial measures provides readers of this MD&A with important information regarding the Corporation's financial performance. By considering these measures in combination with the most closely comparable IFRS measure, management believes that investors are provided with additional and more useful information about the Corporation than investors would have if they simply considered IFRS measures alone. The non-IFRS financial measures do not have standardized meanings prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other issuers.

Investors are cautioned that non-IFRS measures should not be construed as a substitute or an alternative to cash flows from operating activities as determined in accordance with IFRS.

EBITDA and Adjusted EBITDA

EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before non-cash items such as share-based payments and losses or gains recognized on the sale of investments, and any unusual non-operating one-time items such as corporate start-up costs and acquisition costs as well as expenses relating to prior mineral property arbitration.

While EBITDA and Adjusted EBITDA are not recognized measures under IFRS, management of the Corporation believes that, in addition to net income, EBITDA and Adjusted EBITDA are useful supplemental measures as they provide investors with an indication of cash available to service debt, working capital needs and capital expenditures.

Investors should be cautioned, however, that EBITDA and Adjusted EBITDA should not be construed as an alternative to a statement of cash flows as a measure of liquidity and cash flows. The methodologies used by the Corporation to determine EBITDA and Adjusted EBITDA may differ from those utilized by other issuers or companies and, accordingly, EBITDA and Adjusted EBITDA as used in this MD&A may not be comparable to similar measures used by other issuers or companies. Readers are cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternative to net income or loss determined in accordance with IFRS as indicators of an issuer's performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows. The table under the heading "Key Performance Indicators" herein provides a reconciliation from this non-IFRS financial measure to net income (loss).

Free Cash Flow
Free Cash Flow for the period is equal to cash flow from operating activities as defined by IFRS, adjusted for changes in non-cash working capital and any unusual non-operating one-time items. Free Cash Flow is a performance measure used by investors to analyze the cash generated from operations before the impact of changes in working capital items or other unusual items. Readers are cautioned that Free Cash Flow should not be construed as an alternative to net income or loss determined in accordance with IFRS as indicators of an issuer's performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows. The table under the heading "Key Performance Indicators" herein provides a reconciliation from this non-IFRS financial measure to cash flow (used in) provided by operations.

Additional IFRS Measures
IFRS mandates certain minimum line items for financial statements and requires presentation of additional line items, headings and subtotals when such presentation is relevant to an understanding of the issuer's financial position or performance. IFRS also requires that notes to the financial statements include certain information that is not presented elsewhere in the financial statements, but is relevant to understanding them. Such financial measures outside the minimum mandated line items are considered additional IFRS measures.

Note: the per share figures included throughout this MD&A reflect the results as if the 15:1 common share consolidation that was completed on May 18, 2016 applied to all periods.

BUSINESS OVERVIEW

Founders Advantage is an investment company listed on the TSX Venture Exchange ("TSXV") under the symbol "FCF". The Corporation has developed an investment approach to create long-term value for its shareholders and partner entrepreneurs (investees) by pursuing majority interest acquisitions of cash flow positive middle-market privately held entities. The Corporation seeks to win mandates by appealing to the segment of the market which is not aligned with traditional private equity control, royalty monetization or related structures.

The Corporation's innovative platform offers disproportionate incentives (contractually) for growth in favour of its partner entrepreneurs. This unique platform is designed to appeal to entrepreneurs who believe in the growth of their businesses and who want the added ability to manage their business with a long-term and passive partner.

The success of the Corporation currently depends on the ability of its partner entrepreneurs to continue operating their businesses profitably to the extent they can distribute cash flow to the Corporation.

Acquisition – Advantage Investments

On February 3, 2016, the Corporation entered into an agreement to purchase 100% of the shares of Advantage Investments (Alberta) Ltd. ("Advantage Investments"). The key terms of the agreement provide for the acquisition of certain proprietary investment opportunities, in consideration for 952,381 common shares of the Corporation (the "Reid Shares") and the assumption of $350,000 of debt. The value of the Reid Shares was $2,428,572 which reflects a price per common share of $2.55 as at the closing date for the transaction. The transaction closed on February 23, 2016 and was done at arm's length. The Reid Shares are held in escrow and will be released if and when investment opportunities, and any other investments made by the Corporation following the closing of the transaction, deliver cumulative EBITDA to the Corporation of not less than $15 million.

Acquisition – Dominion Lending Centers

Effective June 3, 2016, the Corporation acquired 60% of Dominion Lending Centres group of companies ("DLC"), which are engaged in the business of franchising mortgage brokerage services. After completion of the DLC acquisition transaction ("DLC Transaction"), the original owners of DLC and certain other minority shareholders (the "Founders") retain a 40% interest in DLC and will continue to manage the day-to-day business and operations of DLC. Upon announcement, consideration was payable by the Corporation of $73,987,788 satisfied by the issuance of 4,761,905 common shares at an ascribed price of $2.625 per FCF Share and a cash payment of $61,487,788. At closing, the common shares were valued at a price of $5.60 per share which resulted in the total consideration equalling $88,054,556 as at the closing date, less $1,970,892 in GST receivable, for a net investment value of $86,083,664. This acquisition was accounted for as a business combination.

Due to the Corporation's controlling interest in DLC, the financial results of DLC will be accounted for as an operating subsidiary in the Corporation's consolidated financial statements. As a result, the accounts of the operating subsidiary are consolidated with those of the Corporation on a line-by-line basis. For example, the revenue generated by an operating subsidiary is reported as revenue of the Corporation in the consolidated statement of income and comprehensive income.

As the DLC Transaction closed on June 3, 2016, 27 days of financial information generated by DLC are recorded in the interim financial statements of the Corporation, representing the number of days between closing the DLC Transaction and the June 30, 2016 quarter end.

FINANCIAL HIGHLIGHTS

	For the three months ended June 30		For the nine months ended June 30	
	2016	**2015**	**2016**	**2015**
Revenues	$ 3,017,771	$ -	$ 3,017,771	$ -
Adjusted EBITDA (1)	416,321	(679,914)	(926,584)	(1,052,895)
Free Cash Flow (1)	(836,307)	(679,914)	(972,095)	(973,461)
Loss from operations	(1,831,748)	(757,693)	(5,432,564)	(2,433,848)
Net income (loss)	948,730	(903,938)	(4,191,789)	35,859,237
Basic earnings (loss) per share	0.03	(0.09)	(0.32)	3.64
Diluted earnings (loss) per share	0.03	(0.09)	(0.32)	3.60
FINANCIAL POSITION		**At June 30, 2016**		**At September 30, 2015**
Cash and cash equivalents		$ 7,378,779		$ 12,113,085
Working capital (deficit)		(25,530,513)		12,574,790
Total assets		203,886,785		27,679,286
Total loans and borrowings		31,414,709		-
Shareholders' equity		75,701,415		27,441,386
SHARE INFORMATION				
Common shares outstanding		29,377,005		9,953,404
KEY DLC STATISTICS (2)	**For the three months ended June 30**		**For the nine months ended June 30**	
	2016	**2015**	**2016**	**2015**
Revenues	$ 8,172,558	$ 6,346,000	$ 19,751,993	$ 16,223,593
EBITDA	2,804,860	2,466,248	6,761,953	6,032,603

(1) For additional information regarding these financial metrics, refer to the "Key Performance Indicators" and "Non-IFRS and Additional IFRS Measures" section of this document.
(2) The Key DLC Statistics are prepared by management and have not been reviewed.

