CONFIDENTIAL OFFERING MEMORANDUM

*This offering memorandum (the "**Offering Memorandum**") constitutes an offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities and to those persons to whom they may be lawfully offered for sale. This offering is not made to, nor will subscriptions be accepted from, any person in the United States. No prospectus has been filed with any securities regulatory authority in connection with the securities offered hereunder. This offering memorandum is not to be construed as a prospectus or advertisement or a public offering of these securities.*

Capitalized terms used but not defined herein have the respective meanings ascribed thereto in the "Glossary of Terms" of this Offering Memorandum.

Date: November 23, 2018

THE ISSUER

Name:	Gravitas Mining Corporation (the "**Corporation**" or "**GMC**") 333 Bay Street, Suite 1700 Toronto, Ontario M5H 2R2 Phone: (416) 639-2104 Fax: (416) 397-0997 Email: info@gravitasinvestments.com
Currently listed or quoted:	No. **These securities do not trade on any exchange or market.**
Reporting Issuer:	No.
SEDAR filer:	No.
Securities Offered:	Up to 1,000,000 non-voting Class CA Preferred Shares in the capital of the Corporation denominated in Canadian dollars (the "**Class CA Preferred Shares**") or up to 1,000,000 non-voting Class CU Preferred Shares in the capital of the Corporation denominated in United States dollars (the "**Class CU Preferred Shares**" and collectively, with the Class CA Preferred Shares, the "**Class C Preferred Shares**") provided that the maximum number of all preferred shares in the capital of the Corporation, including but not limited to the Class C Preferred Shares, issued by the Corporation shall not exceed the aggregate stated capital of the common shares in the capital of the Corporation then issued and outstanding (the "**Offering**"). See "Item 5- Description of the Securities Offered".
Price per Security:	CDN$10.00 per Class CA Preferred Share and U.S.$10.00 per Class CU Preferred Share.
Sales Commissions:	6.0% of the aggregate cash proceeds received from the sale of Class C Preferred Shares pursuant to the Offering.
Minimum Offering:	There is no minimum subscription amount an investor must invest.
Maximum Offering:	$10,000,000 (1,000,000 Class CA Preferred Shares and/or 1,000,000 Class CU Preferred Shares)

	There is no minimum. You may be the only purchaser. Funds available under the Offering may not be sufficient to accomplish the proposed objectives.
Payment Terms:	The subscription price is payable at the time of Closing (as herein defined) by wire transfer or bank draft or such other manner as may be acceptable to the Corporation in its sole discretion. **There may be one or more Additional Closings (defined below) under this Offering Memorandum. Where required by law, the subscription funds will be held in trust pending closing for two Business Days (and in any event until midnight on the 2nd Business Day) after the purchaser signs the Subscription Agreement. This does not constitute acceptance of a subscription.**
Proposed Closing Date:	On or about January 31, 2019 (the "**Closing Date**") or such later dates as may be approved by the Corporation in its sole discretion (the "**Closing**"). Additional Closings may be held on a continuous basis until the Maximum Offering is achieved.
Additional Offerings:	Following the Closing, the Corporation may complete additional closings (the "**Additional Closings**") at such prices and at such time as determined by the proceeds in its sole discretion. The Corporations raised from such Additional Closings or additional offerings of Class C Preferred Shares will be used at the sole discretion of the Corporation. The Corporation reserves the right, at its sole discretion, to invest any subscription amounts it receives in connection with the Offering (either at the Closing or on or prior to Additional Closings) in interest bearing accounts until such time that such funds are, in the Corporation's sole discretion, used by the Corporation to subscribe for Class C Preferred Shares.
Income Tax Consequences:	There are important tax consequences associated with the ownership of the Class C Preferred Shares. Investors are advised to consult their personal tax advisors. See "Item 6 – Income Tax Consequences".
Resale Restrictions:	You will be restricted from selling your Class C Preferred Shares for an indefinite period. See "Item 10 – Resale Restrictions". In addition, the Class C Preferred Shares cannot be transferred without the prior approval of the board of directors of the Corporation.
Purchaser's Rights:	You have two (2) Business Days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See "Item 11 – Purchaser's Rights Of Action For Damages Or Rescission".

No securities regulatory authority or regulator has assessed the merits of the Class C Preferred Shares or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See "Item 8 – Risk Factors".

The Corporation:	The Corporation was incorporated under the *Business Corporations Act* (Ontario) on August 5, 2016, and is a majority owned subsidiary of Gravitas Financial Inc., a public company trading on the Canadian Stock Exchange.
Risk Factors:	An investment in the Class C Preferred Shares is subject to a number of risks that should be considered by a prospective purchaser. Cash distributions by the Corporation are not guaranteed and will be based indirectly upon the business operated by the Corporation, which is susceptible to a number of risks. These risks, and other risks associated with an investment in the Class

C Preferred Shares, include, but are not limited to, those related to: no liquidity, illiquid positions, competition, risks of investment in the business, no assurances of achieving objectives, global financial objectives, absence of voting rights, dilution, general risks of equity investments, changes in legislation and regulatory risk, possible negative impact or regulation, foreign market exposure, Class C Preferred Shares are not insured, tax related risks, tax considerations, loss of investment and legislative changes. - See "Risk Factors".

The information contained in this Offering Memorandum is intended only for the persons to whom it is transmitted for the purpose of evaluating the Class C Preferred Shares offered hereby. Prospective investors should only rely on the information contained in this Offering Memorandum. No persons are authorized to provide any information or make any representation in respect of the Corporation or the Class C Preferred Shares offered herein and any such information or representation must not be relied upon.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to the Corporation's future outlook and anticipated events or results and may include statements regarding the future financial position, property acquisitions, business strategy, budgets, projected costs, financial results and plans and objectives of the Corporation. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include expectations and prospects of the Corporation with respect to results of operations, cash distributions, business prospects and opportunities and industry outlook and related projections, including projected revenues, projected costs and projected profits. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Offering Memorandum.

Such forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to: anticipated and unanticipated costs; results of operations; business performance; and business prospects and opportunities.

While the Corporation considers the assumptions made to be reasonable as of the date hereof based on information currently available to it, they may prove to be incorrect. By its nature, forward-looking information involves numerous assumptions, risks and uncertainties and other factors that contribute to the possibility that the predicted outcome will not occur, including those listed under "Item 8 - Risk Factors". Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Corporation.

The forward-looking statements contained herein should not be relied upon as representing the Corporation's views as of any date subsequent to the date of this Offering Memorandum. The Corporation is not under any obligation and does not undertake to update this information at any particular time and assumes no obligation to update or revise forward-looking statements should circumstances or opinions change.

MARKETING MATERIALS

The presentation of the Corporation dated November 2018, and any other marketing materials relating to the distribution of the Class C Preferred Shares under this Offering Memorandum and delivered or made reasonably available to prospective purchasers prior to the termination of the distribution of the Class C Preferred Shares under the Offering, are hereby specifically incorporated by reference into and form an integral part of this Offering Memorandum.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Offering Memorandum to the extent that a statement contained herein or in any other subsequent document, which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Memorandum.

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GLOSSARY OF TERMS

In this Offering Memorandum, unless the context otherwise requires, the following words and terms shall have the indicated meanings, and grammatical variations of such words and terms shall have corresponding meanings:

"**Additional Closings**" means the closing of subscriptions for the Class C Preferred Shares accepted by the Corporation after the Closing.

"**Affiliate**" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Articles**" means the articles of incorporation of the Corporation dated August 5, 2016, as amended on December 20, 2017 and as may be amended from time to time.

"**Business**" means, with respect to the Corporation, operating as a merchant bank that makes direct investments into mining related companies while also providing strategic capital markets advisory and mining consultancy services as a member of the Gravitas Group of Companies.

"**Business Day**" means any day, other than a Saturday, Sunday or statutory or civic holiday in the Province of Ontario or any day in which commercial banks are not open for business in Toronto, Ontario.

"**Chopra Loan**" means the promissory note issued by the Corporation to Sila Wati Chopra dated December 15, 2017 in the principal amount of U.S. $1,090,000, maturing on June 14, 2019.

"**Class C Preferred Shares**" means, collectively, the Class CA Preferred Shares and the Class CU Preferred Shares.

"**Class CA Preferred Shares**" means the Canadian dollar denominated non-voting Class C preferred shares in the capital of the Corporation.

"**Class CU Preferred Shares**" means the U.S. dollar denominated non-voting Class CU preferred shares in the capital of the Corporation.

"**Common Shares**" means the common shares in the capital of the Corporation.

"**Corporation**" means Gravitas Mining Corporation.

"**Closing**" means the initial closing on the Closing Date, or any other Additional Closings in relation to the offering of Class C Preferred Shares.

"**Closing Date**" means the day set by the Corporation for the Closing of this Offering.

"**GMC**" means Gravitas Mining Corporation.

"**Offering**" means the maximum Offering size of up to $10,000,000.

"**Indebtedness**" refers to liabilities: (i) in respect of borrowed money; (ii) evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers' acceptances; (iii) representing the deferred and unpaid purchase price of any property, except any such balance that constitutes a trade payable or similar obligation to a trade creditor incurred in the ordinary course of business; or (iv) in respect of capitalized lease obligations; (v) to the extent not otherwise included, any obligation to be liable for, or to pay, as obligor, guarantor or otherwise, on the Indebtedness of another person; and (vi) to the extent not otherwise included, Indebtedness of another person secured by a security on any asset owned by such person.

"**Offering**" means the offering(s) of the Class C Preferred Shares pursuant to the terms of this Offering Memorandum, which shall consist of a maximum of aggregate gross proceeds of up to $10,000,000.

"**Offering Memorandum**" means this offering memorandum dated November 23, 2018, as the same may be amended or amended and restated from time to time.

"**Offering Proceeds**" means the net proceeds from the Offering after deducting the offering costs.

"**Operating Expenses**" means the aggregate, without duplication, of all outlays made by the Corporation during the period in question in connection with the operation of its Business, and without limitation, includes: professional fees reasonably attributable thereto, all business taxes and all debt servicing expenditures.

"**Person**" is to be broadly interpreted and includes an individual, an incorporated body wherever or however incorporated, a partnership, a trust, a fund, an unincorporated association or organization, a government of a country or any political subdivision thereof, or any agency or department thereof, and the executors, administrators or other legal representatives of an individual in such capacity.

"**Purchaser**" means subscribers of the Class CA Preferred Shares or Class CU Preferred Shares, as the case may be, pursuant to the Offering.

"**Subscription Agreement**" means the completed subscription agreement to be entered into by a subscriber at Closing or at Additional Closings.

"**Tax Act**" means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder.

"**Warrants**" means Common Share purchase warrants, whereby each Common Share purchase warrant permits the holder thereof to purchase one Common Share.

In this Offering Memorandum, references to "**dollars**" and $ are to the currency of Canada, unless otherwise indicated.

ITEM 1 – USE OF AVAILABLE FUNDS

1.1 Funds

The Offering Proceeds which will be available to the Corporation after this Offering are as follows:

	Assuming Offering fully subscribed[1]
(a) Amount to be raised by this Offering[2]	$10,000,000
(b) Selling commissions and fees[3]	$600,000
(c) Estimated Offering costs (legal, accounting, audit, etc.) [4]	$200,000
(d) Available funds: [D = A - (B+C)]	$9,200,000
(e) Additional sources of funding required	Nil
(f) Working deficit (surplus)[5]	($2,600,000)
(g) Total [G=(D+E) - F]	$11,800,000

Notes:

(1) The maximum offering size of the aggregate issuance of Class C Preferred Shares is $10,000,000. There is no minimum offering.

(2) After the first closing under this Offering Memorandum, the Corporation will complete Additional Closings from time to time as subscriptions are received and accepted.

(3) The Class C Preferred Shares may be offered for sale by agents or sub-agents permitted under applicable legislation to sell the Class C Preferred Shares as may be appointed from time to time by the Corporation in connection with the distribution of the Class C Preferred Shares. Such agents or sub-agents appointed by the Corporation will receive a commission of 6.0% of the gross proceeds of the Class C Preferred Shares sold by them. The sales commissions payable under the Offering in connection with the sale of the Class C Preferred Shares will be payable from the Offering Proceeds. Assuming a maximum offering size, the maximum amount of sales commissions payable under the Offering will be $600,000. See "Item 7.1 – Selling Commissions".

(4) Offering costs as shown are estimated expenses (currently estimated to be $800,000, inclusive of legal, account, audit and commissions) of or incidental to the issue, sale and delivery of the Class C Preferred Shares pursuant to this Offering, including fees and disbursements of legal counsel and accountants, printing and other administrative costs associated with marketing the Class C Preferred Shares pursuant to this Offering Memorandum and the reasonable out-of-pocket expenses (including applicable taxes) of the Corporation in connection with such issue, sale and delivery.

(5) The Corporation does not have working capital deficiency but rather a surplus of $2,600,000, as of the date hereof, to allocate towards working capital. This amount does not include Operating Expenses.

1.2 Use of Available Funds

The gross proceeds from the sale of the Class C Preferred Shares under this Offering Memorandum is estimated to be approximately $10,000,000 assuming the Maximum Offering is reached. The Corporation intends to use the Offering Proceeds, once obtained, for the following purposes.

Description of intended use of Offering Proceeds Listed in order of Priority	**Assuming Offering fully subscribed**
Purchase units of Zijin Midas Fund	$650,000[3]
Purchase units of the Zhaojin Fund	$3,250,000[4]
Fund merchant banking activities	$3,000,000
Working Capital for the above items[1]	$800,000
Repayment of Chopra Loan[2]	$1,500,000
Estimated closing costs	$800,000
Total	**$10,000,000**

Notes:

(1) This includes but is not limited to hiring of new employees, such as a team of analysts to assist with the Corporation's investment strategies, associated legal fees in conducting business and new office space.

(2) The Chopra Loan was incurred to pay for working capital requirements. The principal amount of the Chopra Loan as of the date hereof is US$1,090,000 and is subject to 15% interest per annum.
(3) U.S.$500,000 on a Canadian dollar converted basis using 1.3 rate of exchange as at November 23, 2018.
(4) U.S.$2,500,000 on a Canadian dollar converted using 1.3 rate of exchange as at November 23, 2018.

1.3 Reallocation

The Corporation intends to allocate and use the Offering Proceeds as stated in "Item 1 – Use of Available Funds". The Corporation may reallocate the Offering Proceeds amongst the intended uses in accordance with sound business judgement.

ITEM 2 – THE CORPORATION

2.1 Corporate Structure

The Corporation was incorporated under the *Business Corporations Act* (Ontario) i on August 5, 2016 and is a majority owned subsidiary of Gravitas Financial Inc., a public company trading on the Canadian Stock Exchange. The head office and registered office of the Corporation is located at 333 Bay Street, Suite 1700, Toronto, Ontario M5H 2R2.

The Corporation's fiscal year ends on December 31 in each year.

The Corporation is not a reporting issuer or equivalent in any jurisdiction and its securities are not listed or posted for trading on any stock exchange or market.

On November 23, 2018, articles of amendment were filed providing for the creation and issuance of the Class CA Preferred Shares and the Class CU Preferred Shares.

2.2 Our Business

The Corporation was formed to carry on business as a mining advisory and merchant bank with a mining private equity arm. The advisory and consulting services aim to create profit from management fees. The merchant banking services aim to achieve profit from consulting fees as well as other banking fees, while the mining private equity arm of GMC aims to create profit from management fees and performance fees earned from its activities.

In seeking to meet its investment objectives, GMC will deploy the Offering Proceeds in a variety of investments in the mining sector. These investments may include and are not limited to making direct investment in a mining business or allocating investments into funds (as described below).

Merchant Banking

GMC deploys capital into mining companies that it believes are positioned for growth and require capital to expand. The Corporation also seeks merger and acquisition opportunities with Chinese and non-Chinese mining companies As part of its merchant-banking services, GMC introduces and advises strategic Chinese partners who are working with international companies on various mining projects or acquisitions.

Merchant banking activities will rely on the expertise of management and consultants to evaluate potential investments and to monitor existing investments.

Launched investment fund with Zhaojin Mining

Zhaojin Mining Industry Company ("**Zhaojin**") is a large-scale mining company in China. It engages in the exploration, mining, processing, smelting and sale of gold, silver and copper products. Zhaojin is the fourth largest gold mining company in China based on mined gold production. It is listed on the Hong Kong Stock Exchange with a market capitalization of HK$19.5 billion.

In May 2017, GMC and Zhaojin signed a Strategic Partnership Memorandum dated May 22, 2017 (the "**Strategic Partnership Memorandum**"), whereby, as part of the strategic relationship, GMC and Zhaojin established the

Gravitas Zhaojin Gold Industry Fund LP (a Cayman Islands limited partnership) (the "**Zhaojin Fund**") whose primary purpose is to seek investment in the gold sector. As a first step, the two parties established a holding company, Zhaojin Gravitas Mining Investment Inc., an Ontario entity incorporated on July 6, 2017, of which GMC holds 60% of the equity and Zhaojin holds 40%. The Zhaojin Fund was established in the Cayman Islands and began operating in May 2018. The Zhaojin Fund has a target asset size of US$45M. Pursuant to the Strategic Partnership Memorandum, GMC and Zhaojin have committed US$5,000,000 and US$10,000,000, respectively, of which, on May 22nd, 2018, GMC and Zhaojin contributed US$2,500,000 and US$5,000,000, respectively, representing half of each of their commitments to the Zhaojin Fund. The strategy of the Zhaojin Fund is to identify and invest in undervalued companies with the goal of generating investment returns for investors.

Consultation and Advisory for Zijin Midas Fund

Zijin Mining Group Ltd. ("**Zijin**") is one of the largest mining companies in China. It is mainly engaged in the exploration and mining of gold, copper, zinc and other mineral resources. Listed on Hong Kong Stock Exchange (2899) and Shanghai Stock Exchange (601899), Zijin ranked first among public gold miners in China based on mined gold production and revenue.

Gold Mountains Asset Management ("**GMAM**") is a wholly-owned subsidiary of Zijin. GMC has a working relationship with GMAM through the Zijin Midas Exploration Fund LLC (the "**Zijin Midas Fund**").

GMC is a shareholder of the Zijin Midas Fund. Pursuant to a partnership agreement between GMC and C2 Mining International Corp. (a general partner of the Zijin Midas Fund) ("**C2 Mining**") dated June 23, 2017 (the "**Zijin Partnership Agreement**"), GMC provides advice and consultation in order to assist with the growth and expansion of the Zijin Midas Fund. Pursuant to the Zijin Partnership Agreement, GMC has committed to invest US$1,000,000 to the Zijin Midas Fund. Effective December 27, 2017, GMC made an investment of US $500,000 in the Zijin Midas Fund and intends to make another US$500,000 investment with the Offering Proceeds prior to December 31, 2018. The investment strategy of the Zijin Midas Fund is to generate investment returns by focusing investments in companies seeking an initial public offering or debt instruments issued by such companies. The Zijin Midas Fund may also invest, on an opportunistic basis, directly in early stage exploration projects in the mining and natural resources industry.

Aside from the aforementioned products and services, GMC at its discretion may also bring on new business opportunities or changing existing companies in its portfolio to further maximize shareholder value.

Private Equity Investments in Mining

The mining private equity arm of GMC aims to create profit from management fees and performance fees earned from its activities. Moreover, advisory and consulting on the Zhaojin Fund and the Zijin Midas Fund will aim to create profit from management fees. Finally, merchant banking services will aim to achieve profit from consulting fees as well as other banking fees.

GMC will generate revenue by distributing its products and services as described herein. GMC will also abide by the guidelines listed below when raising capital and acquiring companies. An investment management committee comprised of five individuals with experience in investment and portfolio management, securities law, valuation, financial analysis, research private and public companies, tax and accounting, as well as expertise and a thorough understanding of the internal processes of GMC, has been created to establish and implement investment management policies and make ongoing recommendations to the executive management team of GMC regarding the identification and assessment for all investments made by GMC. The investment management committee shall be comprised of: Patrick Sapphire, Vikas Ranjan, Harry Tian, Wes Roberts and Chris Niu.

Funds will be deployed towards activities and acquisitions that aim to generate a positive investment return, such as taking a proactive role in expanding a mining business within the portfolio or deploying capital into the Zhaojin Fund and the Zijin Midas Fund as described in "Item 2.2 – Our Business".

Investments will be actively managed by portfolio managers and a team of analysts to be appointed by GMC.

Market – for Investment Products

The Corporation's target market are investors with an appetite to expand their portfolios with additional capital growth from GMC's business activities.

GMC's primary clientele in its business activities are strategic Chinese and non-Chinese mining partners, who are looking to expand or acquire assets with the facilitation and advisory of GMC, of which fees are generated for the Corporation. GMC's investment products will also have a Canadian institutional and retail market, in order to cater to a variety of clientele interested in generating returns from mining.