- Although only 27 days of DLC's financial information is included in the Corporation's interim financial statements, revenues and EBITDA of DLC have realized significant growth for the quarter compared to the prior year periods.

- Adjusted EBITDA for the Corporation for the current quarter was significantly impacted by non-cash share-based payments of $1.1 million, initial acquisition costs of $0.7 million, and by various one-time non-recurring items related to the start-up and change of business of the Corporation totalling $0.3 million that includes website development, consulting and legal costs.

- Net income (loss) for the Corporation for the quarter and nine months ended June 30, 2016 was significantly impacted by transaction costs incurred to complete the Advantage Investments Transaction ($0.3 million) and the DLC Transaction ($0.6 million) as well $0.3 million in various one-time start-up costs. These costs will not be recurring to the Corporation.

KEY PERFORMANCE INDICATORS

The following section quantifies the key performance indicators of the Corporation. The Corporation continually monitors and evaluates its metrics and updates these metrics as required to ensure they provide information considered most useful in any decision-making based on the Corporation's performance.

The EBITDA, Adjusted EBITDA and Free Cash Flow are important performance measures that are used by management to evaluate the performance of the Corporation. The following tables reconcile EBITDA and Adjusted EBITDA to net income, and Free Cash Flow to cash flow from operations:

	For the three months ended June 30		For the nine months ended June 30	
	2016	**2015**	**2016**	**2015**
Net income (loss)	$ 948,730	$ (903,938)	$ (4,191,789)	$ 35,859,237
Finance expense	516,009	-	516,009	-
Current tax expense	290,300	-	290,300	-
Deferred tax recovery	(3,757,556)	-	(3,269,112)	-
Depreciation and amortization	74,910	-	294,120	4,429
EBITDA	**$ (1,927,607)**	**$ (903,938)**	**$ (6,360,472)**	**$ 35,863,666**
Adjustments:				
Share-based payments	1,080,035	220,000	1,870,965	820,000
Acquisition costs	718,571	-	1,878,658	54,196
Loss on sale of investment	213,856	-	1,319,184	-
Corporate start-up costs	331,466	-	360,406	-
Professional fees related to arbitration costs	-	4,024	4,675	519,901
Mineral property impairment reversal	-	-	-	(17,230,469)
Gain on arbitration settlement	-	-	-	(22,380,189)
Special bonus for arbitration settlement	-	-	-	1,300,000
Adjusted EBITDA	**$ 416,321**	**$ (679,914)**	**$ (926,584)**	**$ (1,052,895)**
Per share - Basic	$ 0.02	$ (0.07)	$ (0.11)	$ (0.11)
Per share - Diluted	$ 0.02	$ (0.07)	$ (0.11)	$ (0.11)

	For the three months ended June 30		For the nine months ended June 30	
	2016	2015	2016	2015
Cash flow (used in) provided by operations	$ (1,841,348)	$ 819,660	$ (3,391,331)	$ 37,145,536
Changes in non-cash working capital	(46,996)	(1,503,598)	175,497	(382,436)
Acquisition costs	718,571	-	1,878,658	54,196
Corporate start-up costs	331,466	-	360,406	-
Professional fees related to arbitration costs	-	4,024	4,675	519,901
Mineral property impairment reversal	-	-	-	(17,230,469)
Gain on arbitration settlement	-	-		(22,380,189)
Special bonus for arbitration settlement	-	-	-	1,300,000
Free Cash Flow	**$ (836,307)**	**$ (679,914)**	**$ (972,095)**	**$ (973,461)**
Per share – Basic	$ (0.04)	$ (0.07)	$ (0.04)	$ (0.10)
Per share – Diluted	$ (0.04)	$ (0.07)	$ (0.04)	$ (0.10)

RESULTS OF OPERATIONS

The following table set out selected unaudited information for the interim financial statements of the Corporation:

	For the three months ended June 30		For the nine months ended June 30	
	2016	2015	2016	2015
Revenues	$ 3,017,771	$ -	$ 3,017,771	$ -
Direct costs	(603,847)	-	(603,847)	-
General and administrative	(2,372,156)	(537,693)	(3,802,745)	(1,555,223)
Share-based payments	(1,080,035)	(220,000)	(1,870,965)	(820,000)
Depreciation and amortization	(74,910)	-	(294,120)	(4,429)
Acquisition costs	(718,571)	-	(1,878,658)	(54,196)
Loss from operations	(1,831,748)	(757,693)	(5,432,564)	(2,433,848)
Net income (loss)	948,730	(903,938)	(4,191,789)	35,859,237
Net income (loss) attributable to:				
Shareholders	$ 598,881	$ (903,938)	$ (4,541,638)	$ 35,859,237
Non-controlling interests	349,849	-	349,849	-
	$ 948,730	$ (903,938)	$ (4,191,789)	$ 35,859,237
Per share – Basic	$ 0.03	$ (0.09)	$ (0.32)	$ 3.64
Per share – Diluted	$ 0.03	$ (0.09)	$ (0.32)	$ 3.60

Revenues

The Corporation earned $3.0 million in revenue, compared to $nil during the prior year period. This is due to the DLC Transaction. It is anticipated that the consolidated revenue for the next quarter will be higher as the current quarter reflects 27 days of earned revenue, rather than a complete quarter.

Direct costs

The direct costs were $0.6 million, compared to $nil during the prior year period. This is due to the DLC Transaction. It is anticipated that the direct costs for the next quarter will be higher as the current quarter reflects 27 days of expenses incurred to earn revenue, rather than a complete quarter.

Direct cost includes advertising service costs as well as recruiting and other support costs for the mortgage brokers.

General and administrative

	For the three months ended June 30		For the nine months ended June 30	
	2016	**2015**	**2016**	**2015**
DLC	$ 916,272	$ -	$ 916,272	$ -
Corporate office	1,455,884	537,693	2,886,473	1,555,223
Total G&A	$ 2,372,156	$ 537,693	$ 3,802,745	$ 1,555,223

The portion of general and administrative expenses attributed to DLC was $0.9 million, compared to $nil during the prior year period as a result of the DLC Transaction. The significant components of these expenses include salaries and professional fees.

The corporate office accounted for $1.5 million of the general and administrative expenses during the current quarter, compared to $0.5 million during the same prior year period. The significant component of these expenses is salaries of $0.4 million, compared to $0.1 during the same prior year period. This increase was primarily driven by additional employees hired as the Corporation transitioned to an investment company over the last year.

Also included in corporate office G&A for the current quarter and nine months ended June 30, 2016 are $0.3 million in one-time non-recurring items related to start-up costs. These items include website development, consulting and legal expenses.

During the nine months ended June 30, 2016, the corporate office incurred $2.9 million in general and administrative expenses, compared to $1.6 million during the same prior year period. The increase over the prior year period is primarily due to additional employees being required as noted above and severance costs for former management.

Share-based payments

The Corporation incurred $1.1 million in non-cash share-based payments during the current quarter, compared to $0.2 million during the same prior year period. The increases over prior year are the result of additional share options being granted and vesting during the quarter compared to the same prior year period.

During the nine-months ended June 30, 2016, the Corporation incurred $1.9 million in non-cash shared-based payments, compared to $0.8 million during the same prior year period. The increases over prior year are the result of additional share options being granted and vesting during the three and nine months ended June 30, 2016, compared to the same prior year periods.

Depreciation and amortization
The Corporation incurred $0.1 million in non-cash depreciation and amortization during the current quarter, compared to $nil during the same prior year period.

Acquisition costs
The Corporation incurred $0.7 million in acquisition-related costs during the current quarter (three months ended June 30, 2015 - $nil), and $1.9 million during the nine months ended June 30, 2016 (nine months ended June 30, 2015 - $nil). This is a direct result of the change of business of the Corporation as outlined in the "Business Overview" section. The Corporation is continuously evaluating acquisition opportunities to enhance shareholder value. The cost of these acquisition due diligence activities, whether completed or in process, are recorded as current period costs.

Loss from operations

	For the three months ended June 30		For the nine months ended June 30	
	2016	**2015**	**2016**	**2015**
DLC	$ 1,497,652	$ -	$ 1,497,652	$ -
Corporate office	(3,329,400)	(757,693)	(6,930,216)	(2,433,848)
Loss from operations	$ (1,831,748)	$ (757,693)	$ (5,432,564)	$ (2,433,848)

During the current quarter, DLC generated $1.5 million in income from operations, compared to $nil during the same prior year period as a result of the timing of the DLC Transaction, which represents only 27 days of DLC's quarterly financial performance. This income from operations partially offsets the loss from operations generated by the corporate office of $3.3 million. The significant components of the corporate office charges are general and administrative expenses of $1.5 million, share-based payments of $1.1 million and $0.7 million in acquisition costs related to the Advantage Investments acquisition and pursuing investment opportunities.

During the nine months ended June 30, 2016, DLC generated $1.5 million in income from operations, which partially offsets the loss from operations generated by the corporate office of $6.9 million. As noted above, the corporate office loss from operations is significantly impacted by the following charges: general and administrative expenses of $2.9 million, share-based payments of $1.9 million and $1.9 million in acquisition costs related to the Advantage Investments acquisition and pursuing investment opportunities.

Both the current quarter and the nine months ended June 30, 2016 are impacted by various one-time non-recurring items related to the acquisition costs related to the Advantage Investments acquisition and the start-up and change of business of the Corporation totalling $0.3 million that include website development, consulting and legal expenses.

Net income (loss)
The net income for the current quarter was $0.9 million, compared to a net loss of $0.9 million during the same prior year period. The significant drivers for the change over the prior year are outlined above, in addition to $0.5 million in interest expense associated with the bridge loan facility used to partially fund the DLC Transaction. During the prior year periods, the Corporation did not have any loans and borrowings. Also contributing to the change over prior years, a deferred tax recovery of $3.8 million was recorded to recognize the value of a deferred tax assets which represents the estimated value of tax loss carry forwards that will be used in future periods to reduce taxes payable.

The net loss for the nine months ended June 30, 2016 was $4.2 million, compared to net income of $35.9 million during the same prior year period. The significant factor driving the change was the prior year receipt of $39.6 million (US$31.5 million) for settlement related to the mineral concession rights located in Equatorial Guinea, Africa. Also impacting the nine months ended June 30, 2016 was the loss on sale of investments for $1.3 million related to the sale of the Corporation's investment in Polaris Infrastructure Inc.

Non-controlling interests

Non-controlling interests consist of the capital contributions and accumulated earnings/losses of the partner entrepreneurs in significant subsidiaries of the Corporation. As at and for the period ended June 30, 2016, the significant subsidiary of the Corporation was DLC.

During the three months ended June 30, 2016, $0.4 million (2015 - N/A) of the Corporation's net income was allocated to non-controlling interests.

During the nine months ended June 30, 2016, $0.4 million (2015 - N/A) of the Corporation's net income was allocated to non-controlling interests.

SUMMARY OF QUARTERLY RESULTS

Selected unaudited financial data published for operations of the Corporation during the last eight quarters are as follows:

	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Revenues	3,017,771	-	-	-	-	-	-	-
(Loss) Income from operations	(1,831,748)	(2,939,826)	(658,471)	(847,901)	(757,693)	(1,078,430)	(597,725)	(653,957)
Net income (loss)	948,730	(4,024,555)	(1,115,964)	(149,886)	(903,938)	37,377,658	(614,483)	(631,872)
Earnings (loss) per share – Basic	0.03	(0.37)	(0.11)	(0.02)	(0.09)	3.80	(0.06)	(0.06)
Earnings (loss) per share – Diluted	0.03	(0.37)	(0.11)	(0.02)	(0.09)	3.71	(0.06)	(0.06)

Due to the significant change in the Corporation's business since September 30, 2015 and recent acquisition of DLC, the prior periods shown in the above table are not necessarily meaningful and should not be relied upon as an indication of future performance.

OUTLOOK

This section should be read in conjunction with the "*Cautionary note regarding forward looking statements"* found at the end of this MD&A. The Corporation continues to evaluate additional investments in privately-held cash flow generating businesses. The Corporation intends to build a diverse portfolio of investee companies that provides stable cash flow distributions to Founders Advantage regardless of economic conditions.

CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES

The Corporation's primary sources of capital available for financing its acquisitions and day-to-day operations are existing working capital, funds generated from the operations of its subsidiaries, equity from the capital markets and draws on its credit facilities.

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation's approach to managing liquidity risk is to prudently manage its financial position, cash generated from operations and credit facilities in such a manner so as to ensure it will have sufficient liquidity to pay its obligations when due.

Management believes that the Corporation is presently able to meet its working capital requirements, including obligations as they become due, and currently knows of no reason why this should not continue to be the case.