Marketing Plans and Strategies

GMC aims to deploy the following strategy to actualize its business activities and achieve its goal of maximizing shareholder value:

a) create distribution channels for institutional money and high net-worth clients, via national strategic partners in Canada, to expand the Zhaojin Fund;

b) create distribution channels for retail clients via offering memorandum through exempt market dealers for preferred offerings and other investment fund offerings; and

c) by conducting internal marketing events and seminars to raise awareness within retail channels and institutional channels.

GMC at its discretion may further modify existing or implement new strategies within its mandate to generate an investment return to shareholders and investors.

Competitors

GMC considers its primary competitors in the Canadian market to be Sprott Securities Inc., Canaccord Genuity Group Inc. and Haywood Securities Inc. GMC differs from its peers by its strategic emphasis on the Chinese market. GMC has the capability of bringing Chinese partners and experts to help western companies with various financing options. GMC is also building its asset management arm through a co-managed format with an active and value-add partner to perform more detailed technical due diligence and aid in optimizing operations.

2.3 Development of our Business

In August 2017, GMC acquired from its parent company, and since then has successfully maintained, a growing flow-through and alternative investment funds business. Originally launched in 2013, the GMC flow-through fund business is currently at $10,000,000 assets under management and has grown steadily each year. The Special Situations Fund (the "**SSF LP**") was launched in 2016 as a limited partnership and in 2018 as a trust (the "**SFF Trust**") as a small cap alternative fund. The SSF LP and the SFF Trust have each achieved significant returns for investors with combined assets under management over $3,000,000. GMC promotes the flow-through and alternative product business working with Gravitas Securities Inc., an affiliated registered securities dealer and investment fund manager. GMC may use the Offering Proceeds to purchase units in its existing SSF LP and flow through fund business. See "Item – 2.2 Principal Products and Services".

Funding Required

GMC is seeking to raise maximum gross proceeds of $10,000,000 in the Offering. The allocation of the Offering will be as follows:

a) up to $650,000 will be deployed to purchase units of the Zijin Midas Fund, which is domiciled in the Cayman Islands and is managed by Zijin Mining Group Ltd, a publicly traded company in China. The Zijin Midas Fund aims to generate a return from a well-diversified portfolio of gold and copper companies worldwide. The Zijin Midas Fund may hold shares of listed companies or seek to invest through private company investments;

b) up to $3,250,000 will be deployed to purchase units of the Zhaojin Fund, which is managed by Zhaojing Mining, a publicly traded company based in Zhaoyuan, Shandon Province in China. The Zhaojin Fund aims to generate a return from capturing market opportunities through a well-diversified portfolio of gold, as well as other mining metals. The Zhaojin Fund can partake in buying shares of publicly listed companies or invest through private company investments. The Zhaojin Fund may also introduce charity flow-throughs based on the discretion of the management team;
c) Up to $3,000,000 shall be used to fund merchant banking activities, which involves consultations for strategic Chinese partners, capital for mining opportunities and mergers and acquisitions.
d) Up to $800,000 for estimated Offering costs.
e) Up to $1,500,000 for paying down the Chopra Loan.
f) Up to $800,000 will be deployed as working capital to fund the initiatives as listed in a) b) and c) in the above. This includes but is not limited to: hiring of new employees, such as analysts to assist with the Corporation's investment strategies, associated legal fees in conducting business, new office space and licensing.

Operating Expenses

GMC current Operating Expenses are $2,000,000 per annum and GMC is projecting an increase in these annual Operating Expenses to $2,500,000 per annum in Operating Expenses, as a result of team expansion to execute the business plan (the foregoing figures are inclusive of the payment of dividends associated with the Offering). The Operating Expenses include, but are not limited to, legal expenses, office space as well as employee compensation. The projection for the increase in Operating Expense is due to the hiring of new staff, as the business expands and the acquisition of additional office space.

2.4 Long Term Objectives

GMC will continue to operate its core business lines with a view to maximizing enterprise value. The following projections are based upon GMC's business activities. See "Item – 2.2 Principal Products and Services".

a) The mining private equity arm of GMC, as listed above, see - "Item – 2.2 Principal Products and Services", intends to develop its business through principal investment as well as the sponsorship of underlying private equity pools and related investment vehicles such as the SSF LP, the Zhaojin Fund and the Zijin Fund while seeking to generate risk-adjusted returns through diversified holdings in the mining sector.
b) The merchant banking arm of GMC will principally seek to leverage its network of sponsors in Asia in order to generate international merger and acquisition opportunities focused primarily on a variety of mining projects.
c) As a part of both its merchant banking strategy and private equity strategy, GMC will continue to seek direct and indirect investments in high growth mining assets, at what are currently depressed market values, and further utilize GMC's expertise and network to add value to aim for high multiple exits.

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our estimated cost to complete
Principal investment as well as the sponsorship of underlying private equity pools and related investment vehicles Zhaojin Fund with a target of US$100M.	Year-end 2020	$1,000,000
Build GMC's advisory capacity to source and execute major financing and mergers and acquisition transactions within the mining sector. This shall be achieved by establishing and expanding GMC's: 1. relationships with major industry players in China; elsewhere in Asia, Europe and North America; and	Year-end 2020	$1,500,000

2. expanding relationships with merger and acquisition targets in North America and Australia.		

The foregoing information is forward-looking information and, as such, readers are cautioned that actual costs and target completion times may vary from the forward-looking information. In particular, material risk factors could cause actual results to differ materially from the forward-looking information (for more information on risks, please see "Item 8 – Risk Factors"). Furthermore, there are material factors and assumptions used to develop forward looking information including achieving the mentioned target completion dates on time and the costs remaining as estimated.

2.5 Short Term Objectives

In the next 6 months, GMC aims to use the Offering Proceeds and then deploy such funds to achieve the following:

a) fund the Zhaojin Fund with up to $3,250,000;
b) fund the Zijin Midas Fund with up to $650,000;
c) to purchase units in its existing SSF LP and flow through fund business;
d) capital market investments through various limited partnerships arrangements; and
e) grow and expand the GMC advisory practice in order to earn consultation fees when facilitating merchant banking activities with strategic Chinese partners.

The estimated cost to complete the listed initiatives will deploy $4,000,000 of the Offering Proceeds. This will include but is not limited to: hiring new staff, legal fees and marketing.

The Corporation's business objectives for the next 12 months are to complete the Offering pursuant to this Offering Memorandum and to invest the net subscription proceeds as described herein. It is the intention of the Corporation that the net subscription proceeds of the Offering will be invested as quickly as is reasonably possible pursuant to GMC's investment policies, to raise further equity capital and to optimize returns. The Corporation intends to meet the following objectives for the next 12 months as follows:

What we must do and how we will do it(1)	Target completion date or, if not known, number of months to complete(1)	Our estimated cost to complete(1)
Fulfill the Corporation's undrawn commitment to existing investment funds including US$2,500,000 to the Zhaojin Fund and US$500,000 to the Zijin Midas Fund.	Q4 2018	US$3,000,000
Assist the Zhaojin Fund with sponsorship of external capital of at least US$15,000,000.	Q1 2019	$300,000
Strengthen the Corporation's investment management platform by consolidating the SSF LP and flow- through fund business.	Q4 2018	$50,000

Note:
(1) Assumes gross proceeds under the Offering of $10,000,000.

2.6 Insufficient Funds

The Offering Proceeds may not be sufficient to accomplish all of the proposed investment objectives of the Corporation. The Corporation will pursue further financings, as it determines is appropriate. There is no assurance that such form of financing will be available. See "Item 8 – Risk Factors".

2.7 Material Agreements

Except for agreements entered into or to be entered into in the ordinary course of business, the agreements that are or will be material to the Corporation are as follows:

a) the Strategic Partnership Memorandum dated May 22, 2017, whereby GMC and Zhaojin have agreed to invest in the Zhaojin Fund, US$5,000,000 and US$10,000,000, respectively, of which US$2,500,000 and US$5,000,000, respectively, and GMC has been committed as of the date hereof, as well as provide consultation services in relation to potential mergers and acquisitions of non-Chinese companies; and

b) the Zijin Partnership Agreement dated June 23, 2017, whereby GMC has committed to invest US$1,000,000 of which US$500,000 has been committed as of the date hereof and GMC intends to invest the remaining US$500,000 prior to December 31, 2018.

   Pursuant to the Zijin Partnership Agreement:

   (i) GMC has a right of first refusal for services rendered in connection with the Zijin Partnership Agreement, including the introduction of potential investors, negotiation and transaction structuring and to assist with a possible go-public transaction in relation to both the Zijin Midas Fund and C2 Mining.

   (ii) C2 Mining and GMC have agreed to indemnify each other if a court of competent jurisdiction in a final judgment that has become non-appealable shall have determined: negligence or any fraudulent act or engagement of wilful misconduct in the course of performance of the Zijin Partnership Agreement or the breach of a material provision of the Zijin Partnership Agreement by either C2 Mining and GMC or any director, officer, employee, consultant or shareholder thereof; and the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed were caused by negligence, fraud, wilful misconduct or material breach of the Zijin Partnership Agreement.

ITEM 3 – INTEREST OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL SECURITYHOLDERS

3.1 Compensation and Securities Held

The following table sets out information about each of the directors and officers of the Corporation and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Corporation:

Name and Municipality of Principal Residence[(1)]	Position Held	Compensation Anticipated to be Paid by the Corporation in the Current Financial Year	Number, Type and Percentage of Securities of the Corporation to be held after completion of the Offering
David Carbonaro, Toronto, Ontario	Director (as of August 5, 2016), Chief Executive Officer (as of July 28, 2017), Secretary (as of July 28, 2017), and President (as of August 5, 2016)	$5000	981,828 (12.93%) Common Shares indirectly owned through Gravitas Financial Inc., 50,000 (0.64%) Common Shares and 50,000 Warrants owned indirectly through 2444444 Ontario Inc.

Name and Municipality of Principal Residence[(1)]	Position Held	Compensation Anticipated to be Paid by the Corporation in the Current Financial Year	Number, Type and Percentage of Securities of the Corporation to be held after completion of the Offering
Vikas Ranjan, Mississauga, Ontario	Director (as of August 5, 2016), Executive Vice-President (as of July 28, 2017)	$5000	697,108 (9.18%) Common Shares indirectly owned through Gravitas Financial Inc., 50,000 (0.64%) Common Shares and 50,000 Warrants owned indirectly through 244444 Ontario Inc.
Patrick Sapphire, Aurora, Ontario	Director (as of August 5, 2016), Executive Vice-President (as of July 28, 2017)	$114,000	50,000 (0.64%) Common Shares and 50,000 Warrants owned directly.
Lawrence Xing, Toronto, Ontario	Chairman (as of August 5, 2016)	$0	911,914 (11.63%) Common Shares owned indirectly through Gravitas Financial Inc. and 1,850,000 (23.59%) Common Shares and 1,350,000 Warrants owned indirectly through Yuhua International Capital Corporation
Yongbiao Ding, Toronto, Ontario	Chief Financial Officer (as of November 20, 2017)	$50,400	50,000 (0.64%) Common Shares and 50,000 Warrants owned directly.

Note:

(1) Information as to municipality of residence has been provided by the individual directors and officers.

As at the date of this Offering Memorandum, the directors and officers of the Corporation, as a group, own (i) 4,640,850 Common Shares representing 59.19% of the issued and outstanding Common Shares and 1,550,000 Warrants.

3.2 Management Experience

The following discloses the principal occupations of the directors and officers of the Corporation and their previous experience:

Name	Principal occupations and related experience
David Carbonaro	Mr. Carbonaro serves as counsel at the law firm of Dentons Canada LLP and practices corporate finance and international law. He has advised several public companies, securities dealers and investment banks on corporate finance and international law matters across numerous sectors. Mr. Carbonaro holds a LL.B. from Osgoode Hall Law School.
Vikas Ranjan	Mr. Ranjan is a management and investment professional with over 20 years of experience in diverse areas of investment management, finance and investment research. Mr. Ranjan is a co-founder of Ubika Research, and smallcappower.com. His previous experience includes various management positions in companies such as Bank of Montreal. He holds a B.A. in Economics (*Hons*.), Masters in Management Studies from University of Mumbai, India and a Master of Business Administration in Finance from McGill University.

Name	Principal occupations and related experience
Patrick Sapphire	Mr. Sapphire is a CFA Charterholder and a graduate of the University of Toronto. He has worked with Gravitas Securities Inc. on various mining financing deals as well as the strategic investment division of Yuhua Group.
Lawrence Xing	Mr. Xing is the president of the Yuhua Group, a Chinese conglomerate in mining and other sectors. He has significant expertise in the mining chain from extraction and processing to logistics and distribution. He was a partner with Baosteel, HNCC and China Molybdenum for over 20 years.
Yongbiao Ding	Mr. Yongbiao (Winfield) Ding, CPA CA and MBA, has over 10 years of experience serving Canadian public companies. He is currently the Chief Financial Officer of Sparton Resources Inc. and a board director and the audit committee chairman of Changfeng Energy Inc.

3.3 Penalties, Sanctions and Bankruptcy

No penalty or sanction has been in effect during the last 10 years, nor has any cease trade order been in effect for a period of more than 30 consecutive days during the past 10 years, against any of the directors, executive officers or control persons of the Corporation or any other issuer with which they have acted as director, executive officer or control person.

No declaration of declared bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or general partner to hold assets, that has been in effect during the last 10 years with regard to any director, executive officer or control person of the Corporation or any other issuer which they have acted as director, executive officer or control person.

3.4 Loans

There are no loans to or from the directors, officers or shareholders of the Corporation

ITEM 4– CAPITAL STRUCTURE

4.1 Capital Structure

The authorized capital of the Corporation consists of an unlimited number of voting common shares without par value, an unlimited number of Class "A" redeemable, non-voting preferred shares with a fixed cumulative preferential dividend equal to 8% per annum of the subscription price paid for such shares, without par value, an unlimited number of Class "B" redeemable, non-voting preferred shares with a fixed cumulative preferential dividend equal to 10% per annum of the subscription price paid for such shares, without par value, an unlimited number of Class "C" redeemable, non-voting preferred shares with a fixed cumulative preferential dividend equal to 8% per annum of the subscription price paid for such shares, without par value and an unlimited number of Class "CU" redeemable, non-voting preferred shares with a fixed cumulative preferential dividend equal to 8% per annum of the subscription price paid for such shares, without par value.

Description of Security	Number Authorized to be Issued	Price per Security	Number Outstanding as at November 15, 2018	Number Outstanding after Offering(1)
Common Shares	Unlimited	$1.00	7,841,240	7,841,240

Description of Security	Number Authorized to be Issued	Price per Security	Number Outstanding as at November 15, 2018	Number Outstanding after Offering(1)
Class A Preferred Shares	Unlimited	$10.00	36,000	36,000
Class B Preferred Shares	Unlimited	$10.00	40,000	40,000
Class CA Preferred Shares	Unlimited	$10.00	Nil	1,000,000(2)
Class CU Preferred Shares	Unlimited	$10.00	Nil	1,000,000(3)

Notes:

(1) Assuming gross proceeds raised under the Offering of $10,000,000.

(2) Assuming gross proceeds raised under the Offering of $10,000,000 from the sale of only Class "CA" Preferred Shares.

(3) Assuming gross proceeds raised under the Offering of $10,000,000 from the sale of only Class "CU" Preferred Shares.

4.2 Long Term Debt Securities

The following table lists the long term debt payable by the Corporation.

Description of long term debt	Interest rate	Repayment terms	Amount outstanding at November 15, 2018
CDN$300,000 unsecured subordinated promissory note. Subordinated and postponed in all respects and for all purposes to the payment in full of all present and future, direct or indirect, dividends and redemption amounts in respect of the preferred shares in the capital of the Corporation outstanding from time to time. Option to extend if agreed by both the Corporation and the lender.	8% per annum, paid quarterly	Matures on July 31, 2020	$300,000

4.3 Prior Sales

The following table lists the outstanding securities of the Corporation issued within the past 12 months including options, warrants and any other securities convertible into shares.

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
December 21, 2017	Common	150,000	$1.00	$150,000
December 21, 2017	Common	1,350,000	$1.00	$1,350,000
December 21, 2017	Common	50,000	$1.00	$50,000

December 21, 2017	Common	50,000	$1.00	$50,000
December 21, 2017	Class A Preferred	3,000	$10.00	$30,000
December 21, 2017	Class A Preferred	30,000	$10.00	$300,000
December 21, 2017	Class A Preferred	3,000	$10.00	$30,000
February 8, 2018	Common	25,000	$1.00	$25,000
February 8, 2018	Common	50,000	$1.00	$50,000
February 8, 2018	Common	50,000	$1.00	$50,000
February 8, 2018	Common	25,000	$1.00	$25,000
February 8, 2018	Common	25,000	$1.00	$25,000
February 8, 2018	Class B Preferred	20,000	$10.00	$200,000
February 8, 2018	Class B Preferred	20,000	$10.00	$200,000
July 6, 2018	Common	150,000	$1.00	$150,000
July 6, 2018	Common	250,000	$1.00	$250,000
July 6, 2018	Common	100,000	$1.00	$100,000
December 21, 2017	Warrant	150,000	$1.00	N/A
December 21, 2017	Warrant	1,350,000	$1.00	N/A
December 21, 2017	Warrant	50,000	$1.00	N/A
December 21, 2017	Warrant	50,000	$1.00	N/A
February 8, 2018	Warrant	25,000	$1.00	N/A
February 8, 2018	Warrant	50,000	$1.00	N/A
February 8, 2018	Warrant	50,000	$1.00	N/A
February 8, 2018	Warrant	25,000	$1.00	N/A
February 8, 2018	Warrant	25,000	$1.00	N/A
July 6, 2018	Warrant	150,000	$1.00	N/A
July 6, 2018	Warrant	250,000	$1.00	N/A
July 6, 2018	Warrant	100,000	$1.00	N/A

ITEM 5 – DESCRIPTION OF SECURITIES OFFERED

5.1 Terms of Class C Preferred Shares

The Corporation is offering up to 1,000,000 Class CA Preferred Shares at $10.00 per Class CA Preferred Share and up to 1,000,000 Class CU Preferred Shares at U.S.$10.00 per Class CU Preferred Share. The Class CA Preferred Shares and the Class CU Preferred Shares have identical terms but for the fact that the Class CA Preferred Shares are denominated in Canadian dollars and the Class CU Preferred Shares are denominated in United States dollars. The Preferred Shares have the following material terms:

a) *Dividend Entitlement*

Subject to the prior rights of the holders of any shares ranking senior to the Class C Preferred Shares but in priority to the holders of the Common Shares and any other classes of shares ranking junior to the Class C Preferred Shares, the holders of the Class C Preferred Shares shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the board of directors of the Corporation out of the moneys of the Corporation properly applicable to the payment of dividends in any financial year fixed, preferential, cumulative dividends at the rate of eight percent (8%) per annum calculated on the subscription price paid for each such share upon its issue from treasury and all dividends which the directors may declare on the Class C Preferred Shares shall be declared and paid in equal amounts per share on all Class C Preferred Shares at the time outstanding. Dividends on any Class C Preferred Share shall accrue from the date of issue of such share and any amounts which remain accrued but unpaid amounts shall compound annually on the 31st of December of each year. The board of directors of the Corporation shall be entitled to declare part of such preferential cumulative dividend for any fiscal year notwithstanding that such dividend for such fiscal year may not be declared in full. If, on any dividend payment date, the dividend payable on such date is not paid in full on all the Class C Preferred Shares then issued and outstanding such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Corporation on which the Corporation shall have sufficient moneys properly applicable to the payment of the same. The holders of the Class C Preferred Shares shall not be entitled to any dividends other than or in excess of the preferential, cumulative dividends hereinbefore provided for.

b) *Redemption by the Corporation*

I. On or after the second (2nd) anniversary of the date of issue of the Class C Preferred Shares, the Corporation may, at any time and from time to time, upon giving notice as hereinafter provided, redeem the whole or any part of the Class C Preferred Shares then outstanding at a price per share equal to the subscription price paid for each such share upon its issue plus all declared and unpaid dividends thereon (which for such purpose shall be calculated as if such fixed preferential cumulative cash dividends were accruing from day to day for the period from the expiration of the last period for which cumulative dividends have been paid up to but excluding the date of such redemption), less any amount distributed in respect of such Class C Preferred Share on a reduction of its stated capital account (the "**Redemption Amount**").

II. Before redeeming any Class C Preferred Shares, the Corporation shall give not less than seven (7) days' notice in writing of such redemption to the registered holders of the shares to be redeemed; such notice shall set out the Redemption Amount, the date on which the redemption is to take place and, if only part of the shares held by the person to whom it is addressed is to be redeemed, the number thereof so to be redeemed. On or after the date so specified for redemption, the Corporation shall pay or cause to be paid to the registered holders of the shares to be redeemed the Redemption Amount in respect of each share to be redeemed, on presentation and surrender of the certificates for the shares so called for redemption at such place or places as may be specified in such notice, and the certificates for such shares shall thereupon be cancelled, and the shares represented thereby shall thereupon be redeemed.

III. In case a part only of the outstanding Class C Preferred Shares are at any time to be redeemed, the shares to be redeemed shall be selected, at the option of the directors, (i) from each holder of Class C Preferred Shares as nearly as may be in the same proportion as the number of Class C Preferred

Shares registered in the name of each such holder bears to the aggregate number of Class C Preferred Shares issued and outstanding immediately prior to such redemption; (ii) by lot in such manner as the directors in their sole discretion shall determine; or (iii) as may otherwise be determined by the board of directors of the Corporation.

IV. Payment of the aggregate Redemption Amount for such shares being redeemed shall be made by cheque payable at any branch of the Corporation's bankers for the time being in Canada.

V. The Corporation shall have the right, exercisable at any time, to deposit the aggregate Redemption Amount of the shares called for redemption and not yet redeemed at the date on which such deposit is made, in a special account with any chartered bank or trust company in Canada named in the notice of redemption to be paid, without interest, to or to the order of the respective holders of such shares called for redemption upon presentation and surrender of the certificates representing the same and, upon the later of the date on which such deposit is made and the date specified for redemption the shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the several holders thereof, after such deposit, shall be limited to receiving, out of the moneys so deposited, without interest, the aggregate Redemption Amount applicable to their respective shares against presentation and surrender of the certificates representing such shares. Any amounts so deposited and not claimed by a holder of Class C Preferred Shares entitled thereto within six years from the date specified for redemption, shall be returned to the Corporation without prejudice to any right a shareholder may have to receive payment in respect thereof.

VI. From and after the date specified for redemption in such notice, the holders of each of the shares called for redemption shall cease to be entitled to dividends thereon and shall not be entitled to any rights in respect of such shares, except to receive the Redemption Amount, unless payment of the Redemption Amount shall not be made by the Corporation in accordance with the foregoing provisions, in which case the rights of the holders of such shares shall remain unimpaired.

c) *Redemption by the Purchaser*

I. On or after the second (2^{nd}) anniversary of the date of issue of the Class C Preferred Shares, a holder of such Class C Preferred Shares shall be entitled at any time and from time to time to require the Corporation to redeem the whole or any part of such Class C Preferred Shares registered in the name of such holder at a price per share equal to the Redemption Amount, by delivering to the Corporation at its registered office a written notice (a "**Retraction Notice**") specifying:

i. that the holder desires to have the specified number of such Class C Preferred Shares redeemed by the Corporation on a business day at least seven (7) days from the date of such written notice; and

ii. the certificate number or numbers representing such shares to be redeemed.

II. On or prior to the date specified in the Retraction Notice, the holder shall deliver to the Corporation the certificate or certificates representing the Class C Preferred Shares that are requested to be redeemed, and subject to the provisions of the laws governing the Corporation, as now existing or hereafter amended, and to the provisions hereof, the Corporation shall, on the date specified in the Retraction Notice or such earlier date as agreed to by the Corporation and the holder (the "**Retraction Date**"), redeem such Class C Preferred Shares, by paying to the holder the aggregate Redemption Amount therefor.

III. Payment of the Redemption Amount for the Class C Preferred Shares being redeemed shall be made by cheque payable at any branch of the Corporation's banker for the time being in Canada.

IV. Subject as hereinafter provided, a Class C Preferred Share so presented and surrendered for redemption shall be and shall be deemed to be redeemed on the Retraction Date. From and after the Retraction Date, the holder of any Class C Preferred Share represented by a certificate so presented and surrendered to the Corporation for redemption shall not be entitled to exercise any of the rights of a shareholder in respect thereof, except to receive the Redemption Amount therefor, provided that if payment of the Redemption Amount is not duly made by or on behalf of the Corporation in accordance with the provisions hereof, then the rights of such holder shall remain unaffected.

V. If the Corporation is prohibited by the laws governing the Corporation, as now existing or hereafter amended, from redeeming on the Retraction Date all Class C Preferred Shares duly presented and surrendered to the Corporation for redemption, it will redeem such number thereof as it is then permitted to redeem, which shall be selected as nearly as may be *pro rata* from all shares requested to be redeemed (disregarding fractions), and the Corporation shall, unless otherwise required by any holder thereof, continue to hold the certificates representing the Class C Preferred Shares requested to be redeemed and not so redeemed, and on each fiscal quarter thereafter, to the extent it is permitted to do so by the laws governing the Corporation, as now existing or hereafter amended and by the provisions hereof, the Corporation shall redeem such number of such Class C Preferred Shares not theretofore redeemed or withdrawn, as the directors of the Corporation determine the Corporation is permitted to redeem on such date, until all such Class C Preferred Shares have been so redeemed. Payment of the Redemption Amount therefor shall be made in the manner as aforesaid. Upon such payment, the Class C Preferred Shares to be redeemed shall be and shall be deemed to be redeemed and such holder shall not be entitled to exercise any of the rights of a shareholder in respect thereof.

VI. A holder of a Class C Preferred Share represented by a certificate surrendered to the Corporation for redemption on a Retraction Date which is not so redeemed shall continue to be entitled to exercise all of the rights of a shareholder in respect of such Class C Preferred Share. A holder of a Class C Preferred Share duly presented and surrendered to the Corporation for redemption which is not so redeemed may, at any time before such share is redeemed, by written notice, advise the Corporation that the holder no longer desires such share to be redeemed and require the Corporation to return a certificate for such share, and upon receipt of such written notice, the Corporation shall promptly send to such holder a certificate for such Class C Preferred Share and thereupon the Corporation shall cease to have any obligation to redeem such share hereunder unless such share is again tendered for redemption by the holder in accordance with the provisions hereof.

d) Priority on Liquidation, Dissolution or Winding Up

I. In the event of the dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, subject to the prior rights of the holders of any shares ranking senior to the Class C Preferred Shares with respect to priority in the distribution of assets upon dissolution, liquidation or winding-up, but in priority to the holders of Common Shares and all other classes of shares ranking junior to the Class B Preferred Shares, but *pari passu* with the holders of the Class A Preferred Shares, the holders of the Class C Preferred Shares shall be entitled to receive a sum per share equal to the Redemption Amount on a *pro rata* basis, and after payment of such amounts so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

e) Constraints on Transferability

I. Pursuant to the Articles, no Class C Preferred Shares may be sold, transferred or otherwise disposed of without the consent of the directors of the Corporation, and the directors are not required to give any reason for refusing the consent to any such sale, transfer or other disposition.

f) Voting Rights

I. The Class C Preferred Shares are non-voting, and do not have any right to vote except in respect of any amendment to their special rights and privileges. The holders of the Class C Preferred Shares are not entitled to receive notice of or vote at meetings of the shareholders of the Corporation, unless otherwise permitted under the *Business Corporations Act* (Ontario).

5.2 Subscription Procedure

A purchaser may subscribe for the Class C Preferred Shares by delivering the following to the Corporation:

(a) a completed Subscription Agreement, in a form acceptable to the Corporation in its sole discretion; and

(b) a wire transfer or bank draft deposited to the bank account set out in the Subscription Agreement in the amount of the subscription price.

The Corporation will promptly notify its legal counsel of all subscriptions received by it. Where required by law, the subscription funds will be held in trust pending Closing for two Business Days (and in any event until midnight on the 2nd Business Day after the purchaser signs and emails the Subscription Agreement and wire transfers or otherwise pays the subscription price for the Class C Preferred Shares). There may be one or more closings under this Offering Memorandum.

The Corporation reserves the right to accept or reject subscriptions in whole or in part at their discretion and to close subscription books at any time without notice. Any subscription funds for subscriptions that the Corporation does not accept will be returned promptly after the Corporation has determined not to accept the Corporations. No interest or any other form of return will be paid to a purchaser on subscription funds delivered to the Corporation on subscriptions that are refused by the Corporation.

It is expected that the Closing will occur on or about November 15, 2018 (or one or more such earlier or later dates as may be approved by the Corporation in its sole discretion). Additional Closings may be held on a continuous basis until the Offering is achieved.

The Corporation will maintain and update the securityholder register to record the number of fully paid Class C Preferred Shares held by each subscriber as the registered owner, provided the subscription price has been paid in full and the Corporation has accepted the subscription.

The Class C Preferred Shares are being sold in all of the Provinces of Canada under available exemptions from the prospectus requirements under National Instrument 45-106 - *Prospectus Exemptions* ("**NI 45-106**"). Subscribers will be required to make certain representations in the Subscription Agreement and the Corporation will rely on such representations to establish the availability of the exemptions from the prospectus requirements. Investors who are Accredited Investors solely on the basis that they have net assets of at least $5,000,000 must also represent to the Corporation (and may be required to provide additional evidence at the request of the Corporation to establish) that such investor was not formed solely in order to make private placement investments which may not have otherwise been available to any persons holding an interest in such investor. The Corporation will also be offering the Class C Preferred Shares in reliance on the Offering Memorandum Exemption (as provided in NI 45-106).

5.3 Conditions Precedent to Completion of Offering

The Corporation shall commence its business operations once all conditions precedent to the completion of this Offering have been satisfied to the satisfaction of, or waived by, the Corporation, in its sole discretion, including the conditions that:

(a) Subscription Agreements received shall have been accepted by the Corporation;

(b) the Subscription Agreements for each subscriber that have been accepted by the Corporation shall be in full force and effect, completed and duly executed;

(c) duly completed and executed copies of the applicable prospectus exemption certificate and risk acknowledgment in the form(s) attached to the Subscription Agreement shall have been received from each subscriber;

(d) a wire transfer or certified cheque made payable on or before the Closing Date in same day freely transferable funds at par in Toronto, Ontario to "Gravitas Mining Corporation" representing the purchase price payable by each prospective investor shall have been received by the Corporation;

(e) the representations and warranties of each of the subscribers contained in the respective Subscription Agreement, including in the applicable prospectus exemption certificate and risk acknowledgment, shall be true and correct;

(f) the issue and sale and delivery of the Class C Preferred Shares under this Offering shall be exempt from the requirements to file a prospectus or any similar document under applicable securities laws relating to the purchase and sale of the Class C Preferred Shares, and all orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or any similar document shall have been received; and

(g) the Corporation shall have received such other documents as it may reasonably request.

5.4 Additional Offerings

Following the Closing, the Corporation may complete Additional Closings or additional offerings of the Class C Preferred Shares at such prices and at such time as determined by the Corporation in its sole discretion. The Corporations raised from such Additional Closings or additional offerings of the Class C Preferred Shares will be used at the sole discretion of the Corporation.

5.5 Tax Election

The Class C Preferred Shares will be "taxable preferred shares" as defined in the Tax Act. The Corporation will elect, in the manner and within the time provided under Part VI.1 of the Tax Act, to pay or cause payment of the tax, under Part VI.1 of the Tax Act at a rate such that the corporate holders of Class C Preferred Shares will not be required to pay tax under
Part IV.1 of the Tax Act on dividends received (or deemed to be received) on such shares.

ITEM 6 – INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

6.1 Summary of Certain Canadian Federal Income Tax Considerations

The following is a summary of the principal Canadian federal income tax considerations generally applicable to a holder of the Class C Preferred Shares acquired pursuant to this Offering who, at all relevant times for purposes of the Tax Act: (i) is or is deemed to be a resident of Canada; (ii) deals at arm's length and is not affiliated with the Corporation; (iii) holds the Class C Preferred Shares as capital property; (iv) is not exempt from tax under Part I of the Tax Act; and (v) has not entered into, with respect to any Class C Preferred Shares, a "derivative forward agreement" (as defined in the Tax Act) (referred to herein as a "**Holder**"). Generally, the Class C Preferred Shares will be considered to be capital property to a Holder provided the Holder does not hold the Class C Preferred Shares in the course of carrying on a business and has not acquired them in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Holders whose Securities do not otherwise qualify as capital property may make, in certain circumstances, the irrevocable election under subsection 39(4) of the Tax Act to have such Securities and every "Canadian security" (as defined in the Tax Act) owned by such Holder in the taxation year of the election and all subsequent years deemed to be capital property.

This summary does not apply to a Holder: (i) that is a "financial institution" for the purposes of the "mark-to-market" rules; (ii) that is a "specified financial institution"; (iii) an interest in which is a "tax shelter investment" or (iv) that has elected to determine its "Canadian tax results" in a currency other than Canadian dollars in accordance with the "functional currency" rules, as each of those terms is defined in the Tax Act. Such Holders should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, all specific proposals to amend the Tax Act and the regulations publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative practices of the Canada Revenue Agency. This summary does not otherwise take into account or anticipate any change in law, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all possible income tax considerations under the Tax Act that may affect a Holder. The income tax consequences of acquiring, holding and disposing of a Security will vary depending on a number of facts, including the legal status of the Holder as an individual, corporation, trust or partnership. Accordingly, prospective Holders of Securities should consult their own tax advisors with respect to their particular circumstances and the tax consequences to them of holding and disposing of Securities.

Dividends

Dividends received, or deemed to be received, on the Class C Preferred Shares by a Holder who is an individual (other than certain trusts) must be included in the individual's income and generally will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by an individual from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by the Corporation as "eligible dividends". There may be limitations on the ability of a corporation to designate dividends as eligible dividends. The Corporation has advised counsel that, subject to the limitations on the ability of a corporation to designate dividends as "eligible dividends" under the Tax Act, it intends to designate all dividends on the Class C Preferred Shares as eligible dividends for these purposes. Taxable dividends received by an individual or a trust (other than certain specified trusts) may give rise to alternative minimum tax under the Tax Act.

Dividends received, or deemed to be received, on the Class C Preferred Shares by a Holder that is a corporation must be included in computing the corporation's income and will generally be deductible in computing the taxable income of the corporation. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Holder that is a corporation as proceeds of disposition or a capital gain. Purchasers that are corporations are urged to consult their own tax advisors having regard to their particular circumstances.

A Holder that is a "private corporation" (as defined in the Tax Act) or any other corporation controlled (whether by reason of a beneficial interest in one or more trusts or otherwise) by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) will generally be liable to pay refundable tax under Part IV of the Tax Act on dividends received, or deemed to be received, on the Class C Preferred Shares, to the extent such dividends are deductible in computing its taxable income.

Redemptions

If the Corporation redeems or otherwise acquires a Class C Preferred Share (otherwise than by a purchase in the open market in the manner in which shares are normally purchased by a member of the public in the open market), the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Corporation in excess of the paid-up capital (as determined for purposes of the Tax Act) of such share at such time. Generally, the difference between the amount paid by the Corporation and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such share. In the case of a corporate Holder, it is possible that in certain circumstances all or part of the deemed dividend may be treated as proceeds of disposition and not as a dividend.

Dispositions

A Holder who disposes of, or is deemed to dispose of, Securities (including on redemption of the shares or other acquisition by the Corporation) will generally realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to such Holder. The amount of any deemed dividend arising on the redemption or acquisition by the Corporation of any such shares (see "*Redemptions*" above) will not generally be included in computing the proceeds of disposition for such shares.

If the Holder is a corporation, any capital loss arising on the disposition of a Class C Preferred Share may be reduced, in certain circumstances, by the amount of any dividends received, or deemed to be received, on such share to the extent and under the circumstances described in the Tax Act. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

Capital Gains and Capital Losses

One-half of any capital gain (a "taxable capital gain") realized by a Holder in a taxation year must be included in the Holder's income in that year and one-half of any capital loss (an "allowable capital loss") realized by a Holder in a taxation year will be deducted from the Holder's taxable capital gains in that year. Allowable capital losses in excess of taxable capital gains generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and under the circumstances described in the Tax Act.

Capital gains realized by an individual or a trust (other than certain specified trusts) may give rise to a liability for alternative minimum tax under the Tax Act. A Canadian-controlled private corporation, as defined in the Tax Act, may be subject to an additional refundable tax on investment income (including taxable capital gains).

The Class C Preferred Shares are not qualified investments for registered plans.

ITEM 7– COMPENSATION PAID TO SELLERS AND FINDERS

7.1 Selling Commissions

The decision to distribute the Class C Preferred Shares and the determination of the structure and pricing and other terms and conditions of the distribution were made by the Corporation. The initial subscription price for the Class C Preferred Shares is CDN$10 per Class CA Preferred Share and US$10 per Class CU Preferred Share.

In consideration for services, Corporation will pay agents a fee equal to 6% of the aggregate cash proceeds received from the sale of Class C Preferred Shares by such agents.

The sales commissions payable under the Offering in connection with the sale of the Class C Preferred Shares will be payable from the Offering Proceeds. The maximum amount of sales commissions payable under the Offering will be $600,000. The selling commissions and fees will be an expense of the Corporation and its Affiliates.

No sales commission will be payable in jurisdictions where the payment of a commission is prohibited by securities legislation.

ITEM 8– RISK FACTORS

In addition to the factors set forth elsewhere in this Offering Memorandum, potential subscribers should carefully consider the following factors, many of which are inherent to the ownership of the Class C Preferred Shares. The following is a summary only of the risk factors involved in an investment in the Class C Preferred Shares. Prospective investors should review these risks and other factors relevant to the investor with their legal and financial advisers.

8.1 Investment Risks

Broad Discretion Over the Use of Proceeds From the Offering

The Corporation will have significant discretion as to the use of the Offering Proceeds and could spend the proceeds in ways that do not enhance the value of the Class C Preferred Shares.

No Liquidity

The Class C Preferred Shares offered by this Offering Memorandum are speculative securities. **THERE IS NO MARKET FOR THE PREFERRED SHARES** and it is not anticipated that any market for the Class C Preferred Shares will develop. It may be difficult or impossible to resell the Class C Preferred Shares. This Offering is not qualified by way of a prospectus and consequently the resale of the Class C Preferred Shares is subject to restrictions under applicable securities legislation. See "Item 10 - Resale Restrictions". In addition, consent of the directors of the Corporation is required in connection with any proposed transfer. An investment in the Class C Preferred Shares should only be considered by those investors who are able to make and bear the economic risk of a long-term, illiquid investment and the possible loss of their investment. The transfer of a Class C Preferred Share may result in adverse tax consequences for the transferor.

Illiquid Positions

The Corporation may make investments in markets that are volatile and which may become illiquid. Accordingly, it may be impossible (in the event of trading halts or daily price fluctuation limits on the markets traded or otherwise) or expensive to liquidate the positions against which the market is moving. Alternatively, it may not be possible, in certain circumstances, for a position to be initiated or liquidated promptly. The ability of the Corporation to respond to movements may be impaired. These risks may be accentuated where the Corporation is required to liquidate positions to meet funding requirements.

Dilution

The number of Class C Preferred Shares is authorized to issue is unlimited and the directors of the Corporation have the sole discretion to issue additional Class C Preferred Shares. The proceeds of this offering may not be sufficient to accomplish all of the Corporation’s proposed objectives. In addition to alternate financing sources, the Corporation may conduct future offerings of Class C Preferred Shares in order to raise the funds required which will result in a dilution of the interests of the Class C Preferred shareholders in the Corporation and the income or loss from the Corporation.

General Risks of Equity Investments

The value of equity securities in which the Corporation may from time to time invest may fluctuate in accordance with changes in the financial condition of those equity security issuers, the condition of equity markets generally and other factors. The issuers and weighting of equity securities comprising any investments of the Corporation also may change from time to time. Dividends and distributions on those equity securities generally will depend upon the declaration of dividends and distributions from the issuers but there can be no assurance that those issuers will pay distributions or dividends on their securities. The declaration of such dividends and distributions generally depends upon various factors, including the financial condition of the issuer and general economic conditions.

The Corporation also will be subject to the risks inherent in investments in equity securities, including the risk that the financial condition of the issuers in which the Corporation invests may become impaired or that the general condition of the stock markets may deteriorate. Equity securities are susceptible to general equity market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, the issuers change. These investor perceptions are based on various and unpredictable factors including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic and banking crises.

Certain of the issuers in which the Corporation may from time to time invest may have limited operating histories. The value of the Corporation’s investments will be influenced by factors that are not within the control of the Corporation, which may include the financial performance of the respective issuers, interest rates, exchange rates and the hedging policies employed by such issuers. The performance of issuers in which the Corporation may invest also may be affected by the performance of their competitors and demand for specific products and services, and may be adversely affected by a change in any of such conditions.

Absence of Voting Rights

The Class C Preferred Shares being sold under this Offering do not carry voting rights, and consequently a Purchaser’s investment in Class C Preferred Shares does not carry with it any right to take part in the control or management of the Corporation's business, including the election of directors. In assessing the risks and rewards of an investment in the Class C Preferred Shares, potential Subscribers should appreciate that they are relying solely on the good faith, judgment and ability of the directors, officers and employees of the Corporation to make appropriate decisions with respect to the management of the Corporation, and that they will be bound by the decisions of the Corporation's directors, officers and employees. It would be inappropriate for Purchasers unwilling to rely on these individuals to this extent to purchase the Class C Preferred Shares under this Offering.