Liquidity

		June 30, 2016		September 30, 2015
Cash and cash equivalents	$	7,378,779	$	12,113,085
Trade and other receivable		8,860,831		647,690
Prepaid expenses and deposits		737,825		51,915
Notes receivable		298,315		-
Accounts payable and accrued liabilities		(10,901,479)		(237,900)
Other current liabilities		(310,011)		-
Loans and borrowings		(31,414,709)		-
Deferred revenue		(180,064)		-
Net working capital (deficit)	$	(25,530,513)	$	12,574,790
Overview of capital structure				
Equity	$	75,701,415	$	27,441,386
Loans and borrowings		31,414,709		-
Total capital	$	107,116,124	$	27,441,386

Net working capital (deficit)
As at June 30, 2016, the Corporation had a cash position of $7.4 million (September 30, 2015: $12.1 million) and net working capital deficit of $25.5 million (September 30, 2015: net working capital of $12.6 million). The change in net working capital position was primarily due to the addition of $31.4 million in loans and borrowings and $10.7 million in accounts payable and accrued liabilities since September 30, 2015.

As noted below, the DLC loans and borrowings are treated as a current liability due to certain financial covenant breaches compliance for which waivers were subsequently received (see Loans and borrowings section below). These balances are partially offset by increased accounts receivable of $8.2 million.

Subsequent to June 30, 2016, the Corporation closed a private placement of common shares for gross cash proceeds of $33.3 million.

Equity

During the current quarter, the Corporation completed a private placement of subscription receipts (comprised of brokered and non-brokered components) for total net proceeds of $27.3 million. These funds were used to partially fund the cash consideration paid for the DLC Transaction, which closed on June 3, 2016. Also during the current quarter, $26.7 million in common shares (using $5.60 price per share as at the closing date) were issued to the DLC vendors as partial non-cash consideration paid for the DLC Transaction.

Loans and borrowings

The Corporation's available credit facilities are comprised of a committed revolving acquisition and operating facility as well as operating credit facilities within the Corporation's subsidiaries.

At June 30, 2016, the Corporation and its subsidiaries held the following term loan facilities:

- The Corporation had a $20.0 million non-amortizing term loan, which matured on December 31,2016, and bore interest at BMO prime rate plus 9.3% per annum. As a result of the covenant violation noted below, the Corporation was in violation of the terms of this term loan at June 30, 2016. Subsequent to June 30, 2016, this term loan was repaid in full.
    - Subsequent to June 30, 2016, this loan was repaid using a senior revolving credit facility with an annual interest rate of 5.7% per annum. This senior revolving facility has a limit of $22.0 million, which matures on December 31, 2016. The Corporation anticipates re-financing this senior revolving facility prior to maturity.

- DLC has a $10.3 million non-amortizing term loan, which matures on December 30, 2021, and bears interest at the prime plus 1.5% per annum.
    - At June 30, 2016, the debt service coverage ratio was below the minimum threshold, causing DLC to be in violation of this financial covenant. This violation was primarily the result of the payment of dividends related to restructuring of DLC in preparation for the partial sale of the business. As a result of this covenant violation, the full loan balance of $10.3 million is classified as current, as required by IFRS.
    - Subsequent to the period end, in August 2016, a compliance waiver was received from the lenders of the facility in respect to this default.

At June 30, 2016, the Corporation and its subsidiaries held the following revolving credit facilities:

- DLC has a $6.5 million revolving credit facility, which matures on June 12, 2018, and bears interest at the prime rate plus 1.5% per annum.
    - At June 30, 2016, the debt service coverage ratio was below the minimum threshold, causing DLC to be in violation of this financial covenant. This violation was primarily the result of the payment of dividends related to restructuring of DLC in preparation for the partial sale of the business. As a result of this covenant violation, the full loan balance of $10.3 million is classified as current, as required by IFRS.
    - Subsequent to the period end, in August 2016, a compliance waiver was received from the lenders of the facility in respect to this default.

- DLC has a $0.5 million revolving credit facility, which bears interest at the prime rate plus 1.5% per annum. At June 30, 2016, DLC had not drawn on this facility.

On July 19, 2016 the Corporation entered into a $17.0 million revolving acquisition loan facility and $5.0 million non-revolving demand acquisition loan facility. The majority of these funds were used to repay the Corporation's $20.0 million non-amortizing term loan.

Sources and uses of cash

		Nine months ended June 30, 2016		Nine months ended June 30, 2015
Cash (used in) provided by operating activities	$	(3,391,331)	$	37,145,536
Cash used in investing activities		(47,805,726)		(10,008,650)
Cash provided by financing activities		46,462,751		710,000
(Decrease) increase in cash		(4,734,306)		27,846,886
Cash, beginning of period		12,113,085		7,726,707
Cash, end of period	$	7,378,779	$	35,573,593

Cash used in operating activities for the nine months ended June 30, 2016 was partially impacted by cash flows generated by DLC of $1.4 million, offset by increased corporate general and administrative and acquisition costs since the same prior year period due to the change in business of the Corporation. Cash provided by operating activities for the nine months ended June 30, 2015 was significantly impacted by receipt of $39.6 million (US$31.5 million) for settlement related to the mineral concession rights located in Equatorial Guinea, Africa.

Cash used in investing activities for the nine months ended June 30, 2016 was impacted by the $54.8 million net cash acquisition of DLC as well as $3.1 million spent on investments in Vital Alert Communications Inc. ("Vital Alert"), partially offset by $10.1 million in cash received on the sale of share investments. Cash used in investing activities for the same prior year period was impacted by the $10.0 million purchase of Polaris Infrastructures Inc. common shares.

Cash provided by financing activities for the nine months ended June 30, 2016 was impacted by the $27.7 million net proceeds received via subscription receipts offering, along with the closing of a $20.0 million bridge facility to partially fund the DLC Transaction purchase consideration. Cash provided by financing activities for the nine months ended June 30, 2015 resulted from $0.7 million cash being received upon share option exercises.

CONTRACTUAL OBLIGATIONS

At June 30, 2016, the following are the contractual maturities of financial liabilities, including estimated interest payments (on a consolidated basis):

		Contractual Cash Flow		Within 1 year		Within 5 years
Accounts payable and accrued liabilities	$	10,901,479	$	10,901,479	$	-
Other current liabilities		310,011		310,011		-
Loans and borrowings		31,933,405		31,933,405		-
Long-term accrued liabilities		131,250		-		131,250
	$	**43,276,145**	**$**	**43,144,895**	**$**	**131,250**

The Corporation anticipates settling accounts payable and accrued liabilities through the regular course business operations at DLC. The loans and borrowings will be settled via repayment or re-financing prior to maturity.

Founders Advantage and its subsidiaries may become involved in litigation and claims from time to time. Management is not presently aware of any litigation or claims where likelihood and quantum of liability can be reasonably estimated and which would materially affect the financial position or results of operations of the Corporation. In addition, Founders Advantage or its subsidiaries may provide indemnifications, in the normal course of business, that are often standard contractual terms to counterparties in certain transactions, such as purchase and sale agreements or service contracts. The terms of these indemnifications will vary based upon the contract, the nature of which prevents the Corporation from making a reasonable estimate of the maximum potential amounts that may likely be required to be paid.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation does not have any off-balance sheet arrangements.