Loss of Investment

An investment in the Corporation is appropriate only for investors who have the capacity to absorb investment losses.

Geographic Concentration of Investments

The Corporation intends to invest some of the Offering Proceeds in various investment opportunities in China and in China businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, China. As a result, the Corporation's performance will be particularly sensitive to economic changes in the countries such as China in which it invests. The market value of the Corporation's investments, the income generated by the Corporation and the Corporation's performance will be particularly sensitive to changes in the economic condition and regulatory environment in the countries in China in which it invests. Adverse changes in the economic condition or regulatory environment of the countries in China in which it invests may have a material adverse effect on the Corporation's business, cash flows, financial condition and results of operations.

Potential Lack of Diversification

Although the Corporation's investments are mainly in Chinese businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, China, the Corporation does not have any specific limits on investments in businesses in any one industry or size of business. Accordingly, the Corporation's investments may be more susceptible to fluctuations in value resulting from adverse economic conditions affecting any such particular industry or segment of business in the countries such as China in which the Corporation invests than would be the case if the Corporation were required to satisfy certain investment guidelines relating to business diversification.

Preference Shares

There are specific risks associated with preferred investments. An issuer typically may redeem its preferred securities at predetermined redemption prices. Any such redemption may negatively impact the Corporation's performance if redemption proceeds from redeemed investments cannot be reinvested in securities paying comparable rates of return. Generally, holders of preferred investments have no or very limited voting rights with respect to the issuer. The holders may be negatively impacted if they have no input into the manner in which the issuer is conducting its business and the securities are illiquid, making it difficult for the holders to divest themselves of the securities. The dividends from a preferred investment could be non-cumulative, meaning that at any given time, the holder would only have a claim for the dividends of the immediate period, not past periods during which the issuer did not have sufficient earnings to pay dividends. Preferred securities are typically subordinated to bonds and other debt instruments of the issuer and therefore are subject to greater credit risk than such securities, meaning that there is a risk that the investment will decline in price or the issuer will fail to make a dividend or interest payment when due because of a degradation in its financial status. Preferred investments also are subject to interest rate risk.

Tax Related Risks

The return on the Class C Preferred shareholder's investment in the Class C Preferred Shares is subject to changes in Canadian federal and provincial tax laws, tax proposals, other governmental policies or regulations and governmental, administrative or judicial interpretation of the same. There can be no assurance that tax laws, tax proposals, policies or regulations, or the interpretation thereof, will not be changed in a manner which will fundamentally alter the tax consequences to Class C Preferred shareholders acquiring, holding or disposing of Class C Preferred Shares.

For all of the aforesaid reasons and others set forth and not set forth herein, the Class C Preferred Shares involve a certain degree of risk. Any person considering the purchase of the Class C Preferred Shares should be aware of these and other factors set forth in this Offering Memorandum and should consult with his/her legal, tax and financial advisors prior to making an investment in the Class C Preferred Shares. The Class C Preferred Shares should only be purchased by persons who can afford to lose all of their total investment.

Tax Considerations - Cayman Islands

There is, at present, no direct taxation in the Cayman Islands. Interest, dividends and gains payable to the Corporation or its Affiliates and all distributions by the Corporation or its Affiliates will be received free of any Cayman Islands income or withholding taxes. The Cayman Islands does not have a double tax treaty with the United States or any other country.

Less than Full Offering

There can be no assurance that the maximum Offering will be sold. In that case, less than the maximum proceeds will be available to the Corporation and, consequently, its business development plans and prospects could be adversely affected.

Valuation Methodologies Involve Subjective Judgments

For purposes of IFRS-compliant financial reporting, the Corporation's financial assets and liabilities will be valued in accordance with IFRS. Accordingly, the Corporation is required to follow a specific framework for measuring the fair value of its assets and liabilities and, in its audited financial statements, to provide certain disclosures regarding the use of fair value measurements. The fair value measurement accounting guidance establishes a hierarchal disclosure framework that ranks the observability of market inputs used in measuring financial instruments at fair value. The observability of inputs depends on a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily quoted prices, or for which fair value can be measured from quoted prices in active markets, generally will have a high degree of market price observability and less judgment applied in determining fair value. A portion of the Corporation's portfolio investments are in the form of securities that are not publicly traded. The fair value of securities and other investments that are not publicly traded may not be readily determinable. The Corporation may be required to value its securities at fair value as determined in good faith by the board of directors of the Corporation to the extent necessary to reflect significant events affecting the value of its securities. The Corporation may utilize the services of an independent valuation firm to aid it in determining the fair value of these securities. The types of factors that may be considered in fair value pricing of the Company's investments include the nature and realizable value of any collateral, the portfolio business' ability to make payments and its earnings, the markets in which the portfolio investment does business, comparison to publicly traded companies, discounted cash flow and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, such valuations may fluctuate over short periods of time and may be based on estimates, and the Corporation's determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. The value of the Corporation's total assets could be materially adversely affected if the Corporation's determinations regarding the fair value of its investments were materially higher than the values that it ultimately realizes upon the disposition of such securities. The value of the Corporation's investment portfolio may also be affected by changes in accounting standards, policies or practices. From time to time, the Corporation will be required to adopt new or revised accounting standards or guidance. It is possible that future accounting standards that the Corporation is required to adopt could change the valuation of the Corporation's assets and liabilities. Due to a wide variety of market factors and the nature of certain securities to be held by the Corporation, there is no guarantee that the value determined by the Corporation or any third-party valuation agents will represent the value that will be realized by the Company on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. Moreover, the valuations to be performed by the Corporation or any third-party valuation agents are inherently different from the valuation of the Corporation's securities that would be performed if the Corporation were forced to liquidate all or a significant portion of its securities, which liquidation valuation could be materially lower.

Prospectus Exemption

The Offering is being made pursuant to exemptions from the prospectus and registration requirements of applicable securities legislation (the "**Exemptions**"). As a consequence of acquiring the Class C Preferred Shares offered hereby pursuant to the Exemptions and the fact that no prospectus has or is required to be filed with respect to any of the Class C Preferred Shares offered hereby under applicable securities legislation in Canada: (i) you will be restricted from using certain of the civil remedies available under applicable securities legislation; (ii) certain protections, rights and remedies provided in such legislation will not be available to you; (iii) you may not receive information that might otherwise be required to be provided to you under such legislation; and (iv) the Corporation is relieved from certain obligations that would otherwise apply under such legislation.

8.2 Risks Relating to the Business

Competition

The ability of the Corporation to make investments in accordance with its investment policies will depend upon the availability of suitable investments available. The Corporation will be competing for investments with individuals, corporations and institutions (both Canadian and foreign) which are seeking or may seek investments similar to those desired by the Corporation. Many of these investors will have greater financial resources than those of the Corporation, or operate without the investment or operating restrictions of the Corporation or according to more flexible conditions. An increase in the availability of funds and an increase in interest in such investments may increase competition for those investments, thereby increasing purchase prices and reducing the yield on the investments.

Risks of Investment in the Business

There is no assurance that the Business will be operated successfully. Further, since a significant aspect of the potential return to the investors will be based on the revenue generated by the business of the Corporation, there can be no assurance that such business activities will generate revenues sufficient to meet the operational or financing needs of the Corporation or to return the Corporation's investment.

No Assurances on Achieving Objectives

There is no assurance that the Corporation will be able to achieve its distribution objective or will return to investors an amount equal to or in excess of the original issue price of the Class C Preferred Shares. There is no assurance that the Corporation will be able to pay distributions on the Class C Preferred Shares. The funds available for distributions to Class C Preferred shareholders in the Corporation will vary according to, among other things, the dividends and distributions paid on all of the securities in the portfolio, the level of option premiums received and the value of the securities comprising the portfolio. As the dividends and distributions received by the Corporation may not be sufficient to meet the Corporation's objectives in respect of the payment of distributions, the Corporation may depend on the receipt of option premiums and the realization of capital gains to meet those objectives. Although many investors and financial market professionals price options based on the Black-Scholes Model, in practice actual option premiums are determined in the marketplace and there is no assurance that the premiums predicted by such pricing model can be attained.

Limited Number of Investments

The Corporation may own relatively few investments. Consequently, the Corporation's aggregate returns may be significantly adversely affected if one or more significant investments perform poorly or if the Corporation needs to write-down the value of any one significant investment.

The Class C Preferred Shares are not Insured

The Corporation is not a member institution of the Canada Deposit Insurance Corporation and the Class C Preferred Shares offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation. The Class C Preferred Shares are redeemable at the option of the holder, but only under certain circumstances and due to the illiquid nature of the business of the Corporation may not be in a position to redeem the shares when requested by a Class C Preferred shareholder.

Reliance on Key Personnel

The management and governance of the Corporation depends on the services of certain key personnel, including certain executive officers of the Corporation. The loss of the services of any key personnel could have a material adverse effect on the Corporation and materially adversely affect the Corporation's financial condition and results of operations.

8.3 Industry Risks

Global Financial Developments

Global financial markets have experienced increased volatility in the last several years. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as global governments have worked to restore much needed liquidity to the global economies, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not continue to materially and adversely affect economies around the world. No assurance can be given that efforts to respond to the crisis will continue or that, if continued, they will be successful or that these economies will not be adversely affected by the inflationary pressures resulting from such efforts on central banks' efforts to slow inflation. Further, continued market concerns regarding the European sovereign debt crisis may adversely impact global equity markets. Some of these economies have experienced significantly diminished growth and some are experiencing or have experienced a recession. These market conditions and further volatility or illiquidity in capital markets may also adversely affect the prospects of the Corporation and its business. A substantial decline in equities markets could be expected to have a negative effect on the Corporation and the Class C Preferred Shares.

Changes in Legislation and Regulatory Risk

There can be no assurance that certain laws applicable to the Corporation, including securities legislation, will not be changed in a manner which adversely affects the Corporation. If such laws change then such changes could have a negative effect upon the value of the Corporation, the Class C Preferred Shares and upon investment opportunities available to the Corporation.

Possible Negative Impact of Regulation

The regulatory environment is evolving and changes to it may adversely affect the Corporation. To the extent that regulators adopt practices of regulatory oversight that create additional compliance, transaction, disclosure or other costs, returns of the Fund may be negatively affected. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action that may adversely affect the value of the investments held by the Corporation. The effect of any future regulatory or tax change on the portfolio of the Fund is impossible to predict.

Foreign Market Exposure

The Corporation's investments may, at any time, include securities of issuers established in jurisdictions outside Canada and the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to Canadian and U.S. companies, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than a Canadian or U.S. company. Volume and liquidity in some foreign markets may be less than in Canada and the United States and, at times, volatility of price may be greater than in Canada or the United States. As a result, the price of such securities may be affected by conditions in the market of the jurisdiction in which the issuer is located or its securities are traded. Investments in foreign markets carry the potential exposure to the risk of political upheaval, acts of terrorism and war, all of which could have an adverse impact on the value of such securities.

Investments May Be Made In Foreign Private Businesses Where Information Is Unreliable or Unavailable

In pursuing the Corporation's investment strategy, the Corporation may seek to make one or more investments in privately-held businesses. As minimal public information exists about private businesses, the Corporation could be required to make investment decisions on whether to pursue a potential investment in a private business on the basis of limited information, which may result in an investment in a business that is not as profitable as the Corporation initially suspected, if at all. Investments in private businesses pose certain incremental risks as compared to investments in public businesses, including that they: (i) have reduced access to the capital markets, resulting in diminished capital resources and ability to withstand financial distress; (ii) may have limited financial resources and may be unable to meet their obligations under any debt securities that the Corporation may hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the Corporation realizing any guarantees that it may have obtained in connection with its investment; (iii) may have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and changing market conditions, as well as general economic downturns; (iv) are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on a portfolio investment and, as a result, the Corporation; and (v) generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position.

Legislative Changes

Changes in tax legislation or practice, whether in Canada or in jurisdictions in which the Corporation invests, could affect the value of the investments held by the Corporation, affect the Corporation's ability to provide returns to shareholders, and affect the tax treatment for shareholders of their investments in the Corporation (including rates of tax and availability of reliefs).

The foregoing statement of risks does not purport to be a complete explanation of all the risks involved in purchasing the Class C Preferred Shares. Potential investors should read this entire Offering Memorandum and consult with their legal, tax and financial advisers before making a decision to invest in the Class C Preferred Shares. The Corporation is not responsible for, and undertakes no obligation to, determine the general investment needs and objectives of a potential investor and the suitability of the Class C Preferred Shares having regard to any such investment needs and objectives of the potential investor.

ITEM 9– REPORTING OBLIGATIONS

The Corporation is not a reporting issuer in any of the provinces or territories of Canada. Purchasers will receive, within 120 days of the end of each fiscal year, annual audited financial statements of the Corporation, together with a narrative report describing the business and affairs of the Corporation and, within the time periods prescribed under applicable law, all income tax reporting information necessary to enable each Purchaser to file an income tax return with respect to its participation in the Corporation in such fiscal year. Purchasers will also receive a notice describing how the proceeds raised under the Offering have been used.

ITEM 10 – RESALE RESTRICTIONS

10.1 General Statement

The Class C Preferred Shares will be subject to resale restrictions, including a restriction on trading the Class C Preferred Shares. Until the restriction on trading expires, if ever, a Purchaser will not be able to trade the Class C Preferred Shares unless it complies with very limited exemptions from the prospectus requirements under applicable securities legislation. As the Corporation has no intention of becoming a reporting issuer in any province or territory of Canada, these restrictions on trading in the Class C Preferred Shares will not expire. In addition, the Articles provide that the Class C Preferred Shares are transferable subject to the approval of the board of directors of the Corporation. Consequently, Purchaser may not be able to sell their Class C Preferred Shares in a timely manner, if at all, or pledge their Class C Preferred Shares as collateral for a loan.

10.2 Restricted Period

Unless permitted under securities legislation, Purchasers cannot trade the Class C Preferred Shares before the date that is four months and a day after the date the Corporation becomes a reporting issuer in any province or territory of Canada.

10.3 Manitoba Resale Restrictions

For subscribers resident in Manitoba, unless permitted under securities legislation, you must not trade the Class C Preferred Shares without the prior written consent of the regulator in Manitoba unless

(a) the Corporation has filed a prospectus with the regulator in Manitoba with respect to the Class C Preferred Shares you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or

(b) you have held the Class C Preferred Shares for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

10.4 Contractual Restrictions on Resale

Pursuant to the Articles, a Purchaser must obtain consent from the board of directors of the Corporation to transfer such Purchaser's Class C Preferred Shares, which consent may be unreasonably withheld at its sole and absolute discretion

ITEM 11 – PURCHASER'S RIGHTS OF ACTION FOR DAMAGES OR RESCISSION

In certain circumstances, subscribers resident in certain provinces and territories of Canada are provided with a remedy for rescission or damages, or both, in addition to any other right they may have at law, where an offering memorandum and any amendment to it contains a misrepresentation. A "misrepresentation" is generally defined in the applicable securities legislation as an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the subscriber within the time limits prescribed by the applicable securities legislation.

The following is a summary of rights of rescission or damages, or both, available to available to subscribers. The following summary is subject to the express provisions of the applicable securities laws, regulations and rules, and reference is made thereto for the complete text of such provisions. Such provisions may contain limitations and statutory defences not described here on which the Corporation and other applicable parties may rely. **Subscribers should refer to the applicable securities legislation for particulars of these provisions or consult their legal advisers.**

The rights of action described below are in addition to and without derogation from any other right or remedy available at law to the purchaser and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein. The enforceability of these rights may be limited. The rights of action discussed below will be granted to the subscribers to whom such rights are conferred upon acceptance by the Corporation of the subscription price for the Class C Preferred Shares.

You can cancel your agreement to purchase these Class C Preferred Shares. To do so, you must send a notice to the Corporation by midnight on the 2nd Business Day after you sign the agreement to purchase the Class C Preferred Shares.

Ontario

In accordance with Section 130.1 of the *Securities Act* (Ontario) (the "**Ontario Act**"), in the event that this Offering Memorandum or any amendment hereto contains a misrepresentation (as defined in the Ontario Act) the subscriber who purchases Class C Preferred Shares offered by this Offering Memorandum during the period of distribution has, without regard to whether the subscriber relied upon the misrepresentation, a right of action against the Corporation, and a selling security holder on whose behalf the distribution is made, for damages, or, while the subscriber is still the owner of the Class C Preferred Shares purchased by that subscriber, for rescission, in which case, if the subscriber elects to exercise the right of rescission, the subscriber will have no right of action for damages against the Corporation, provided that:

(a) no person or company will be liable if it proves that the subscriber purchased the Class C Preferred Shares with knowledge of the misrepresentation;

(b) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Class C Preferred Shares as a result of the misrepresentation relied upon; and

(c) in no case will the amount recoverable in any action exceed the price at which the Class C Preferred Shares were sold to the subscriber.

The foregoing rights provided in accordance with Section 130.1 of the Ontario Act do not apply to the following subscribers relying upon the accredited investor exemption in Ontario:

(a) a Canadian financial institution, meaning either:

  (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; or

  (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services corporation, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction in Canada;

(b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada),

(c) The Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada), or

(d) a subsidiary of any person referred to in paragraphs (a), (b) or (c) if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

In accordance with Section 138 of the Ontario Act, no action shall be commenced to enforce these statutory rights more than:

(a) in an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action; or

(b) in an action for damages, the earlier of:

  (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

  (ii) three years after the date of the transaction that gave rise to the cause of action.

Manitoba

In accordance with Section 141.1 of the *Securities Act* (Manitoba), if this Offering Memorandum contains a misrepresentation, a subscriber who purchases Class C Preferred Shares offered by this Offering Memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase, and the subscriber has:

(a) a right of action for damages against

  (i) the Corporation;

(ii) every director of the Corporation at the date of this Offering Memorandum; and

(iii) every person or company who signed this Offering Memorandum; and

(b) a right of rescission against the Corporation.

If the subscriber chooses to exercise a right of rescission against the Corporation, the subscriber has no right of action for damages against a person or company referred to above.

If a misrepresentation is contained in a record that is incorporated by reference in, or that is deemed to be incorporated into, this Offering Memorandum, the misrepresentation is deemed to be contained in this Offering Memorandum.

If a misrepresentation is contained in this Offering Memorandum, no person or company is liable

(a) if the person or company proves that the subscriber had knowledge of the misrepresentation;

(b) other than with respect to the Corporation, if the person or company proves

(i) that the Offering Memorandum was sent to the subscriber without the person's or company's knowledge or consent, and

(ii) that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Corporation that it was sent without the person's or company's knowledge and consent;

(c) other than with respect to the Corporation, if the person or company proves that, after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to the Offering Memorandum and gave reasonable notice to the Corporation of the withdrawal and the reason for it;

(d) other than with respect to the Corporation, if, with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation, or

(ii) the relevant part of the Offering Memorandum

(a) did not fairly represent the expert's report, opinion or statement, or

(b) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or

(e) other than with respect to the Corporation, with respect to any part of the Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or

(ii) believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the Class C Preferred Shares were offered under this Offering Memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the Class C Preferred Shares as a result of the misrepresentation.

No action may be commenced to enforce a right

(a) in the case of an action for rescission, more than 180 days after the day of the transaction that gave rise to the cause of action; or

(b) in any other case, more than the earlier of

(i) 180 days after the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the day of the transaction that gave rise to the cause of action.

Saskatchewan

Section 138 of the *Securities Act, 1988* (Saskatchewan) (the "**Saskatchewan Act**") provides, subject to certain limitations, that if this Offering Memorandum or any amendment hereto sent or delivered to a subscriber contains a misrepresentation, a subscriber who purchases Class C Preferred Shares covered by this Offering Memorandum or an amendment hereto has, without regard to whether the subscriber relied on the misrepresentation, a right of action for damages against:

(a) the Corporation or a selling security holder on whose behalf the distribution is made;

(b) every promoter and director of the Corporation or the selling security holder, as the case may be, at the time this Offering Memorandum or any amendment hereto was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering of Class C Preferred Shares, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that signed this Offering Memorandum or any amendment hereto; and

(e) every person who or company that sells Class C Preferred Shares on behalf of the Corporation or selling security holder under this Offering Memorandum or any amendment hereto.

Alternatively, the subscriber may elect to exercise a right of rescission against the Corporation (or a selling security holder on whose behalf the distribution is made), in which case the subscriber shall have no right of action for damages against the above persons or companies.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the subscriber elects to exercise its right of rescission against the Corporation, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the issuer or a selling security holder, will be liable for any part of this Offering Memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which Class C Preferred Shares were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the subscriber purchased the Class C Preferred Shares with knowledge of the misrepresentation.

In addition, no person or company, other than the Partnership, will be liable if the person or company proves that:

(a) this Offering Memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of this Offering Memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of this Offering Memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Section 138.1 of the Saskatchewan Act also provides that, where any advertising or sales literature (as defined in the Saskatchewan Act) disseminated in connection with the Offering contains a misrepresentation, a subscriber who purchases Class C Preferred Shares referred to in that advertising or sales literature, has, without regard to whether the subscriber relied on the misrepresentation, a right of action against the Corporation or a selling security holder on whose behalf the trade is made, every promoter or director of the Corporation or selling security holder, as the case may be, at the time the advertising or sales literature was disseminated, and every person who, or company that, at the time the advertising or sales literature was disseminated, sells Class C Preferred Shares on behalf of the Corporation in the Offering with respect to which the advertising or sales literature was disseminated.

Section 138.2 of the Saskatchewan Act provides that, where an individual makes a verbal statement to a prospective subscriber of Class C Preferred Shares that contains a misrepresentation relating to the Class C Preferred Shares purchased, and the verbal statement is made either before or contemporaneously with the purchase of the Class C Preferred Shares, the subscriber has, without regard to whether the subscriber relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

No action to enforce the foregoing rights may be commenced:

(a) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any action, other than an action for rescission, more than the earlier of:

(i) one year after the subscriber first had knowledge of the facts giving rise to the cause of action; or

(ii) six years after the date of the transaction that gave rise to the cause of action.

New Brunswick

Section 150 of the *Securities Act* (New Brunswick) (the "**New Brunswick Act**") provides that if this Offering Memorandum contains a misrepresentation and is provided to the subscriber, a subscriber who purchases the Class C Preferred Shares shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages against the Corporation and a selling security holder on whose behalf the distribution is made or a right of rescission, in which case the subscriber shall have no right of action for damages, provided:

(a) no person is liable if the person proves that the subscriber purchased the Class C Preferred Shares with knowledge of the misrepresentation;

(b) in an action for damages, the defendant is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Class C Preferred Shares as a result of the misrepresentation relied upon; and

(c) in no case shall the amount recoverable exceed the price at which the Preferred Shares were offered.

Section 152 of the New Brunswick Act provides that where a person makes a verbal statement to a subscriber of The Class C Preferred Shares that contains a misrepresentation relating to the Class C Preferred Shares, and the verbal statement is made either before or contemporaneously with the purchase of the Class C Preferred Shares, the subscriber shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase, and the subscriber has a right of action for damages against the person who made the verbal statement. No person is liable if the person proves the subscriber purchased the Class C Preferred Shares with knowledge of the misrepresentation. In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in the value of the Class C Preferred Shares as a result of the misrepresentation relied on. The amount recoverable will not exceed the price at which the Class C Preferred Shares were offered.

No action may be commenced to enforce the above rights: (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action, or (b) in the case of any action, other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of the transaction that gave rise to the cause of action.

Nova Scotia

Section 138 of the *Securities Act* (Nova Scotia) (the "**Nova Scotia Act**") provides that, subject to certain limitations, where this Offering Memorandum, or any amendment hereto sent or delivered to a subscriber, or any advertising or sales literature (as such terms are defined in the Nova Scotia Act) contains a misrepresentation, a subscriber who purchased Class C Preferred Shares is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Corporation, every director of the Corporation at the date of this Offering Memorandum and every person who signed this Offering Memorandum.

Alternatively, the subscriber may elect to exercise a right of rescission against the Corporation. If the subscriber exercises its right of rescission against the Corporation, the subscriber will not have a right of action for damages against the Corporation or any of the aforementioned persons or companies.

The foregoing rights are subject to, the following limitations, among others:

(a) no person or company will be liable if the person or company proves that the subscriber purchased the Class C Preferred Shares with knowledge of the misrepresentation;

(b) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Class C Preferred Shares as a result of the misrepresentation; and

(c) the amount recoverable in any action may not exceed the price at which the Class C Preferred Shares were offered to the subscriber under this Offering Memorandum or amendment hereto.

No action may be commenced to enforce any of the foregoing rights more than 120 days after the date on which the initial payment was made for the Class C Preferred Shares.

In addition no person or company other than the Corporation is liable if the person or company proves that:

(a) this Offering Memorandum or an amendment hereto was sent or delivered to the subscriber without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent; or

(b) after delivery of this Offering Memorandum or an amendment hereto and before the purchase of the Class C Preferred Shares by the subscriber, on becoming aware of any misrepresentation in this Offering Memorandum or amendment hereto, the person or company withdrew the person's or company's consent to this Offering Memorandum or amendment hereto, and gave reasonable general notice of the withdrawal and the reason for it; or

(c) with respect to any part of this Offering Memorandum or amendment hereto purporting: (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (1) there had been a misrepresentation, or (2) the relevant part of this Offering Memorandum or amendment hereto (A) did not fairly represent the report, opinion or statement of the expert, or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

No person or company other than the Corporation is liable with respect to any part of this Offering Memorandum or amendment hereto not purporting (a) to be made on the authority of an expert; or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, this Offering Memorandum or amendment hereto, the misrepresentation is deemed to be contained in this Offering Memorandum or amendment hereto.

Prince Edward Island

Section 112 of the *Securities Act* (Prince Edward Island) provides, subject to certain limitations, that if this Offering Memorandum contains a misrepresentation, a subscriber who purchases Class C Preferred Shares offered by this Offering Memorandum during the period of distribution has, without regard to whether the subscriber relied on the misrepresentation, a right of action for damages against:

(a) the Corporation;

(b) the selling security holder on whose behalf the distribution is made;

(c) every director of the Corporation at the date of this Offering Memorandum; and

(d) every person who signed this Offering Memorandum.

Alternatively, the subscriber may elect to exercise a right of rescission against the Corporation or the selling security holder. If the subscriber exercises its right of rescission, the subscriber will not have a right of action for damages against any person or company referred to above.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, this Offering Memorandum, the misrepresentation is deemed to be contained in this Offering Memorandum.

A person, other than the Corporation and selling security holder, is not liable in an action for damages if the person proves that:

(a) this Offering Memorandum was sent to the subscriber without the person's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Corporation that it had been sent without the person's knowledge and consent;

(b) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to this Offering Memorandum and had given reasonable notice to the Corporation of the withdrawal and the reason for it; or

(c) with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that

(i) there had been a misrepresentation, or

(ii) the relevant part of this Offering Memorandum

(a) did not fairly represent the report, opinion or statement of the expert, or

(b) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A person, other than the Corporation and selling security holder, is not liable in an action for damages with respect to any part of this Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person

(a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or

(b) believed there had been a misrepresentation.

No person is liable if the person proves that the subscriber purchased the Class C Preferred Shares with knowledge of the misrepresentation.

The amount recoverable must not exceed the price at which the Class C Preferred Shares purchased by the plaintiff were offered. In an action for damages, the defendant is not liable for any damages that the defendant proves do not represent the depreciation in value of the Class C Preferred Shares resulting from the misrepresentation.

No action may be commenced to enforce a right

(a) in the case of an action for rescission, more than 180 days after the day of the transaction that gave rise to the cause of action; or

in any other case, more than the earlier of,

(b) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(c) three years after the date of the transaction that gave rise to the cause of action.

Newfoundland and Labrador

Section 130.1 of the *Securities Act* (Newfoundland and Labrador) provides that if this Offering Memorandum contains a misrepresentation when a subscriber purchases Class C Preferred Shares offered by this Offering Memorandum, the subscriber has, without regard to whether the subscriber relied on the misrepresentation:

(a) a right of action for damages against:

(i) the Corporation;

(ii) every director of the Corporation at the date of this Offering Memorandum; and

(iii) every person or company who signed this Offering Memorandum; and

(b) a right of action for rescission against the Corporation.

If the subscriber chooses to exercise a right of rescission against the Corporation, the subscriber has no right of action for damages against a person or company referred to above.

If a misrepresentation is contained in a record incorporated by reference in, or is considered to be incorporated into, this Offering Memorandum, the misrepresentation is considered to be contained in this Offering Memorandum.

When a misrepresentation is contained in this Offering Memorandum, no person or company is liable

(a) if the person or company proves that the subscriber had knowledge of the misrepresentation;

(b) other than the Corporation, if the person or company proves that:

(i) this Offering Memorandum was sent to the subscriber without the person's or company's knowledge or consent, and

(ii) after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Corporation that it was sent without the person's or company's knowledge and consent;

(c) other than the Corporation, if the person or company proves that, after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to this Offering Memorandum and gave reasonable notice to the Corporation of the withdrawal and the reason for it;

(d) other than the Corporation, if, with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that

(i) there had been a misrepresentation, or

(ii) the relevant part of this Offering Memorandum

(a) did not fairly represent the expert's report, opinion or statement, or

(b) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or

(e) other than the Corporation, with respect to any part of this Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company

(i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or

(ii) believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the Class C Preferred Shares were offered under this Offering Memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the Class C Preferred Shares as a result of the misrepresentation.

No action may be commenced to enforce these contractual rights more than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

(i) 180 days after the subscriber first has knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Alberta

Pursuant to section 204 of the *Securities Act* (Alberta) (the "**Alberta Act**"), if this Offering Memorandum contains a misrepresentation, a subscriber who purchases Class C Preferred Shares offered by the offering memorandum has, without regard to whether the subscriber relied upon the misrepresentation, a statutory right of action:

(a) for damages against:

(i) the Corporation;

(ii) every director of the Corporation at the date of this Offering Memorandum; and

(iii) every person who signed this Offering Memorandum; and

(b) for rescission against the Corporation.

Sections 204 and 211 of the Alberta Act provide that, among other things:

(a) no action shall be commenced to enforce any of the foregoing rights more than, in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or, in the case of an action for damages, the earlier of: (i) 180 days after the date that the subscriber first had knowledge of the facts giving rise to the cause of action; or (ii) three years after the date of the transaction that gave rise to the cause of action;

(b) if the subscriber elects to exercise the right of rescission against the Corporation, the subscriber will have no right of action for damages against the Corporation, directors of the Corporation or persons who have signed this Offering Memorandum;

(c) in an action for rescission or damages, the defendant will not be liable if it proves that the subscriber purchased the Class C Preferred Shares with knowledge of the misrepresentation;

(d) in no case shall the amount recoverable under the right of action described herein exceed the price at which the Class C Preferred Shares were offered; and

(e) in an action for damages, the defendant is not liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Class C Preferred Shares as a result of the misrepresentation.

British Columbia and Québec

Notwithstanding that the *Securities Act* (British Columbia) and the *Securities Act* (Québec) do not provide, or require the Corporation to provide, to subscribers resident in the province of British Columbia or Québec, respectively, any rights of action in circumstances where this Offering Memorandum or an amendment hereto contains a misrepresentation, the Corporation hereby grants to such subscribers contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to subscribers resident in Ontario.

ITEM 12 – FINANCIAL STATEMENTS

Gravitas Mining Corporation
Consolidated Financial Statements
For the year ended December 31, 2017 and the period from
August 5, 2016 (date of incorporation) to December 31, 2016

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Independent Auditors' Report

MNP LLP

To the Shareholders of Gravitas Mining Corporation:

We have audited the accompanying consolidated financial statements of Gravitas Mining Corporation and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of income and comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended December 31, 2017 and for the period from August 5, 2016 (date of incorporation) to December 31, 2016, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements of Gravitas Mining Corporation present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016 and its financial performance and its cash flows for the year ended December 31, 2017 and for the period from August 5, 2016 (date of incorporation) to December 31, 2016, in accordance with International Financial Reporting Standards.

MNP LLP

Toronto, Ontario
November 14, 2018

Chartered Professional Accountants
Licensed Public Accountants

Gravitas Mining Corporation
Consolidated Statements of Financial Position
As at December 31
(Presented in Canadian Dollars)

	Note	2017	2016
		$	$
Assets			
Current assets			
Cash and cash equivalents		**3,892,455**	594,665
Equity and other investments	**7**	**4,887,770**	322,401
Trade and other receivables	**5**	**244,682**	1,260
		9,024,907	918,326
Equity and other investments	**7**	**647,293**	—
Property and equipment	**8**	**68,704**	—
Total assets		**9,740,904**	918,326
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities	**9**	**167,883**	12,132
Loan payable	**10**	**1,254,500**	—
Due to related party	**14**	**22,926**	102,514
Current tax liability	**15**	**11,747**	—
		1,457,056	114,646
Deferred tax liability	**15**	**24,440**	24,507
Preferred shares	**10**	**360,000**	—
Total liabilities		**1,841,496**	139,153
Equity attributable to shareholders			
Common shares	**11**	**6,704,256**	600,000
Warrants	**11**	**593,014**	—
Retained earnings		**452,566**	179,173
Total shareholders' equity		**7,749,836**	779,173
Equity attributable to non-controlling interest	**12**	**149,572**	—
Total equity		**7,899,408**	779,173
Total liabilities and equity		**9,740,904**	918,326

Commitments - Note 19
Subsequent events - Note 20

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board of Directors:

Director

Director

Gravitas Mining Corporation

Consolidated Statements of Income and Comprehensive Income

For the year ended December 31, 2017 and the period from August 5, 2016 (date of incorporation) to December 31, 2016

(Presented in Canadian Dollars)

	Note		2017		2016
			$		$
Revenues					
Management and consulting fees			**342,025**		—
Change in fair value of investments	**7**		**1,002,232**		222,401
			1,344,257		222,401
Expenses					
General and administrative			**208,320**		1,677
Salaries and management fees	**14**		**565,181**		17,000
Professional fees			**75,183**		—
Interest and bank charges			**17,002**		44
Impairment	**6**		**199,925**		—
Foreign exchange (gain)			**(2,831)**		—
			1,062,780		18,721
Income before income taxes			**281,477**		203,680
Current tax recovery (expense)	**15**		**(11,747)**		—
Deferred tax recovery (expense)	**15**		**67**		(24,507)
Net income and comprehensive income			**269,797**		179,173
Net income and comprehensive income attributable to:					
Shareholders			**273,393**		179,173
Non-controlling interest	**12**		**(3,596)**		—
			269,797		179,173
Weighted average number of shares outstanding - basic and diluted			**3,609,461**		600,000
Net income and comprehensive income per share - basic and diluted		**$**	**0.07**	$	0.30

The accompanying notes are an integral part of these consolidated financial statements.

Gravitas Mining Corporation
Consolidated Statements of Changes in Equity
For the year ended December 31, 2017 and the period from August 5, 2016 (date of incorporation) to December 31, 2016
(Presented in Canadian Dollars)

	Note	Number of common shares	Common shares	Warrants	Retained earnings	Total shareholders' equity	Non-controlling interest	Total equity
			$	$	$	$	$	$
Balance at August 5, 2016 (date of incorporation)		—	—	—	—	—	—	—
Shares issued for cash	**11**	600,000	600,000	—	—	600,000	—	600,000
Net income		—	—	—	179,173	179,173	—	179,173
Balance at December 31, 2016		600,000	600,000	—	179,173	779,173	—	779,173
Shares issued for cash	**11**	**3,595,286**	**3,002,272**	**593,014**	**—**	**3,595,286**	**—**	**3,595,286**
Shares issued in settlement of debt	**11**	**496,368**	**496,368**	**—**	**—**	**496,368**	**—**	**496,368**
Share issuance costs	**11**	**—**	**(22,566)**	**—**	**—**	**(22,566)**	**—**	**(22,566)**
Shares issued for services	**11**	**100,000**	**100,000**	**—**	**—**	**100,000**	**—**	**100,000**
Shares issued for purchase of securities	**11**	**2,374,586**	**2,528,182**	**—**	**—**	**2,528,182**	**—**	**2,528,182**
Shares issued to non-controlling interest	**12**	**—**	**—**	**—**	**—**	**—**	**153,168**	**153,168**
Net income		**—**	**—**	**—**	**273,393**	**273,393**	**(3,596)**	**269,797**
Balance at December 31, 2017		**7,166,240**	**6,704,256**	**593,014**	**452,566**	**7,749,836**	**149,572**	**7,899,408**

The accompanying notes are an integral part of these consolidated financial statements.

Gravitas Mining Corporation
Consolidated Statements of Cash Flows
For the year ended December 31, 2017 and the period from August 5, 2016 (date of incorporation) to December 31, 2016
(Presented in Canadian Dollars)

	Note	2017	2016
		$	$
Cash flows from operating activities			
Net income and comprehensive income		**269,797**	179,173
Adjustments for non-cash items and others:			
Depreciation	**8**	**9,081**	—
Impairment	**6**	**199,925**	—
Deferred income tax	**15**	**(67)**	24,507
Foreign exchange (gain)		**(2,831)**	—
Change in fair value of investments	**7**	**(1,002,232)**	(222,401)
		(526,327)	(18,721)
Adjustments for net changes in operating assets and liabilities:			
Trade and other receivables	**5**	**(243,422)**	(1,260)
Accounts payable and accrued liabilities	**9**	**255,751**	12,132
Due to related party	**14**	**219,686**	2,500
Current tax liability	**15**	**11,747**	—
Net cash from (used in) operating activities		**(282,565)**	(5,349)
Cash flows from investing activities			
Purchases of equity and other investments	**7**	**(1,682,248)**	(100,000)
Purchase of property, plant and equipment	**8**	**(77,785)**	—
Net cash from (used in) investing activities		**(1,760,033)**	(100,000)
Cash flows from financing activities			
Financing from related party	**14**	**—**	100,014
Preferred share issuance	**10**	**360,000**	—
Proceeds from loans	**10**	**1,254,500**	—
Shares and warrants issued for cash	**11**	**3,572,720**	600,000
Subscription received from non-controlling interest	**12**	**153,168**	—
Net cash from (used in) financing activities		**5,340,388**	700,014
Net change in cash during the period		**3,297,790**	594,665
Cash and cash equivalents at beginning of period		**594,665**	—
Cash and cash equivalents at end of period		**3,892,455**	594,665

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1. NATURE OF OPERATIONS

Gravitas Mining Corporation ("the Company" or "GMC") is a corporation incorporated pursuant to the Business Corporations Act of Ontario on August 5, 2016. Its main business is investing in mining companies with a focus on gold, and providing financial and advisory services to financial institutions and resource entities.

The Company is a subsidiary of Gravitas Financial Inc., a publicly listed company on the Canadian Securities Exchange ("CSE") that trades under the symbol, GFI. The Company's registered office and principal place of business is 333 Bay Street, Suite 1700, Toronto, Ontario M5H 2R2.

These consolidated financial statements ("Financial Statements") were approved by the Company's Board of Directors on November 14, 2018.

NOTE 2. STATEMENT OF COMPLIANCE, BASIS OF PRESENTATION AND GOING CONCERN

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These Financial Statements are prepared on a going concern basis, under the historical cost convention, modified to include the fair valuation of certain financial instruments to the extent required or permitted under accounting standards as set out in the relevant accounting policies.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates, judgments and assumptions

The preparation of these Financial Statements requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. Judgments, estimates and assumptions affect the Company's reported amounts of assets, liabilities, and items in net income or loss, and related disclosure. Estimates are based on various assumptions that the Company believes are reasonable under the circumstances. These estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amounts of items in net earnings or loss that are not readily apparent from other sources. The Company evaluates its estimates on an ongoing basis. Actual results may differ from the Company's estimates. The following are significant management judgments and estimates in applying the accounting policies of the Company that have the most significant effect on these Financial Statements.

Fair value of financial assets and financial liabilities – Fair value of financial assets and financial liabilities on the consolidated statements of financial position that cannot be derived from active markets are determined using a variety of techniques, including the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income taxes – The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

Allowance for doubtful accounts – Management must exercise judgment to estimate the allowance for doubtful accounts. The evaluation of the allowance for doubtful accounts is established considering the specific credit risk to its customers and the borrower it makes a loan to, historical trends and economic conditions.

Warrants – The valuation of warrants on the date of issuance depends on the use of option pricing and probability-weighted models, which are subject to measurement uncertainty. Subjective assumptions are required for these models, including expected stock price volatility and the use of historical data points which may or may not be indicative of future performance.

Preferred shares – The valuation of the preferred shares issued by the Company on the date of issuance and the reporting date depends on the future performance of the investment that was made by the proceeds from the preferred shares issuance and the holder's probable holding date and redemption date of the preferred shares.

Consolidation – Judgment is applied in assessing whether the Company exercises control and has significant influence over entities in which the Company directly or indirectly owns an interest. The Company has control when it has power over the subsidiary, has exposure or rights to variable returns, and has the ability to use its power to affect those returns. Significant influence is defined as the power to participate in the financial and operating decisions of the subsidiaries. Where the Company is determined to have control, these entities are consolidated. Additionally, judgment is applied in determining the effective date on which control was obtained.