SHARE CAPITAL

Common shares

As at June 30, 2016, there were 29,377,005 common shares issued and outstanding, compared to 9,953,404 (pre-consolidation: 149,301,065) at September 30, 2015. As at August 29, 2016, there were 37,699,340 common shares issued and outstanding.

On April 14, 2016, the Corporation completed a private placement offering of 13,709,315 (pre-consolidation: 205,639,725) subscription receipts, including subscription receipts pursuant to the partial exercise of an over-allotment option, for gross proceeds of $28.8 million. After deducting the underwriters' fees of $1.2 million and expenses of $0.3 million, the total net proceeds from the sale of the subscription receipts under this private placement were $27.3 million.

The funds received from this offering were used to partially fund the DLC Transaction, as described under the "Business Overview" section. Concurrent with the closing of the DLC Transaction, the subscription receipts automatically converted to common shares.

On May 18, 2016, the common shares of the Corporation were consolidated on a 15:1 basis.

On June 3, 2016, the Corporation closed the DLC Transaction and issued 4,761,905 common shares to the founders of DLC as part of the purchase consideration. These shares had a value of $26.7 million ($5.60/share) on the closing date of the DLC Transaction.

On June 21, 2016, the Corporation entered into an agreement with certain underwriters to purchase, on a bought deal private placement basis, 5,000,000 common shares of the Corporation at a price of $4.00 per common share, for aggregate gross proceeds of $20.0 million. The Corporation also granted to the underwriters an over-allotment option to purchase an additional 750,000 common shares at the same price, exercisable by the Underwriters for a period of up to two days prior to closing for additional gross proceeds of up to $3.0 million. Concurrent with the bought deal private placement, the Corporation announced an offering of common shares at a price of $4.00 per share via a non-brokered private placement. Both the bought deal and non-brokered private placements, which were announced on June 21, 2016, closed on July 6, 2016, for a total issuance of 8,322,335 common shares and gross proceeds of $33.3 million.

Share options
As at June 30, 2016, there were 1,070,578 share options outstanding, compared to 213,333 (pre-consolidation: 3,199,995) as at September 30, 2015. As at August 29, 2016, there were 2,873,078 share options outstanding.

On May 18, 2016, the common shares of the Corporation were consolidated on a 15:1 basis. This share consolidation also reduced the number of share options outstanding by the same 15:1 ratio.

On July 7, 2016, the Corporation granted 1,802,500 share options to certain directors, officers and employees of the Corporation. The share options are exercisable at a price of $4.40 per share, the last closing price per share on the Corporation's common shares on the TSXV on the date of the grant. The share options are exercisable for a term of five years expiring on July 7, 2021 and vest one-third immediately on the date of grant, and one-third on the first and second anniversary dates from the date of grant.

Broker warrants
As at June 30, 2016, there were 528,691 broker warrants outstanding, compared to nil as at September 30, 2015. As at August 29, 2016, there were 528,691 broker warrants outstanding.

On June 3, 2016, the Corporation issued 528,691 broker warrants, each with an exercise price of $2.10, as non-cash compensation to brokers and finders in connection with the April 14, 2016 subscription receipt offering. These broker warrants have a two-year term. The broker warrants vest on the grant date and entitle the holder to purchase one common share of the Corporation at the exercise price on or before the expiry date.

Deferred share units
As at June 30, 2016, there were 623,663 deferred share units outstanding, compared to 580,366 (pre-consolidation: 8,705,490) as at September 30, 2015. As at August 29, 2016, there were 623,663 deferred share units outstanding.

On May 18, 2016, the common shares of the Corporation were consolidated on a 15:1 basis. This share consolidation also reduced the number of deferred share units outstanding by the same 15:1 ratio.

RELATED PARTY TRANSACTIONS

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties.

Property leases
DLC leases office space from companies that are controlled by key management personnel and significant shareholders of DLC. Between the date of acquisition of DLC and June 30, 2016, the total costs incurred under these leases was $19,400. The lease term maturities range from 2016 - 2020. The expense is recorded within general and administrative expenses and is paid monthly; as such, no amount remains payable within the Corporation's consolidated statement of financial position.

Sales tax receivable
On acquisition of DLC, the Corporation was indemnified against any sales tax amounts assessed based on DLC's past results. As at June 30, 2016, the Corporation has recorded a receivable due from the DLC founders in the amount of $2.0 million for the sales tax amounts payable recorded by DLC. This receivable has been recorded in trade and other receivables in the Corporation's consolidated statement of financial position.

Under the terms of the DLC acquisition agreement, the Corporation must provide the DLC founders with written notice of claim ("Claim Notice") to collect on the related receivable. On issuance of the Claim Notice, the DLC founders have 60 days to repay the amounts due to the Corporation.

Loans and advances
DLC has loans and advances due to companies that are controlled by both significant and minority shareholders of DLC in the amount of $0.1 million as at June 30, 2016. The balance is included in other current liabilities in the Corporation's consolidated statement of financial position. These loans and advances are unsecured, due on demand and are non-interest bearing.

DLC has loans and advances due from companies that are controlled by both significant and minority shareholders in DLC in the amount of $0.1 million as at June 30, 2016. The balance is included in trade and other receivables in the Corporation's consolidated statement of financial position. These loans and advances are unsecured, due on demand and are non-interest bearing.

SUBSEQUENT EVENTS

Issuance of common shares
On July 6, 2016, the Corporation completed a brokered and non-brokered private placement of common shares at a price of $4.00 per common share for a total gross proceeds of $33.3 million. The Corporation issued an aggregate of 5,027,500 common shares for gross proceeds of $20.1 million pursuant to the brokered offering, and 3,294,835 common shares for gross proceeds of $13.2 million pursuant to the non-brokered offering. In connection with the brokered offering, the Corporation paid the underwriters a cash commission equal to 6% of the aggregate gross proceeds of the brokered offering, plus expenses and disbursements.

Issuance of share options
On July 7, 2016, the Corporation granted 1,802,500 share options to certain directors, officers and employees of the Corporation. The share options are exercisable at a price of $4.40 per share, the closing price per share on the date of issuance. The options have a five-year term, and will vest one-third immediately, and one-third on the first and second anniversary from the date of the grant.

$17.0 million revolving acquisition loan facility
On July 19, 2016, the Corporation entered into a $17.0 million revolving acquisition loan facility ("Acquisition Facility") with a Canadian financial institution for the purposes of refinancing the DLC Acquisition Facility, and thereafter to finance future acquisitions. Pursuant to the terms of the Acquisition Facility, borrowings may not exceed $17.0 million, or the equivalent amount in U.S. dollars.

The Acquisition Facility matures on the earlier of (i) demand by the lender, or (ii) December 31, 2016, and is secured by a general security agreement with first charge over the assets of the Corporation, subject to customary terms, conditions, covenants and other provisions. Borrowings in Canadian dollars are available by way of prime-based loans and Guarantee notes. Loans denominated in Canadian dollars bear interest at the Canadian dollar prime rate, plus an applicable margin of 3.00 to 3.75%, and Guarantee notes in

Canadian dollars bear interest at an applicable margin of 4.00 to 4.75%. For borrowings denominated in U.S. dollars, the Corporation may elect to have amounts outstanding bear interest at either the U.S. dollar prime rate plus an applicable margin of 3.00 to 3.75%, or a LIBOR rate plus an applicable margin of 4.00% to 4.75%. The applicable margin is determined based on the Corporation's net funded debt to EBITDA ratio, as defined by the Acquisition Facility.

$5.0 million acquisition loan facility
On July 19, 2016, the Corporation entered into a $5.0 million non-revolving demand acquisition loan facility ("Demand Facility") that matures on the earlier of (i) demand by the lender, or (ii) December 31, 2016. This Demand Facility is provided by the same Canadian financial institution as the Acquisition Facility. The Demand Facility is for the purposes of refinancing the DLC Acquisition Facility. The Demand Facility is secured by a general security agreement with first charge over the assets of the Corporation, subject to customary terms, conditions, covenants and other provisions. The Demand Facility is available by way of prime-based loans in Canadian dollars and Guaranteed notes in Canadian dollars. Loans denominated in Canadian dollars bear interest at the Canadian dollar prime rate, plus an applicable margin of 3.00 to 3.75%, and Guarantee notes in Canadian dollars bear interest at an applicable margin of 4.00 to 4.75%. The applicable margin is determined based on the Corporation's net funded debt to EBITDA ratio, as defined by the Demand Facility.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the amounts reported and disclosed in the financial statements and related notes. Those include estimates that, by their nature, are uncertain and actual results could differ materially from those estimates. The impacts of such estimates may require accounting adjustments based on future results. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

The areas which require management to make significant estimates, judgments and assumptions in determining carrying values include:

Business combinations
The Corporation uses significant judgement to conclude whether an acquired set of activities and assets are a business, and such differences can lead to significantly different accounting results. The acquisition of a business is accounted for as a business combination. If an acquired set of activities and assets does not meet the definition of a business, the transaction is accounted for as an asset acquisition.

The Corporation accounts for business combinations using the acquisition method. Significant judgement is required in applying the acquisition method when identifying and determining the fair values of the acquired company's assets and liabilities. The most significant assumptions, and those requiring the most judgement, involve the fair values of intangible assets and residual goodwill, if any. Valuation techniques applied to intangible assets are generally based on an estimate of the total expected future cash flows.

Significant assumptions include, the determination of future revenues, cash flows, franchise retention rates, discount rates and market conditions at the date of the acquisition. The excess acquisition cost over the fair value of identifiable net assets is recorded as goodwill.

Intangible assets
The Corporation has concluded that the DLC brand name has an indefinite useful life. This conclusion was based on a number of factors, including the Corporation's ability to continue to use the brand and the indefinite period over which the brand name is expected to generate cash flow. Therefore, the determination that the brand has an indefinite useful life involves judgement, which could have an impact on the amortization charge recorded in the consolidated statement of income and comprehensive income.

For each class of intangible assets with finite lives, management must decide the period over which it will consume the assets' future economic benefits. The determination of a useful life period involves the judgement of management, which could have an impact on the amortization charge recorded in the consolidated statement of income and comprehensive income.

Impairment of goodwill and intangible assets
Goodwill and indefinite life intangible assets are not amortized. Goodwill and indefinite life intangible assets are assessed for impairment on an quarterly basis by comparing the carrying amount of the asset to its recoverable amount, which is calculated as the higher of the assets' fair value less cost of disposal or its value in use.

The value in use is calculated using a discounted cash flows analysis, which requires management to make a number of significant assumptions, including those related to future operating plans, discount rates and future growth rates. Finite life intangible assets are assessed for indicators of impairment at the end of each reporting period. If indicators of impairment exist, the Corporation assesses whatever the carrying amount of the asset is considered recoverable.

Share-based payments
When share-based awards are granted, the Corporation measures the fair value of each award and recognizes the related compensation expense over the vesting period. Management makes a variety of assumptions in calculating the fair value of share-based payments. An option pricing model is used in determining the fair value, which requires estimating the expected volatility, interest rates, expected life of the awards granted and forfeiture rates. Consequently, share-based payments expense is subject to measurement uncertainty.

Deferred taxes
The determination of the Corporation's income and other tax liabilities requires the interpretation of complex tax regulations. Judgement is required in determining whether deferred tax assets should be recognized on the consolidated statement of financial position. Deferred tax assets require management to assess the likelihood that the Corporation will generate taxable income in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each applicable jurisdiction. These estimates and assumptions are subject to uncertainty and if changed could materially affect the assessment of the Corporation's ability to fully realize the benefit of the deferred tax asset.

ACCOUNTING POLICIES

As a result of the transition of the Corporation to an investment company during the current fiscal period, certain new accounting policies have been adopted. The accounting policies which management considers to be key are as follows.

Basis of consolidation
These interim financial statements include the accounts of the Corporation and its subsidiary DLC from June 3, 2016, the date of acquisition. All intercompany balances and transactions have been eliminated on consolidation.

In December 2015, the Corporation commenced the process of dissolving Ivory Resources Inc. ("Ivory") and Ivory's subsidiaries, Equatorial Resources Inc., Bissau Phosphate Inc. and Bissau Resources Inc. All of such subsidiaries of the Corporation, each which were governed by the laws of the Cayman Islands, were deemed to be dissolved per the certificates of resolution dated March 30, 2016.

Subsidiaries are those entities over which the Corporation has control. The Corporation controls an entity when it is exposed to or has the rights to variable returns from its involvement with the investment, and has the ability to affect those returns through its power over the investee. The existence and effect of voting rights are considered when assessing whether the Corporation controls another entity. Subsidiaries are fully consolidated from the date control is transferred to the Corporation, and are deconsolidated from the date control ceases.

Non-controlling interest
Non-controlling interests represent equity interests owned by outside parties. Non-controlling interests are measured at fair value on the date acquired plus their proportionate share of subsequent changes in equity.

Business combinations
The Corporation uses the acquisition method to account for the acquisition of subsidiaries. The consideration transferred for the acquisition is measured as the aggregate of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of the exchange. Acquisition costs are expensed as they are incurred. The identifiable assets and liabilities assumed are measured at their fair values at the date of acquisition, and any excess of acquisition cost over the fair value of the identifiable net assets acquired is recorded as goodwill.