Basis of consolidation

These Financial Statements include the accounts of the Company and its subsidiaries, including its wholly owned subsidiary, Gravitas Investments GP Inc. ("GIGP" – acquired on August 30, 2017), its 60% owned subsidiary, Zhaojin Gravitas Mining Investment Inc. ("ZGMI" – incorporated on July 6, 2017) and its 60% owned subsidiary, Gravitas Zhaojin Gold Industry Fund GP (100% owned by ZGMI). Subsidiaries are entities which the Company has power over decisions about relevant activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Entities are deconsolidated from the date on which control ceases. The Company has determined that it is an investment entity pursuant to IFRS 10, and its subsidiaries, Gravitas Investments GP Inc. and Zhaojin Gravitas Mining Investment Inc. are not investment entities, but entities whose main purpose is providing services that relate to the Company's investment activities. The Company therefore consolidates Gravitas Investments GP Inc. and Zhaojin Gravitas Mining Investment Inc. in accordance with IFRS 10.

Non-controlling interests

Non-controlling interests ("NCI") represent equity interests owned by outside parties. NCI may be initially measured at fair value or at the NCI's proportionate share of the recognized amounts of the subsidiary's identifiable net assets. The choice of measurement is made on a transaction by transaction basis. The share of net assets attributable to NCI is presented as a component of equity. The NCI's share of net income or loss and comprehensive income or loss is recognized directly in equity. Total comprehensive income or loss of a subsidiary is attributed to the shareholders of the Company and to the NCI.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional and presentation currency and basis of evaluation

These Financial Statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries. Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the statement of financial position date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are translated at the average rate in effect during the year. Gains and losses are included in consolidated statement of loss and comprehensive loss for the year.

Cash and cash equivalents

Cash and cash equivalents include all cash and investments with an original maturity of three months or less. The Company maintains its cash in bank accounts in amounts that may exceed federally insured limits. The Company has not experienced any losses in these accounts in the past. The fair value of cash and cash equivalents approximates their current carrying amounts since all such items are short-term in nature.

Business combinations, goodwill and intangible assets

Business combinations under common control (transactions between entities that are ultimately controlled by the same party or parties) that are out of the scope of IFRS 3 are accounted for using the “predecessor value method”. Acquired assets and liabilities are recorded using existing carrying values rather than fair values, no goodwill is recorded, and comparative periods are presented as if the combination had taken place at the beginning of the earliest comparative period presented. The difference between the consideration given and the aggregate book value of the assets and liabilities is recorded as an adjustment to equity.

Financial instruments

As permitted, the Company elected to early-adopt IFRS 9 for the periods reported. IFRS 9 introduces new requirements for: 1) classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting, which represents a significant change from IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost (“AMC”), fair value through other comprehensive income (“FVTOCI”), and fair value through profit or loss (“FVTPL”). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables, and available for sale. IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (“ECL”) model. The new impairment model applies to financial assets measured at amortized cost. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

Debt instruments and business model assessment

On initial recognition, all debt instruments are classified based on both the business model under which the asset is held and the contractual cash flow characteristics of the financial instrument. The business model assessment involves determining whether financial assets are held and managed by the Company for generating and collecting contractual cash flows, selling the financial assets or both. The Company assesses the business model at a portfolio level using judgment supported by relevant objective evidence including: (i) how the performance of the asset is evaluated and reported to the Company’s management; (ii) the frequency, volume, reason and timing of sales in prior periods and expectations about future sales activity; (iii) whether the assets are held purely for trading purposes i.e., assets that are acquired by the Company principally for the purpose of selling or repurchase in the near term or held as part of a portfolio

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

that is managed for short-term profits; and (iv) the risks that affect the performance of assets held within a business model and how those risks are managed.

Cash flow characteristics assessment
The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement i.e. if they represent cash flows that are solely payments of principal and interest ("SPPI"). Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains any contractual terms that could change the timing or amount of contractual cash flows such that the financial asset would not meet the SPPI criteria. In making the assessment, the Company considers: (i) contingent events that would change the amount and/or timing of cash flows; (ii) leverage features; (iii) prepayment and extension terms; (iv) associated penalties relating to prepayments; terms that limit the Company's claim to cash flows from specified assets; and (v) features that modify consideration of the time value of money.

Debt instruments measured at amortized cost
Debt instruments are measured at AMC using the effective interest method, if they are held within a business model whose objective is to hold the financial asset for collecting contractual cash flows where those cash flows represent SPPI. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. AMC is calculated considering any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization of these deferred costs is included in interest income in the consolidated statements of income and comprehensive income.

Impairment on debt instruments measured at AMC is calculated using the expected credit loss approach. Loans and debt securities measured at amortized cost are presented net of the allowance for credit losses in the consolidated statements of financial position.

Equity instruments
Equity instruments are measured at FVTPL. Changes in fair value are recognized in the consolidated statements of income and comprehensive income for equity instruments measured at FVTPL.

Financial assets designated at FVTPL
Financial assets classified in this category are those that have been designated so by management on initial recognition or are held for trading purposes. Financial assets are designated at FVTPL if doing so eliminates or significantly reduces an accounting mismatch which would otherwise arise. Financial assets designated at FVTPL are recorded in the consolidated statements of financial position at fair value. For assets designated at FVTPL, changes in fair values are recognized in income in the consolidated statements of income and comprehensive income. Based on this assessment, management has determined that all the debt instruments except the preferred shares are classified as AMC and none of the debt instruments are considered FVTOCI. Further, trade and other receivables and loan receivables are classified as amortized cost.

The Company does not have any hedge accounting relationships.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment
The Company applies the three-stage approach to measure allowances for credit losses, using the expected credit loss impairment approach as required under IFRS 9, for the following categories of financial instruments that are not measured at FVTPL: (i) financial assets at amortized cost; and (ii) off-balance sheet loan commitments. The Company has adopted the simplified approach for calculation of impairment for trade and other receivables based on a provision matrix, while the staging approach described below is used for loan receivables.

The allowance for credit losses is based on the stage in which the financial instrument falls on the reporting date. The financial instruments migrate through the three stages based on the change in their risk of default since initial recognition. The allowance for credit losses reflects an unbiased, probability-weighted credit loss that considers numerous scenarios based on reasonable and supportable information about past events, current conditions and future forecasts of economic conditions. Forward-looking information is explicitly incorporated into the estimation of ECL.

Measurement of ECL
The ECL impairment model measures the credit losses using the following three-stage approach based on the extent of credit deterioration of the financial assets since initial recognition:
- Stage 1 – Where there has not been a significant increase in credit risk ("SICR") since initial recognition of a financial instrument, an amount equal to twelve months ECL is recorded. The ECL is computed using a probability of default ("PD") occurring over the next twelve months. The 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. For those instruments with a remaining maturity of less than twelve months, a probability of default corresponding to remaining term to maturity is used.
- Stage 2 – When a financial instrument experiences a SICR after initial recognition but is not considered to be in default, it is included in Stage 2. This requires the computation of ECL based on the PD over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures lifetime ECL.

The PD, exposure at default ("EAD"), and loss given default ("LGD") are inputs used to estimate the ECL. These inputs are modelled based on macroeconomic factors that are closely related with credit losses in the relevant portfolios and are probability-weighted. Details of these statistical parameters/inputs are as follows: (i) PD is an estimate of the likelihood of default over a given time horizon and is expressed as a percentage; (ii) EAD is the expected exposure in the event of default at a future default date and is expressed as an amount; and (iii) LGD is an estimate of the loss arising in case where a default occurs at a given time and is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realization of any collateral. It is expressed as a percentage of the EAD.

Forward-looking information ("FLI") and macroeconomic factors
The measurement of ECL for each stage and the assessment of SICR considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment. The Company relies on a broad range of forward-looking information, such as expected gross domestic product growth, unemployment rates, house price indices and in some cases, oil prices. The inputs used in the model for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To capture portfolio characteristics and risks, qualitative adjustments or overlays are made using management judgment.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Assessment of significant increase in credit risk ("SICR")
The determination of whether the ECL on a financial instrument is calculated on a twelve-month period or lifetime basis is dependent on the stage the financial asset falls into at the reporting date. A financial instrument moves across stages based on an increase or decrease in its risk of default at the reporting date compared to its risk of default at initial recognition.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment, delinquency and monitoring, and macroeconomic outlook including forward-looking information.

With regards to delinquency and monitoring, there is a rebuttable presumption that the risk of default of the financial instrument has increased since initial recognition when contractual payments are more than 30 days overdue. With regards to its assessment of the macroeconomic outlook, the Company considers the movements in gross domestic product, forward-looking unemployment rates, the housing price index and in certain cases, oil and gold prices.

Definition of default
The Company considers a financial instrument to be in default when: (i) the borrower is unlikely to pay its credit obligations to the Company in full, without recourse; or (ii) the borrower is past due more than 90 days on any material credit obligation to the Company. The Company classifies a receivable as impaired when, in its opinion, there is a reasonable doubt as to the timely collectability, either in whole or in part, of principal or interest, or the loan is past due greater than 90 days.

Write-offs
The Company writes off an impaired financial asset, either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, write-off is after the expected receipts from the realization of collateral. In subsequent periods, recoveries if any, against written off loans are credited to impairment in the consolidated statements of income and comprehensive income.

Derecognition
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in the consolidated statements of income and comprehensive income.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of income and comprehensive income.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Company classifies its financial instruments by category according to their nature and their characteristics. Management determines the classification when the instruments are initially recognized, which is normally the date of the transaction. The Company classifies its financial assets and financial liabilities as outlined below:

Financial instrument	Category	Measurement
Assets		
Cash	FVTPL	Fair value
Trade and other receivables (other than HST)	AMC	Amortized cost
Equity and other investments:		
Common shares in quoted and private companies	FVTPL	Fair value
Warrants	FVTPL	Fair value
Investment in investment fund	FVTPL	Fair value
Liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Preferred shares	FVTPL	Fair value
Loan payable	Other financial liabilities	Amortized cost

Net income per share
Basic income per share is calculated by dividing the income attributable to ordinary equity holders of the Company by the weighted average number of common shares outstanding during the period. Diluted income per share is calculated by adjusting the income attributable to ordinary equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which include options and warrants. Dilutive potential common shares shall be deemed to have been converted into common shares at the beginning of the period or, if later, at the date of issue of the potential common shares.

Revenue recognition
Revenues are measured at fair value of the consideration received or to be received and are recognized when the amount can be measured reliably, and it is probable that future economic benefits will flow to the Company, when the transaction amount is determined, and collection is reasonably assured. With respect to the Company's lines of business, it follows the following principles: (i) management and consulting fees are recognized on an accrual basis based on the level of services provided, and include performance fees that are recognized based on fund performance up to the measurement date; (ii) unrealized changes in fair value of investments classified as FVTPL are reflected in the consolidated statements of income and comprehensive income.

Property and equipment
Property and equipment are carried at historical cost, less any accumulated depreciation and any accumulated impairment losses. Historical costs include all costs directly attributable to the acquisition. Depreciation of property and equipment are calculated on components that have homogeneous useful lives, using the declining balance method to depreciate the initial cost as follows: (i) office furniture and office equipment - 30%; (ii) computer equipment - 20%; and (iii) depreciation of leasehold improvements is recognized over the lease term of 10 years. Useful lives, residual values, depreciation rates and depreciation methods are reviewed annually for reasonableness. Any gain or loss on disposal of property and equipment is determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Valuation of equity and other investments

Investment transactions are recorded on a trade date basis. The cost of investments represents the amount paid for each security and is determined on an average cost basis excluding transaction costs. Transaction costs directly attributable to the acquisition of financial assets classified as FVTPL are recognized immediately in net income. The fair value of the Company's investments as at the financial reporting date are determined as follows:

Common shares in quoted companies – All securities listed on a recognized public stock exchange are generally valued at their last bid price. The Company uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point within the bid-ask spread that is most representative of the fair value based on the specific facts and circumstances. Where there is a holding period restriction for the shares, a percentage is calculated based on the volatility of the stock price to be used as an estimate of discount to the fair price.

Options and warrants – The options and warrants are valued at fair value using the Black-Scholes options pricing model, which considers factors such as the market value of the underlying security, strike price, volatility and terms.

Investments in private companies – Investments in private companies are valued by certain subjective measures, including recent share transactions, prices for comparable entities, review of cash flow projections and the company prospects, financial ratios and discounted cash flows.

Leases

Leases are classified as finance leases if they transfer to the lessee substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. Lease payments under operating leases are recognized as expenses on a straight-line basis over the lease term unless another systematic basis is more representative of how the economic benefits of the leased assets are spread over time. Lease inducements, which corresponds to free rents, are deferred and recognized as an expense on a straight-line basis.

Income taxes

Income tax expense includes current and deferred tax. This expense is recognized in profit or loss, except for income tax related to the components of other comprehensive income (loss) or equity, in which case the tax expense is recognized in other comprehensive income (loss) or equity, respectively. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect to previous period. Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which those deductible temporary differences and the carry forward of non-capital losses can be utilized.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax relates to the same taxable entity and the same taxation authority. A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will allow the deferred tax assets to be recovered.

Equity
Share capital represents the consideration received upon the issuance of shares. If shares are issued when options and warrants are exercised, the share capital account also comprises the share-based payment cost previously recognized in contributed surplus.

Equity settled share-based remuneration
The Company operates equity settled share-based remuneration plans for its eligible directors, officers, employees and consultants. All goods and services received in exchange for the grant of any share-based payments are measured at their fair value unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods and services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted.

Equity settled share-based payments under equity settled share-based payments plans are ultimately recognized as an expense in profit or loss with a corresponding credit to contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from the previous estimate. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

Standards, amendments, and interpretations issued but not yet adopted
The following new standards, amendments, and interpretations have been issued and are expected to impact the Company but are not effective for the fiscal year ending December 31, 2017 and, accordingly, have not been applied in preparing the Financial Statements.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

IFRS 15 – Revenue from Contracts
In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15"), which replaces IAS 11 – Construction Contracts, IAS 18 – Revenue, and International Financial Reporting Interpretations Committee 13 – Customer Loyalty Programmes ("IFRIC 13"), as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts, and financial instruments. IFRS 15 also contains enhanced disclosure requirements.

The application of IFRS 15 affects the Company's determination of the transaction price in Step 3 of the revenue recognition model due to the variable consideration element arising in certain of its asset management contracts that contain performance fees. Performance fees are based on profits generated from the underlying investments held by the funds subject to certain thresholds. As such, performance fees are a form of variable consideration. Under IFRS 15, the Company should recognize revenue only if it is highly probable that the amount of the variable consideration would not result in a significant reversal of cumulative revenue recognized when the uncertainty is resolved. Accordingly, return-based performance fees that have a broad range of possible outcomes and are highly susceptible to market volatility will not be included in the transaction price until the uncertainty is resolved. Management's estimate of the transaction price will be reassessed each reporting period.

The Company has elected to adopt IFRS 15 using the modified retrospective approach. Under this approach, the Company will recognize transitional adjustments in retained earnings on the date of initial application (January 1, 2018), without restating comparative periods. As a result of applying the requirements of IFRS 15 as of the date of initial application, performance fees of $108,211 recognized in 2017 would not meet the new revenue recognition criteria, causing an adjustment to opening retained retained earnings and trade and other receivables on January 1, 2018.

IFRS 16 – Leases
IFRS 16, Leases eliminates the distinction between operating and finance leases from the perspective of the lessee. Any contract that is defined as a lease, other than two very narrow exceptions, will be classified as a finance lease and recorded in the consolidated statements of financial position. This pronouncement is effective for annual periods commencing on or after January 1, 2019. The Company is in the process of assessing the potential impact of this standard.

IFRS 2 - Share-based Payments
IFRS 2, Share-based Payments. In June 2016, the IASB issued final amendments to this standard. IFRS 2 clarifies the classification and measurement of share-based payments transactions. These amendments deal with variations in the final settlement arrangements including: (a) account for cash settled share-based payment transactions that include a performance condition; (b) classification of share-based payment transactions with net settlement features; and (c) accounting for modifications of share-based payment transactions from cash settled to equity. IFRS 2 is effective for annual periods beginning on or after January 2018, with early adoption permitted. The Company has assessed this standard and will account for share-based payments on this basis as they occur. The Company does not expect any significant impact from the adoption of these amendments.

(Presented in Canadian Dollars)

NOTE 4. ACQUISITION OF GRAVITAS INVESTMENTS GP INC.

On August 30, 2017, the Company acquired 100% of the issued shares of Gravitas Investments GP Inc. from its parent company, Gravitas Investments Inc. Before and after the transaction date, the Company and Gravitas Investments GP Inc. were under common control by Gravitas Financial Inc. This business combination under common control is out of the scope of IFRS 3. Accordingly, the Company used its judgment and accounted for this purchase using the "predecessor values method". The assets and liabilities of the acquired business were accounted for using existing carrying values rather than at fair value, no goodwill is recorded, and comparative periods are presented as if the combination had taken place at the beginning of the earliest comparative period presented. The carrying values of the assets and liabilities on the date of acquisition are as follows:

	$
Carrying Value of Identifiable Net Assets	
Accounts receivable	52,078
Bank indebtedness	(12,063)
Trade payables	(5,995)
Net assets acquired	**34,020**
Consideration paid	
Promissory note	50,000
Total consideration paid	**50,000**
Consideration over the net assets	**15,980**

NOTE 5. TRADE AND OTHER RECEIVABLES

	2017 **$**	2016 $
Trade receivables [(a)(b)]	**230,602**	-
Less: Allowance for doubtful accounts	**-**	-
Harmonized sales tax receivables	**14,080**	1,260
	244,682	1,260

(a) Trade receivables are entirely due from related entities (Note 14).
(b) Trade receivables are receivable for financial advisory services and management fees performed.

NOTE 6. LOAN RECEIVABLE

On February 8, 2017, the Company made a loan in the amount of $199,925 (USD $150,000) to Amplus LLC, a mining technology company in the United States. The loan is unsecured, matures on February 7, 2019 and accrues interest at 9% per annum. On December 31, 2017, the Company has determined that the full amount of the loan was impaired due to the borrower's difficulty in repaying interest and the unlikelihood of the borrower in making future principal repayments. Accordingly, the principal and interest accrued were written down to nil.

(Presented in Canadian Dollars)

NOTE 7. EQUITY AND OTHER INVESTMENTS

	2017	2016
	$	$
Fair value through profit and loss ("FVTPL")		
Investments in public companies:		
Common shares	**1,407,141**	200,000
Warrants	**467,534**	122,401
Investments in a private company:		
Common shares	**668,000**	-
Warrants	**334,522**	-
Investments in investment funds	**2,657,866**	-
	5,535,063	322,401

	2017	2016
	$	$
Balance, beginning of period	**322,401**	-
Purchase of equity investments	**1,866,865**	100,000
Purchase of investment in funds	**2,343,565**	-
Change in fair value of investments	**1,002,232**	222,401
Balance, end of period	**5,535,063**	322,401
Less: current portion	**(4,887,770)**	(322,401)
Non-current portion	**647,293**	-

Warrants
The fair value of the warrants held by the Company was estimated using the Black-Scholes options pricing model and was based on the following assumptions:

	2017		2016	
	Range	Weighted Average	Range	Weighted Average
Fair value of warrant	$0.03 to $0.34	$0.15	$0.09	$0.09
Stock price	$0.2 to $0.43	$0.27	$0.15	$0.15
Expected life (years)	0.88 to 2.31	1.78	1.88	1.88
Volatility	63% to 100%	98%	100%	100%
Discount Rate	1.64% to 1.71%	1.69%	1.68%	1.68%

Investment Fund
The Company invested $1,716,315 in 90,550 Class O units of Gravitas Special Situations Limited Partnership or ("GSSLP"). As at December 31, 2017, the value of this investment was $2,010,573 (2016: $nil) and is included in the current portion of equity and other investments. Gravitas Special Situations GP Inc., an 80% subsidiary of Gravitas Financial Inc. is the general partner of GSSLP. The manager of GSSLP is Gravitas Securities Inc., an indirectly owned subsidiary of Gravitas Financial Inc. The limited partners in GSSLP are not entitled to participate in the control of the fund. $647,293 of the investment in investment funds is presented as non-current as at December 31, 2017 (2016 - $nil) due to a lack of redemption rights and poor market liquidity.