Contingent consideration, if any, is recognized at fair value on the date of the acquisition, with subsequent changes in the fair values recorded in the consolidated statement of income and comprehensive income. Contingent consideration is not re-measured when it is an equity instrument and its subsequent settlement is accounted for within equity. If the acquisition cost is less than the fair value of the net assets acquired, the fair value of the net assets is reassessed and any remaining difference is recognized directly in the consolidated statement of income and comprehensive income.

Intangible assets and goodwill
Intangible assets
Upon acquisition, identifiable intangible assets are recorded at fair value and are carried at cost less accumulated amortization. Identifiable intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives. The indefinite life intangible assets, which are comprised of brand names, are tested for impairment annually, or more frequently if there is an indication that the intangible asset may be impaired. The indefinite life assumption is reviewed each reporting period to determine if it continues to be supportable. If the indefinite life assessment is no longer deemed supportable, the change in useful life from indefinite to finite is made. Any change is accounted for prospectively as a change in accounting estimate.

Goodwill
Goodwill represents the excess of the purchase price over the fair value of the identifiable net assets acquired in a business combination at the date of acquisition. When goodwill is acquired through a business combination for the purposes of impairment testing, it is allocated to each cash-generating unit ("CGU"), or group of CGU's, which represents the smallest identifiable group of assets that generate cash inflows. The allocation is made to the CGU's, or group of CGU's, that is expected to benefit from the related acquisition. After initial recognition, goodwill is carried at cost less any accumulated impairment losses.

Intangible assets with finite useful lives are amortized over their useful lives using the straight-line method over the following periods:

Assets	Estimated useful life
Franchise rights	25 years
Software	6 years

The depreciation methods for intangible assets with finite useful lives are reviewed at the end of each reporting period and adjusted if appropriate. Any change is accounted for prospectively as a change in accounting estimate.

Impairment
Long-lived assets with finite useful lives are assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill, and intangible assets with indefinite useful lives, are tested for impairment annually, or more frequently if an indicator for impairment exists. To assess for impairment, assets are grouped into CGU's, and an impairment loss is recorded when the carrying value exceeds its recoverable amount.

At the end of each reporting period, an assessment is made as to whether there is any indication that impairment losses previously recognized, other than those that relate to goodwill impairment, may no longer exist or have decreased. If such indications exist, the Corporation makes an estimate of the recoverable amount, and if appropriate, reverses all or part of the impairment. If an impairment is reversed, the carrying amount will be revised to equal the newly estimated recoverable amount. The revised carrying amount may not exceed the carrying amount that would have resulted after taking depreciation into account had no impairment loss been recognized in prior periods. The amount of any impairment reversal is recorded directly to consolidated income and comprehensive income.

Revenue recognition
Revenue is comprised of fees earned on the franchising of mortgage brokerage services and commissions generated on the brokering of mortgages. Revenue is measured at the fair value of the consideration received or receivable to the extent that it is probable the economic benefits will flow to the Corporation, the amount of revenue can be reasonably estimated, and the costs incurred with respect to the transaction can be reliably measured.

Franchising of Mortgage Brokerage Services
Franchising revenue from mortgage brokerages includes income from royalties, advertising fees and volume bonus income.

Royalty income is based on a percentage of the mortgage related revenues earned by the franchises, and is recognized as the franchisees earn their commissions and bonuses from lending contracts.

Income from advertising fees is collected on a monthly basis from the franchises to fund the costs of advertising brokerage services, and is recognized each month as amounts become due from franchises based on the terms of the franchise agreement.

Volume bonus revenue relates to agreements made with certain lenders and suppliers to earn bonuses based on the volume of mortgages funded or broker activity. Volume bonus revenue is recognized on an accrual basis as the volume or activity thresholds are fulfilled.

Brokering of Mortgages
Commission income relates to income earned on the brokering of mortgages within the corporately owned mortgage franchise, and is earned when the mortgage deal has closed.

FUTURE ACCOUNTING STANDARDS

Standards that are issued but not yet effective and that the Corporation reasonably expects to be applicable at a future date are listed below.

IFRS 9 – Financial Instruments: Classification and Measurement
A finalized version of IFRS 9 was issued in July 2014 and supersedes all previous versions, replacing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes impairment requirements for financial assets, the classification and measurement requirements by introducing a fair value through other comprehensive income measurement category for certain simple debt instruments, de-recognition and general hedge accounting. This standard is to be applied retrospectively, and is effective for accounting periods beginning on or after January 1, 2018, with earlier adoption permitted. The Corporation intends to adopt the new standard on the required effective date, and is currently assessing the impact the amendment will have on the consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers
IFRS 15 was issued in May 2014, and provides a single comprehensive model to determine how and when an entity should recognize revenue arising from contracts with customers, and is requiring entities to provide users of financial statements with more informative, relevant disclosures.

Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Corporation intends to adopt the new standard on the required effective date, and is currently assessing the impact the amendment will have on the consolidated financial statements.

IFRS 16 – Leases
IFRS 16 introduces a single accounting model for leases. The standard requires a lessee to recognize assets and liabilities on its statement of financial position for all leases with a term of more than 12 months. IFRS 16 can be applied through a full or modified retrospective approach for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied. The Corporation intends to adopt the new standard on the required effective date, and is currently assessing the impact the amendment will have on the consolidated financial statements.

RISK FACTORS

In respect of the Corporation's future business or financial performance based on investment activities, the Corporation is subject to a number of risks and uncertainties in the normal course of business. Such risks and uncertainties could have a negative effect on the Corporation's financial condition or results of operations. A brief discussion of such risks include the following:

- The Corporation is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Corporation will not achieve its financial objectives as estimated by management or at all.
- The Corporation's depends upon, among other things: (a) the availability of appropriate investment opportunities; (b) the Corporation's ability to identify, select and acquire successful investments; and (c) the Corporation's ability to generate or obtain funds for future investments.
- The Corporation may participate in a limited number of investments and, as a consequence, its financial results may be substantially adversely affected by the unfavourable performance of a single investment.
- The Corporation will have ongoing requirements for funds to support its growth and may seek to obtain additional funds for these purposes through public or private equity, or through the incurrence of indebtedness. There are no assurances that the Corporation will be able to secure additional funding at all, on acceptable terms or at an acceptable level.
- The Corporation will be dependent upon the efforts, skill and business contacts of key members of management and the Board for, among other things, the information and investment opportunities they are able to generate.
- The due diligence process undertaken by the Corporation in connection with investments may not reveal all facts that may be relevant in connection with an investment.
- The Corporation may be exposed to transaction and legal risks, including potential liability under securities laws or other laws and disputes over the terms and conditions of investment arrangements.
- The common shares are relatively illiquid due to low trading volumes and, as such, the market price of the common shares has been and may continue to be subject to wide fluctuations in response to factors such as actual or anticipated variations in its results of operations, changes in financial estimates by securities analysts, general market conditions and other factors.
- The Corporation is neither a mutual fund nor an investment fund and, due to the nature of its business and investment strategy and the composition of its investment portfolio, the market price of the common shares, at any time, may vary significantly from the net asset value (NAV) of the common shares.
- Certain of the directors and officers of the Corporation are or may, from time to time, be involved in other financial investments and professional activities that may on occasion cause a conflict of interest with their duties to the Corporation.
- Changes in the value of the applicable foreign currency of investment relative to the Canadian dollar could have a negative impact on the Corporation's return on investments and overall financial performance.
- The Corporation may invest in securities of private issuers, illiquid securities of public issuers and publicly-traded securities that have low trading volumes. The value of these investments may be affected by factors such as investor demand, resale restrictions, general market trends and regulatory restrictions.
- The Corporation's investments may include debt instruments and equity securities of companies that it does not control. These investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which the Corporation does not agree or that management of the investee company may take risks or otherwise act in a manner that does not serve the Corporation's interests.
- The Corporation's investments are not currently structured to secure the Corporation a guaranteed return, or any return in the short-term or long-term.