(Presented in Canadian Dollars)

NOTE 8. PROPERTY AND EQUIPMENT

A continuity of property and equipment of the Company is as follows:

	Furniture and Equipment $	Leasehold Improvements $	Total $
Cost			
Balance at August 5, 2016 and December 31, 2016	-	-	-
Additions	11,114	66,671	77,785
Balance at December 31, 2017	**11,114**	**66,671**	**77,785**
Accumulated depreciation			
Balance at August 5, 2016 and December 31, 2016	-	-	-
Depreciation	2,414	6,667	9,081
Balance at December 31, 2017	**2,414**	**6,667**	**9,081**
Carrying amount			
Balance at December 31, 2016	-	-	-
Balance at December 31, 2017	**8,700**	**60,004**	**68,704**

NOTE 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	2017 **$**	2016 $
Trade payables and accrued liabilities	**158,516**	12,132
Interest and preferred share dividends payable	**9,367**	-
	167,883	12,132

NOTE 10. LOAN PAYABLE AND PREFERRED SHARES

	2017 **$**	2016 $
Bridge loan (a)	**1,254,500**	-
Preferred share liability (b)	**360,000**	-
Balance, end of the year	**1,614,500**	-
Less: current portion	**(1,254,500)**	-
Non-current portion	**360,000**	-

(a) The Company was loaned $1,254,500 (USD $1,000,000) from a third party. The loan matures on June 15, 2018 and carries an interest rate of 18% per annum. Subsequent to December 31, 2017, the terms of the loan were amended (Note 20).

(b) The Company issued Class A preferred shares totaling $360,000 (2016: $Nil) during the year ended December 31, 2017. These preferred shares carry an interest rate of 8% and are redeemable at the option of the holder, either four or five years from the date of issuance.

NOTE 11. SHARE CAPITAL

The authorized share capital of the Company is comprised of:

a) An unlimited number of voting common shares;
b) An unlimited number of non-voting Class A preferred shares. The Class A shares feature an 8% cumulative, fixed, annual dividend and a special dividend equal to 30% of the gain on the investment fund that the proceeds of the preferred shares were used to purchase. The special dividend is payable on the winding up of the investee fund. Class A preferred shares are retractable upon the 5th anniversy of the issuance, 50% redeemable on the 4th anniversary of the date of issuance and 100% redeemable on the 5th anniversary of the date of issuance;
c) An unlimited number of non-voting Class B preferred shares. The Class B preferred shares feature a 10% cumulative, fixed annual dividend and a special dividend equal to 4% of the net income of the Company (subject to the Company having achieved net income greater than or equal to $2,000,000 during the two year period from the date of issuance of the Class B preferred shares). The Class B shares are retractable upon the 5th anniversy of the issuance, 50% redeemable on the 4th anniversary of the date of issuance and 100% redeemable on the 5th anniversary of the date of issuance.

As at December 31, 2017, outstanding common shares were 7,166,240 (2016: 600,000).

On August 5, 2016, the Company issued 600,000 common shares for cash consideration of $600,000. Gravitas Financial Inc. subscribed for 500,000 shares and an entity controlled by a director of the Company subscribed for 100,000 shares.

On April 25, 2017, the Company issued 2,400,000 common shares for consideration including cash of $1,995,286, settlement of a $304,714 debt owed by the Company and $100,000 for services provided. Gravitas Financial Inc. subscribed for 2,000,000 common shares and an entity controlled by a director of the Company subscribed for 400,000 shares.

On June 26, 2017 the Company issued 2,566,240 common shares to Gravitas Financial Inc. for non-cash consideration including: 90,550 units in an investment fund (Note 7) valued at $1,716,315; a convertible debenture in a public company with a carrying value of $811,867 and; settlement of a debt of $191,654 owed by the Company to Gravitas Financial Inc.

On December 21, 2017 the Company issued 1,600,000 units to its directors and officers and companies controlled by directors and officers for cash consideration of $1,600,000. Each unit is comprised of one common share and one common share purchase warrant of the Company. Each warrant entitles the holder to purchase one common share of the Company at a price of $1 until the expiry date of December 21, 2020. Share issuance costs of $22,566 were paid for the issuance.

The fair value of the warrants has been estimated at the grant date using the Black-Scholes options pricing model using the following assumptions: share price of $1; dividend yield 0%; risk-free interest rate 1.25%; expected annual volatility 93%; and expected life of 3 years. The fair value of the warrants was estimated at $593,014 using the relative fair value method to allocate total unit proceeds between shares and warrants.

In 2017 the Company issued 36,000 Class A preferred shares for total consideration of $360,000. The preferred shares have been presented as a liability on the consolidated statements of financial position.

NOTE 12. NON-CONTROLLING INTEREST

During 2017, the Company incorporated the subsidiary Zhaojin Gravitas Mining Investment Inc. The Company owns 60% of ZGMI's outstanding shares. The non-controlling interest represents the remaining 40% interest in Zhaojin Gravitas Mining Investment Inc., which was purchased for $153,168 and has a carrying value of $149,572 as of December 31, 2017.

NOTE 13. NET INCOME PER SHARE

Net income per share is based on the weighted average number of common shares of the Company outstanding during the year. The diluted income per share reflects the potential dilution of common share equivalents, such as outstanding share warrants. Net income per share for the year ended December 31, 2017 totalled $0.07 (2016 - $0.30). The weighted average shares outstanding for year ended December 31, 2017 was 3,609,461 (2016 - 600,000).

NOTE 14. RELATED PARTY TRANSACTIONS

Parties are considered related if the party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. This would include the Company's and its subsidiaries' senior management. Parties are also related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. The following are the related party transactions during the year ended December 31, 2017 and the period ended December 31, 2016. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received.

During the year ended December 31, 2017, the Company:

- Incurred $118,824 (2016: $7,500) to directors and senior officers of the Company and its subsidiaries, including the Chief Executive Officer, Chief Financial Officer and Executive Vice Presidents of the Company and its subsidiaries. This amount has been included in salaries and management fees and general and administrative fees. $nil (2016: $nil) was outstanding at year-end.
- Charged $58,000 of consulting fees plus HST to three entities controlled by Gravitas Financial Inc.
- Was charged $85,505 of rent plus HST by Gravitas Financial Inc. for use of shared office space.
- Owed $22,926 to Gravitas Financial Inc. as at December 31, 2017 (2016 - $102,514). The outstanding balance is non-interest bearing, unsecured and due on demand.
- Was charged $66,671 by Gravitas Financial Inc. for leasehold improvements to the shared office space (2016 - $nil).
- Paid $250,000 to a company controlled by a director of the Company for investments in shares.
- Issued 6,566,240 common shares to related parties including Gravitas Financial Inc., a company controlled by a director of the Company, the Chief Financial Officer and directors of the Company (Note 11).
- Had advances of $199,925 (USD $150,000) made to a borrower on the Company's behalf (2016 - $nil).
- Charged $65,000 to Gravitas Financial Inc. as a recovery of expenses for use of the Company's employees and general resources.
- Incurred net expenses of $219,686 for services provided by Gravitas Financial Inc.

Further details of related party transactions are provided in Notes 11 and 12.

(Presented in Canadian Dollars)

NOTE 15. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2016 - 26.5%) to the effective tax rate is as follows:

	2017 **$**	2016 $
Net income before income taxes	**281,477**	203,680
Expected income tax expense	**74,591**	53,975
Tax rate changes and other adjustments	**(65,745)**	-
Non-deductible expenses and other adjustments	**(66,650)**	(29,468)
Changes in tax benefits not recognized	**69,484**	-
Income tax expense	**11,680**	24,507
The Company's income tax expense (recovery) is allocated as follows:		
Current income tax expense (recovery)	**11,747**	-
Deferred income tax expense (recovery)	**(67)**	24,507
	11,680	24,507

Deferred tax
The following table summarizes the components of deferred tax:

	2017 **$**	2016 $
Deferred tax assets		
Impairment of loan receivable	**26,490**	-
Share issuance costs	**4,787**	-
Non-capital losses carried forward	**80,290**	4,961
Deferred tax liabilities		
Property and equipment	**(1,849)**	-
Equity and other investments	**(109,717)**	(29,468)
Tax reserves	**(24,441)**	-
Net deferred tax liability	**(24,440)**	(24,507)

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Movement in net deferred tax liabilities:

	2017 **$**	2016 $
Balance at beginning of period	**(24,507)**	-
Recognized in profit/loss	**67**	(24,507)
Balance at end of period	**(24,440)**	(24,507)

(Presented in Canadian Dollars)

NOTE 15. INCOME TAXES – CONTINUED

Unrecognized deferred tax assets
Deferred taxes are provided as a result of temporary differences that arise due to differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of non-capital losses carried forward of $262,215 (2016 - $nil).

The Company's Canadian non-capital income tax losses expire as follows:

2036	18,721
2037	546,474
	$ 565,195

NOTE 16. FINANCIAL INSTRUMENTS

Fair value measurement
The carrying value of cash, trade and other receivables and accounts payable and accrued liabilities are considered to be a reasonable approximation of the fair value due to the short-term maturity of these instruments. Equity interests in private entities are measured at fair value using subjective measures, including recent share transactions, prices for comparable entities, review of cash flow projections and the company prospects, financial ratios and other discounted cash flow techniques. The carrying value of the loan payable is considered a reasonable approximation of its fair value since it is measured at amortized cost and bears interest at market rates.

The table below summarizes the assets and liabilities that are included at their fair values in the Company's consolidated statements of financial position as at December 31, 2017 and 2016. These assets and liabilities have been categorized into hierarchical levels according to the significance and reliability of the inputs used in determining fair value measurements. The fair value hierarchy has the following levels:

Level 1: Fair value based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs based on at least one significantly non-observable input that is not supported by market data. There is little market activity, if any. Inputs used to determine the fair value require significant management judgment or estimation.

				December 31, 2017
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Common shares in quoted companies	**1,407,141**	**-**	**-**	**1,407,141**
Common shares in private companies	**-**	**-**	**668,000**	**668,000**
Warrants	**-**	**467,534**	**334,522**	**802,056**
Investment fund units	**-**	**2,657,866**	**-**	**2,657,866**
	1,407,141	**3,125,400**	**1,002,522**	**5,535,063**

(Presented in Canadian Dollars)

NOTE 16. FINANCIAL INSTRUMENTS – CONTINUED

				December 31, 2016
	Level 1 $	Level 2 $	Level 3 $	Total $
Common shares in quoted companies	200,000	-	-	200,000
Warrants	-	122,401	-	122,401
	200,000	122,401	-	322,401

The Company's warrants and investment fund units are classified within Level 2 of the fair value hierarchy, except for warrants in private companies, which are classified within Level 3. The fair value of warrants is determined using the Black-Scholes options pricing model, which includes the volatility and price of the companies in which the Company invested. The fair value of the investment fund units is based on the net asset value ("NAV") of the units held, as calculated by a service provided external to the fund.

The following table summarizes the changes in Level 3 investments for the periods ended December 31, 2017 and 2016:

	2017 **$**	2016 $
Total Level 3 fair value, beginning of period	**-**	-
Purchased	**501,000**	-
Change in fair value of Level 3 investments	**501,522**	-
Total Level 3 fair value, end of period	**1,002,522**	-

The Company holds Level 3 investments in which there is uncertainty in estimating the fair value stemming from lack of market quotations. Level 3 investments require judgment in reviewing unobservable inputs when determining fair value. As at December 31, 2017, the Company has investments of $1,002,522 (2016 - $nil) in Level 3 investments. The fair values of these investments were determined using a market approach, utilizing several key valuation techniques which include a review of market conditions, valuation models and trends of underlying market sectors.

For Level 3 investments in warrants, the inputs used can be highly judgmental and include the current share price of the investee and estimated volatility of the underlying share price. The fair value of Level 3 shares was determined by reference to recent financing transactions completed by the investee. A +/- 25% change in the fair value of these investments will result in a corresponding +/- $250,631 (2016 - $nil) change in the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly, given the investments' terms and circumstances. The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair values of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair values of these investments.

NOTE 17. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts related to changes in the economic environment and the underlying risks of its assets. In its definition of capital, the Company includes preferred shares and equity (retained earnings). The following table shows the items included in the definition of capital. There

(Presented in Canadian Dollars)

NOTE 17. CAPITAL MANAGEMENT – CONTINUED

has been no change with respect to the Company's overall capital management strategy during the year ended December 31, 2017.

	2017	2016
	$	$
Preferred shares	**360,000**	-
Retained earnings	**452,566**	179,173
	812,566	179,173

NOTE 18. FINANCIAL INSTRUMENTS RISK

The Company is exposed to various risks through its financial instruments and the following analysis provides a measure of these risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk is primarily related to trade and other receivables and loans. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	2017	2016
	$	$
Cash	**3,892,455**	594,665
Trade and other receivables	**244,682**	1,260
	4,137,137	595,925

The credit risk regarding cash and cash equivalents is considered to be negligible since the counterparties are reputable banks with an investment grade external credit rating.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations with financial liabilities that would be settled either by delivering cash or another financial asset. The Company has current assets of $9,024,907 which will be used to cover all operating and investing activities. The expected timing of consolidated cash flows relating to financial liabilities as at December 31, 2017, are as follows:

	Less than 1 year	**1-5 years**	**Total**
	$	**$**	**$**
Accounts payable and accrued liabilities	167,883	-	167,883
Loan payable	1,254,500	-	1,254,500
Due to related party	22,926	-	22,926
Preferred shares	-	360,000	360,000
	1,445,309	**360,000**	**1,805,309**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to the following three types of market risk: currency risk, interest rate risk, gold price risk and other price risk.

NOTE 18. FINANCIAL INSTRUMENTS RISK – CONTINUED

Currency risk – Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates relative to the Company's functional currency, the Canadian dollar. The Company does not hedge its foreign exchange risk. A 10% change in either direction of the United States dollar exchange rate would have changed the net income by $62,725 (2016 - $nil).

Interest rate risk – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Had the interest rate been 1% higher throughout the year ended December 31, 2017, net income would not have changed significantly.

Gold price risk – The Company invests in public and private companies that are focused on exploring and mining gold. A change in gold price may significantly affect the performance of these investments.

Other price risk – The Company is exposed to fluctuations in the market prices of its investments in quoted companies. The fair value of the investments in quoted companies represents the maximum exposure to price risk. As at December 31, 2017, a 10% change in the closing price of publicly traded common shares held by the Company would have changed the net income and comprehensive income by $140,714 (2016 - $20,000).

NOTE 19. COMMITMENTS

Pursuant to a Partnership Agreement, the Company has committed to invest a total of USD $1,000,000 in Zijin Midas Exploration Fund (a Cayman Islands limited partnership), of which USD $500,000 has been invested as at December 31, 2017. The balance of USD $500,000 is expected to be invested before December 31, 2018.

NOTE 20. SUBSEQUENT EVENTS

Subsequent to December 31, 2017 the Company raised a total of $675,000 through the issuance of 675,000 units for cash consideration of $1 per unit. Each unit is comprised of one common share and one common share purchase warrant of the Company. Each common share purchase warrant entitles the holder to purchase one common share of the Company at $1 until the expiry date of three years from the date of issuance.

Subsequent to December 31, 2017 the Company issued 40,000 Class B preferred shares for cash consideration of $10 per share, for a total of $400,000. The terms of the Class B preferred shares are described in Note 11.

On February 1, 2018 the Company raised a total of $300,000 by issuance of loans.

In May 2018, pursuant to a Partnership Agreement signed, the Company invested USD $2,500,000 into units of Gravitas Zhaojin Gold Industry Fund LP, a Cayman Islands limited partnership. The General Partner of the fund is Gravitas Zhaojin Gold Industry Fund GP.

On July 1, 2018, the Company purchased 80% of the outstanding common shares of Gravitas Special Situations GP Inc. from its parent company, Gravitas Financial Inc., for total consideration of $1. Gravitas Financial Inc. is entitled to all net accrued fees earned by Gravitas Special Situations GP Inc. up to and including June 30, 2018.

NOTE 20. SUBSEQUENT EVENTS – CONTINUED

On October 10, 2018, the Company renegotiated the terms of its outstanding USD $1 million loan payable, as it had matured. The amended terms include a maturity date of June 14, 2019, with interest accruing at 15% per annum from June 15, 2018 to maturity. The principal of USD $1,000,000 plus accrued interest of USD $90,000 as at June 15, 2018 became the new principal amount of the loan at the time of renegotiation.

In October 2018, the Company renegotiated the terms of its outstanding CAD $300,000 loan payable, as it had matured. The amended terms include a maturity date of July 31, 2020, with an interest rate of 8% per annum from August 1, 2018 to maturity.

Gravitas Mining Corporation

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and six months ended June 30, 2018 and 2017

Gravitas Mining Corporation
Unaudited Interim Condensed Consolidated Statements of Financial Position
As at June 30, 2018 and December 31, 2017
(Expressed in Canadian dollars)

	Notes	June 30, 2018	December 31, 2017
Assets			
Current assets			
Cash and cash equivalents		**915,276**	3,892,455
Short term investment		**20,000**	-
Equity investments and other investments	**7&16**	**3,925,572**	4,887,770
Trade and other receivables	**5**	**198,178**	244,682
		5,059,026	9,024,907
Equity investments and other investments	**7&16**	**3,851,504**	647,293
Property and equipment	**8**	**61,678**	68,704
Total Assets		**8,972,208**	9,740,904
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	**9**	**47,773**	167,883
Loan payable	**10**	**1,731,497**	1,254,500
Income taxes payable	**15**	**12,147**	11,747
Due to related party	**9**	**254,376**	22,926
		2,045,793	1,457,056
Deferred tax liability	**15**	**8,324**	24,440
Preferred shares liability	**10**	**760,000**	360,000
Total liabilities		**2,814,117**	1,841,496
Shareholders' equity			
Common shares	**11**	**6,814,310**	6,704,256
Warrants	**11**	**657,960**	593,014
Shares to be issued	**20**	**250,000**	-
Retained earnings (deficit)	**17**	**(1,714,355)**	452,566
Shareholders' equity		**6,007,915**	7,749,836
Non-controlling interest	**12**	**150,176**	149,572
Total shareholders' equity		**6,158,091**	7,899,408
Total liabilities and shareholders' equity		**8,972,208**	9,740,904

Commitments (note 19)

Subsequent Events (note 20)

Approved on behalf of the Board

Signed: "   ", Director

The accompanying notes are an integral part of the unaudited consolidated interim financial statements.

Gravitas Mining Corporation
Unaudited Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
For the three and six-month period ended June 30, 2018 and 2017
(Expressed in Canadian dollars)

	Notes	3 months ended June 30, 2018	3 months ended June 30, 2017	6 months ended June 30, 2018	6 months ended June 30, 2017
				$	$
Revenues					
Management and consulting fees	14	250,326	-	301,885	-
Interest income		3,649	4,368	3,649	8,410
Realized loss on investments		(65,477)	-	(65,477)	-
Change in fair value of investments		174,644	(92,435)	(1,316,097)	180,964
		363,142	(88,067)	(1,076,040)	189,374
Expenses					
General and administrative	14	95,395	40,638	162,638	80,932
Salaries and management fees	14	325,205	188,000	594,116	213,391
Professional fees		7,060	3,831	16,343	5,819
Interest and bank charges	10	72,194	2,316	141,901	2,327
Dividends on preferred shares liability	10	17,373	-	37,622	-
Foreign exchange (gain) loss		64,087		45,162	(2,833)
		581,314	234,785	997,782	299,636
Income before income taxes		(218,172)	(322,852)	(2,073,822)	(110,262)
Income tax recovery (expense)	15	2,046	13,397	15,716	4,575
Net loss and comprehensive loss		(216,126)	(309,455)	(2,058,106)	(105,687)
Net loss and comprehensive loss attributable to:					
Non-controlling interest		1,694	-	604	-
Shareholders of the company		(217,820)	(309,455)	(2,058,710)	(105,687)
		(216,126)	(309,455)	(2,058,106)	(105,687)
Weighted average number of shares outstanding - basic and diluted	13	7,341,240	2,453,461	7,311,268	1,531,851
Net income per share - basic and diluted	13	$ (0.03)	$ (0.13)	$ (0.28)	$ (0.07)

The accompanying notes are an integral part of the consolidated interim financial statements.