The following is a brief discussion of those factors which may have a material impact on, or constitute risk factors in respect of, DLC's future business or financial performance (which risk factors are in addition to the risk factors impacting the Corporation per above):

- Changes in inflation, interest rates, employment levels, availability and cost of financing for home buyers, competitive and market demand dynamics in key markets, the supply of available new or existing homes for sale, and overall housing prices may put downward pressure on the Canadian real estate market. This may adversely impact the number of mortgage brokers which could negatively impact the DLC Franchisees and their ability to pay franchise fees to DLC.
- Changes in general economic variables including, among others, short-term and long-term interest rates, inflation, fluctuations in debt and equity capital markets, levels of unemployment, consumer confidence and the general condition of the Canadian, North American and World economies. Lack of available credit or lack of confidence in the financial sector could materially and adversely affect DLC's business.
- DLC Franchisees may suffer difficulties in paying their franchise fees and other obligations to DLC in a timely manner or at all, including interest on unpaid amounts. If DLC Franchisees were to default to a material extent on their franchise fees or other obligations, this could have a material adverse impact on DLC.
- The inability to grow or maintain its network of franchises and mortgage brokers or the closure, failure or downsizing of franchise offices would adversely impact the revenues generated from mortgage fees.
- Losing the services of any DLC senior executives could materially adversely affect DLC's business until a suitable replacement is found.
- The DLC senior executives have been in the mortgage brokerage business for many years. If appropriate management succession arrangements are not put in place, DLC could be adversely affected by the loss of the services of one or more of its senior executives.
- DLC franchisees may not successfully operate a mortgage brokerage business in a manner consistent with industry standards, or may not affiliate with effective mortgage brokers which may materially and adversely affect DLC's results of operations.
- Any incident that erodes consumer affinity for DLC could significantly reduce its value and damage the DLC business. The risk of negative publicity is particularly great because DLC is limited in the extent to which its franchises and mortgage brokers can be regulated on a real-time basis.
- Lenders applying more stringent mortgage underwriting standards could adversely affect the ability and willingness of prospective buyers to finance home purchases or to sell their existing homes which would adversely impact the DLC business.
- Changes in federal, provincial, and municipal laws or regulations governing the ownership, leasing, development and taxation of real property could affect the market demand dynamics and the supply of available new or existing homes for sale, which may adversely impact the DLC business.
- Changes to licensing regulations, including increased mortgage broker fees and more stringent educational requirements may create barriers to entry and put downward pressure on the number of new mortgage brokers, which would adversely impact DLC's business.
- Complaints or litigation from the DLC franchisees or their mortgage brokers about franchise contract issues or other operational issues, valid or not and regardless of which party is ultimately held liable, may divert time away from operations and adversely affect DLC's business.
- The inability to obtain new technologies and systems, or to replace or introduce new technologies and systems as quickly as its competitors or in a cost-effective manner.
- Disruptive business models could draw consumers away from traditional mortgage brokerages and put downward pressure on the number of mortgage brokers operating in the industry, which would adversely affect DLC.
- Certain lenders may cease offerings of special lending products or incentives, which would adversely affect DLC's revenues.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this document constitute forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "estimate", "will", "expect", "plan", "schedule", "intend", "propose", or similar words suggesting future outcomes or an outlook. Forward-looking information in this document includes, but is not limited to:

- the completion of additional acquisitions by the Corporation;
- that certain start-up costs are not recurring;
- the ability of the Corporation's investee entities to distribute cash to the Corporation;
- that the revenue from DLC in future quarters being greater than the revenue from DLC for the current period;
- that direct costs for DLC will increase in future quarters;
- that the Corporations existing credit facilities will be renewed at maturity;
- the Corporation's business plan and investment strategy; and
- general business strategies and objectives.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect. Assumptions have been made with respect to the following matters, in addition to any other assumptions identified in this document:

- taxes and capital, operating, general & administrative and other costs;
- foreign currency exchange rates and interest rates;
- general business, economic and market conditions;
- the ability of Founders Advantage to obtain the required capital to finance its investment strategy and meet its commitments and financial obligations;
- the ability of the Corporation to source additional investee entities and to negotiate acceptable acquisition terms;
- the ability of Founders Advantage to obtain services and personnel in a timely manner and at an acceptable cost to carry out its activities;
- that DLC will maintain its existing number of franchisees and will add additional franchisees;
- the continuation of existing Canadian mortgage lending and mortgage brokerage laws;
- the absence of material decreases in the aggregate Canadian mortgage lending business;
- the timely receipt of required regulatory approvals.

Although the Corporation believes that the expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on them as the Corporation can give no assurance that such expectations will prove to be correct. Forward-looking information is based on expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Corporation and described in the forward-looking information. The material risks and uncertainties include, but are not limited to:

- the expected benefits of the DLC Transaction not being realized;
- the ability to generate sufficient cash flow from investees and obtain financing to fund planned investment activities and meet current and future commitments and obligations);
- general business, economic and market conditions;
- changes in foreign currency exchange rates and interest rates;
- the uncertainty of estimates and projections relating to future revenue, taxes and costs and expenses;
- the ability to obtain services and personnel in a timely manner and at an acceptable cost;
- changes in, or in the interpretation of, laws, regulations or policies;

- the ability to obtain required regulatory approvals in a timely manner;
- the effects of weather;
- the outcome of existing and potential lawsuits, regulatory actions, audits and assessments; and
- other risks and uncertainties described elsewhere in this document and in the Corporation's other filings with Canadian securities authorities.

The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "Risk Factors" herein. The forward-looking information contained in this document is made as of the date hereof and, except as required by applicable securities law, the Corporation undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.