Gravitas Mining Corporation
Unaudited Interim Condensed Consolidated Statements of Changes in Equity
For the six-month period ended June 30, 2018 and December 31, 2017
(Expressed in Canadian dollars)

	Notes	Number of common shares	Shares capital	Shares to be issued	Warrants	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
			$	$	$	$	$	$	$
Balance at December 31, 2016		**600,000**	**600,000**	**-**	**-**	**179,173**	**779,173**	**-**	**779,173**
Shares issued for cash	**11**	1,995,286	1,995,286	-	-	-	1,995,286	-	1,995,286
Shares issued for debt	**11**	304,714	304,714	-			304,714		304,714
Shares issued for services	**11**	100,000	100,000	-	-	-	100,000	-	100,000
Shares issued for securities investments	**11**	2,374,586	2,528,182	-	-	-	2,528,182	-	2,528,182
Shares issued for settlement of debt	**11**	191,654	191,654	-	-	-	191,654	-	191,654
Net loss		-	-	-	-	(105,687)	(105,687)	-	(105,687)
Balance at June 30, 2017		**5,566,240**	**5,719,836**	**-**	**-**	**73,486**	**5,793,322**	**-**	**5,793,322**
Shares issued for cash	**11**	1,600,000	1,600,000	-	-	-	1,600,000	-	1,600,000
Shares issuance costs	**11**	-	(22,566)	-	-	-	(22,566)	-	(22,566)
Allocated to warrants	**11**	-	(593,014)	-	593,014	-	-	-	-
Issuance of shares of subsidiary	**12**	-	-	-	-	-	-	153,168	153,168
Net income (loss)		-	-	-	-	379,080	379,080	(3,596)	375,484
Balance at December 31, 2017		**7,166,240**	**6,704,256**	**-**	**593,014**	**452,566**	**7,749,836**	**149,572**	**7,899,408**
Impact of adopting IFRS 15	**3**	-	-	-	-	(108,211)	(108,211)	-	(108,211)
Shares for cash	**11**	175,000	175,000	-	-	-	175,000	-	175,000
Shares to be issued	**20**	250,000		250,000	-	-	250,000		250,000
Net income (loss)		-	-	-	-	(2,058,710)	(2,058,710)	604	(2,058,106)
Allocated to warrants		-	(64,946)	-	64,946	-	-	-	-
Balance at June 30, 2018		**7,591,240**	**6,814,310**	**250,000**	**657,960**	**(1,714,355)**	**6,007,915**	**150,176**	**6,158,091**

The accompanying notes are an integral part of the consolidated interim financial statements.

Gravitas Mining Corporation
Unaudited Interim Condensed Consolidated Statements of Cash Flows
For the six-month period ended June 30, 2018 and 2017
(Expressed in Canadian dollars)

	Notes	6 months ended June 30, 2018	6 months ended June 30, 2017
		$	$
Operating activities			
Net loss		**(2,058,106)**	(105,687)
Adjustments:			
Depreciation of property, plant and equipment	8	**9,843**	5,450
Interest accretion		**131,835**	-
Realized loss (gain) on sale of investments		**65,476**	-
Foreign exchange (gain) loss		**45,162**	(2,833)
Change in fair value of investments	7	**1,316,097**	(180,964)
		(489,693)	(284,034)
Adjustments for net changes in operating assets and liabilities			
Trade and other receivables	3&5	**(61,707)**	(21,598)
Income tax expense (recovery)	15	**(15,716)**	(4,575)
Accounts payable and accrued liabilities	9	**(120,111)**	87,868
Net cash from (used in) operating activities		**(687,227)**	(222,339)
Investing activities			
Purchases of equity investments and other investments	7	**(3,866,710)**	(1,052,250)
Short term investment		**(20,000)**	-
Proceeds from sales of investments		**243,125**	-
Purchase of property, plant and equipment	8	**(2,817)**	(72,154)
Net cash from (used in) investing activities		**(3,646,402)**	(1,124,404)
Financing activities			
Proceeds from related parties	16	**231,450**	496,368
Payments to related parties		**-**	(295,501)
Preferred shares issuance	11	**400,000**	-
Proceeds from issuance of loan payable	11	**300,000**	-
Shares issued for cash	11	**175,000**	1,995,286
Shares to be issued for cash	20	**250,000**	-
Net cash from (used in) financing activities		**1,356,450**	2,196,153
Net (decrease) increase in cash and cash equivalents		**(2,977,179)**	849,410
Cash and cash equivalents at beginning of period		**3,892,455**	594,665
Cash and cash equivalents at end of period		**915,276**	1,444,075

During the six month period ended June 30, 2018 the Company paid $49,090 interest (June 30, 2017-nil)
The accompanying notes are an integral part of the consolidated interim financial statements.

NOTE 1. NATURE OF OPERATIONS

Gravitas Mining Corporation ("the Company" or "GMC") is a corporation incorporated pursuant to the Business Corporations Act of Ontario on August 5, 2016. Its main business is investing in mining companies with a focus on gold, and providing financial and advisory services to financial institutions and resource entities.

The Company is a subsidiary of Gravitas Financial Inc., a publicly listed company on the Canadian Securities Exchange ("CSE") that trades under the symbol, GFI. The Company's registered office and principal place of business is 333 Bay Street, Suite 1700, Toronto, Ontario M5H 2R2.

These condensed interim consolidated financial statements ("Financial Statements") were approved by the Company's Board of Directors on November 14, 2018.

NOTE 2. STATEMENT OF COMPLIANCE, BASIS OF PRESENTATION AND GOING CONCERN

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook – Accounting, as applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These Financial Statements should be read in conjunction with the Company's audited financial statements as at and for the year ended December 31, 2017, which were prepared in accordance with IFRS as applicable for the annual financial statements. These Financial Statements are prepared on a going concern basis, under the historical cost convention, modified to include the fair valuation of certain financial instruments to the extent required or permitted under accounting standards as set out in the relevant accounting policies.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company are the same as those applied as at and for the year ended December 31, 2017 as described in Note 3 of the Company's audited consolidated financial statements, except for changes to the accounting for financial instruments resulting from the adoption of International Financial Reporting Standards IFRS 15, Revenue from Contracts with Customers. They do not include all of the information and disclosures required for annual financial statements. For further information, see the Company's audited consolidated financial statements for the year ended December 31, 2017.

Use of estimates, judgments and assumptions
The preparation of these Financial Statements requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. Judgments, estimates and assumptions affect the Company's reported amounts of assets, liabilities, and items in net income or loss, and related disclosure. Estimates are based on various assumptions that the Company believes are reasonable under the circumstances. These estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amounts of items in net earnings or loss that are not readily apparent from other sources. The Company evaluates its estimates on an ongoing basis. Actual results may differ from the Company's estimates.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of consolidation

These financial statements include the accounts of the Company and its subsidiaries, including its wholly owned subsidiary, Gravitas Investments GP Inc. ("GIGP" – acquired on August 30, 2017), its 60% owned subsidiary, Zhaojin Gravitas Mining Investment Inc. ("ZGMI" – incorporated on July 6, 2017) and its 60% owned subsidiary, Gravitas Zhaojin Gold Industry Fund GP (100% owned by ZGMI). Subsidiaries are entities which the Company has power over decisions about relevant activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Entities are deconsolidated from the date on which control ceases. The Company has determined that it is an investment entity pursuant to IFRS 10, and its subsidiaries, Gravitas Investments GP Inc. and Zhaojin Gravitas Mining Investment Inc. are not investment entities, but entities whose main purpose is providing services that relate to the Company's investment activities. The Company therefore consolidates Gravitas Investments GP Inc. and Zhaojin Gravitas Mining Investment Inc. in accordance with IFRS 10.

Adoption of IFRS 15, Revenue from Contracts with Customers

Effective January 1, 2018, the Company adopted all the requirements of IFRS 15, issued in May 2014, and amended in September 2015 and April 2016. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts, and financial instruments. In accordance with the transitional provisions in IFRS 15, the Company elected to adopt the new standard using the modified retrospective approach.

The Company's adoption of IFRS 15 has an impact on the Company's recognition of performance fees revenue from asset management contracts. The Company recognizes management fees and performance fees revenue from management contracts with asset management clients. Under the new standard, the "transaction price" is the consideration the asset manager expects to be entitled to in exchange for satisfying its performance obligations. One of the primary performance obligations in the asset management industry is the delivery of asset management services. This performance obligation is satisfied over time as asset management services are delivered. Management must determine the amount of the transaction price at contract inception and at each reporting date. The entity will recognize revenue as the performance obligation is satisfied.

If the amount the asset manager expects to be entitled to is variable, the variable consideration included in the transaction price is limited to the amount for which it is "highly probable" that a significant reversal of the amount of cumulative revenue recognized will not occur when the uncertainty is resolved. In making this assessment, an entity should consider both the likelihood and the magnitude of the revenue reversal. Factors that could increase the likelihood or the magnitude of a revenue reversal include, but are not limited to, (i) the amount of consideration is highly susceptible to factors outside the entity's influence (e.g., market volatility), (ii) the uncertainty about the amount of consideration is not expected to be resolved for a long period of time, and (iii) the contract has a large number and broad range of possible consideration amounts.

Management will need to determine if there is a portion of the variable consideration (that is, some minimum amount) that should be included in the transaction price, even if the entire estimate of variable consideration is not included due to the constraint. Management's estimate of the transaction price will be reassessed each reporting period, including any estimated minimum amount of variable consideration.

Management fees are based on net assets under management, while performance fees are usually based on profits generated from the underlying investments held by the funds subject to certain thresholds (for example, hurdle rate, high watermark, or internal rate of return). As such, management fees and performance fees are forms of variable consideration.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A fixed percentage asset-based management fee is considered a type of variable consideration that is subject to the constraint. For management fees, an asset manager will update its estimate of the variable consideration each reporting period. Because the management fee is calculated based on net assets under management, any uncertainty related to the variable consideration will be resolved as of the end of each reporting period. The Company will attribute the revenue from management fees to the services provided during the period because the fee relates specifically to the entity's efforts to transfer the services for that period.

Return-based performance fees are also considered variable consideration. The Company recognizes revenue only if, after an assessment of the facts and circumstances, it is highly probable the amount of the variable consideration would not result in a significant reversal of cumulative revenue recognized when the uncertainty is resolved. This new threshold for recognizing variable consideration is often referred to as the "constraint" that must be met in order to recognize the variable consideration as revenue. Accordingly, performance fees that have a broad range of possible outcomes and are highly susceptible to market volatility will often not be included in the transaction price until the uncertainty is resolved or almost resolved. Management will need to determine if there is a portion of the variable consideration (that is, some minimum amount) that should be included in the transaction price, even if the entire estimate of variable consideration is not included due to the constraint. Management's estimate of the transaction price will be reassessed each reporting period, including any estimated minimum amount of variable consideration.

As a result of the adoption of IFRS 15, the Company has determined that $108,211 of performance fees previously recognized in the year 2017 do not meet the new revenue recognition criteria and therefore the retained earnings as of January 1, 2018 was adjusted by $108,211. The trade and other receivables as of January 1, 2018 were reduced by $108,211 which is inclusive of HST payable. Consolidated financial statements for the year ended December 31, 2017 were unaffected by the change.

IFRS 2 - Share-based Payments

IFRS 2, Share-based Payments. In June 2016, the IASB issued final amendments to this standard. IFRS 2 clarifies the classification and measurement of share-based payments transactions. These amendments deal with variations in the final settlement arrangements including: (a) account for cash settled share-based payment transactions that include a performance condition; (b) classification of share-based payment transactions with net settlement features; and (c) accounting for modifications of share-based payment transactions from cash settled to equity. IFRS 2 is effective for annual periods beginning on or after January 2018, with early adoption permitted. The Company has assessed this standard and will account for share-based payments on this basis as they occur. There has been no impact on the financial statements as a result of the adoption of IFRS 2.

Standards, amendments, and interpretations issued but not yet adopted

The following new standards, amendments, and interpretations have been issued and are expected to impact the Company but are not effective for the fiscal period ending June 30, 2018 and, accordingly, have not been applied in preparing the Financial Statements.

IFRS 16 – Leases

IFRS 16, Leases eliminates the distinction between operating and finance leases from the perspective of the lessee. Any contract that is defined as a lease, other than two very narrow exceptions, will be classified as a finance lease and recorded in the consolidated statements of financial position. This pronouncement is effective for annual periods commencing on or after January 1, 2019. The Company is in the process of assessing the potential impact of this standard.

(Expressed in Canadian dollars)

NOTE 4. ACQUISITION OF GRAVITAS INVESTMENTS GP INC.

On August 30, 2017, the Company acquired 100% of the issued shares of Gravitas Investments GP Inc. from its parent company, Gravitas Investments Inc. Before and after the transaction date, the Company and Gravitas Investments GP Inc. were under common control by Gravitas Financial Inc. This business combination under common control is out of the scope of IFRS 3. Accordingly, the Company used its judgment and accounted for this purchase using the "predecessor values method". The assets and liabilities of the acquired business were accounted for using existing carrying values rather than at fair value, no goodwill is recorded, and comparative periods are presented as if the combination had taken place at the beginning of the earliest comparative period presented. The carrying values of the assets and liabilities on the date of acquisition are as follows:

	$
Carrying Value of Identifiable Net Assets	
Accounts receivable	52,078
Bank indebtedness	(12,063)
Trade payables	(5,995)
Net assets acquired	**34,020**
Consideration paid	
Promissory note	50,000
Total consideration paid	**50,000**
Consideration over the net assets	**15,980**

NOTE 5. TRADE AND OTHER RECEIVABLES

	June 30, 2018 $	December 31, 2017 $
Trade receivables (a)(b)	**167,732**	230,602
Less: Expected credit loss	**-**	-
Harmonized sales tax receivables	**30,446**	14,080
	198,178	244,682

(a) Trade receivables are entirely due from related entities (Note 14).
(b) Trade receivables are receivable for financial advisory services and management fees performed.

NOTE 6. LOAN RECEIVABLE

On February 8, 2017, the Company made a loan in the amount of $199,925 (USD $150,000) to Amplus LLC, a mining technology company in the United States. The loan is unsecured, matures on February 7, 2019 and accrues interest at 9% per annum. On December 31, 2017, the Company has determined that the full amount of the loan was impaired due to the borrower's difficulty in repaying interest and the unlikelihood of the borrower in making future principal repayments. Accordingly, the principal and interest accrued were written down to nil.

(Expressed in Canadian dollars

NOTE 7. EQUITY AND OTHER INVESTMENTS

	June 30, 2018 **$**	December 31,2017 $
Fair value through profit and loss ("FVTPL")		
Investments in public companies:		
Common shares	**1,216,879**	1,407,141
Warrants	**255,998**	467,534
Investments in a private company:		
Common shares	**668,000**	668,000
Warrants	**293,684**	334,522
Investments in investment funds	**5,342,515**	2,657,866
	7,777,076	5,535,063
Less: current portion	**(3,925,572)**	(4,887,770)
Non-current portion	**3,851,504**	647,293

	Six months **2018** **$**	Six months 2017 $
Balance, beginning of period	**5,535,063**	322,401
Purchase of equity investments	**662,500**	1,864,117
Purchase of investment in funds	**3,204,210**	1,716,315
Disposal of equity investments	**(308,600)**	-
Change in fair value of investments	**(1,316,097)**	180,964
Balance, end of period	**7,777,076**	4,083,797

Warrants
The fair value of the warrants held by the Company was estimated using the Black-Scholes options pricing model and was based on the following assumptions:

	June 30, 2018		December 31, 2017	
	Range	Weighted Average	Range	Weighted Average
Fair value of warrant	\$0.01 to \$0.14	\$0.11	\$0.03 to \$0.34	\$0.15
Stock price	\$0.1 to \$0.32	\$0.19	\$0.2 to \$0.43	\$0.27
Expected life (years)	0.39 to 2.86	1.69	0.88 to 2.31	1.78
Volatility	66% to 196%	142%	63% to 100%	98%
Discount Rate	1.90% to 1.97%	1.91%	1.64% to 1.71%	1.69%

(Expressed in Canadian dollars

NOTE 7. EQUITY AND OTHER INVESTMENTS -CONTINUED

Investment in Funds

The Company invested $1,716,315 in 90,550 Class O units of Gravitas Special Situations Limited Partnership or ("GSSLP"). As at June 30, 2018, the value of this investment was $1,491,011 (December 31, 2017: $2,010,573) and is included in the current portion of equity and other investments. Gravitas Special Situations GP Inc., an 80% subsidiary of Gravitas Financial Inc. is the general partner of GSSLP. The manager of GSSLP is Gravitas Securities Inc., an indirectly owned subsidiary of Gravitas Financial Inc. The limited partners in GSSLP are not entitled to participate in the control of the fund.

$3,851,504 of the investment in investment funds is presented as non-current as at June 30, 2018 (December 31, 2017 - $647,293) due to a lack of redemption rights and poor market liquidity. In May 2018, pursuant to a Partnership Agreement signed, the Company invested USD $2,500,000 into units of Gravitas Zhaojin Gold Industry Fund LP, a Cayman Islands limited partnership. The General Partner of the fund is ZGMI, a 60%-owned subsidiary of the Company.

NOTE 8. PROPERTY AND EQUIPMENT

A continuity of property and equipment of the Company is as follows:

	Furniture and Equipment $	Leasehold Improvements $	Total $
Cost			
Balance at December 31, 2016		-	-
Additions	11,114	66,671	77,785
Balance at December 31, 2017	**11,114**	**66,671**	**77,785**
Additions	2,817	-	2,817
Balance at June 30, 2018	**13,931**	**66,671**	**80,602**
Accumulated depreciation			
Balance at December 31, 2016	-	-	-
Depreciation	2,414	6,667	9,081
Balance at December 31, 2017	**2,414**	**6,667**	**9,081**
Depreciation	3,176	6,667	9,843
Balance at June 30, 2018	**5,590**	**13,334**	**18,924**
Carrying amount			
Balance at December 31, 2016	-	-	-
Balance at December 31, 2017	**8,700**	**60,004**	**68,704**
Balance at June 30, 2018	**8,341**	**53,337**	**61,678**

NOTE 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	June 30, 2018 **$**	December 31, 2017 $
Trade payables and accrued liabilities	**35,747**	158,516
Interest and preferred share dividends payable	**12,026**	9,367
	47,773	167,883

(Expressed in Canadian dollars

NOTE 10. LOAN PAYABLE AND PREFERRED SHARES

	June 30, 2018 **$**	December 31, 2017 $
Bridge loans (a)(c)	**1,731,497**	1,254,500
Preferred share liability (b) (d)	**760,000**	360,000
Balance, end of the period	**2,491,497**	1,614,500
Less: current portion	**(1,731,497)**	(1,254,500)
Non-current portion	**760,000**	360,000

(a) The Company was loaned $1,254,500 (USD $1,000,000) from a third party in the year 2017. The loan matured on June 15, 2018 and carried an interest rate of 18% per annum. On June 15, 2018 the principal due and accumulated interest of US$1,090,000 (CAD$1,431,497) was renewed as a loan with a maturity date of June 14, 2019 that carries an interest rate of 15% per annum.
(b) The Company issued Class A preferred shares totaling $360,000 during the year ended December 31, 2017. These preferred shares carry an interest rate of 8% and are redeemable at the option of the holder, either four or five years from the date of issuance.
(c) The Company received a loan of $300,000 from a third party on February 1, 2018. The loan carries an interest rate of 15% per annum that matures on August 1, 2018 and is due on demand after the maturity date.
(d) The Company issued Class B preferred shares totaling $400,000 during the period ended June 30, 2018. These preferred shares carry an interest rate of 10% and are redeemable at the option of the holder, either four or five years from the date of issuance.

NOTE 11. SHARE CAPITAL

The authorized share capital of the Company is comprised of:

a) An unlimited number of voting common shares;
b) An unlimited number of non-voting Class A preferred shares. The Class A shares feature an 8% cumulative, fixed, annual dividend and a special dividend equal to 30% of the gain on the investment fund that the proceeds of the preferred shares were used to purchase. The special dividend is payable on the winding up of the investee fund. Class A preferred shares are retractable upon the 5th anniversy of the issuance, 50% redeemable on the 4th anniversary of the date of issuance and 100% redeemable on the 5th anniversary of the date of issuance;
c) An unlimited number of non-voting Class B preferred shares. The Class B preferred shares feature a 10% cumulative, fixed annual dividend and a special dividend equal to 4% of the net income of the Company (subject to the Company having achieved net income greater than or equal to $2,000,000 during the two year period from the date of issuance of the Class B preferred shares). The Class B shares are retractable upon the 5th anniversy of the issuance, 50% redeemable on the 4th anniversary of the date of issuance and 100% redeemable on the 5th anniversary of the date of issuance.

As at June 30, 2018, outstanding common shares were 7,591,240 (December 31, 2017: 7,166,240).

NOTE 11. SHARE CAPITAL – CONTINUED

On August 5, 2016, the Company issued 600,000 common shares for cash consideration of $600,000. Gravitas Financial Inc. subscribed for 500,000 shares and an entity controlled by a director of the Company subscribed for 100,000 shares.

On April 25, 2017, the Company issued 2,400,000 common shares for consideration including cash of $1,995,286, settlement of a $304,714 debt owed by the Company and $100,000 for services provided. Gravitas Financial Inc. subscribed for 2,000,000 common shares and an entity controlled by a director of the Company subscribed for 400,000 shares.

On June 26, 2017 the Company issued 2,566,240 common shares to Gravitas Financial Inc. for non-cash consideration including: 90,550 units in an investment fund (Note 7) valued at $1,716,315; a convertible debenture in a public company with a carrying value of $811,867 and; settlement of a debt of $191,654 owed by the Company to Gravitas Financial Inc.

On December 21, 2017 the Company issued 1,600,000 units to its directors and officers and companies controlled by directors and officers for cash consideration of $1,600,000. Each unit is comprised of one common share and one common share purchase warrant of the Company. Each warrant entitles the holder to purchase one common share of the Company at a price of $1 until the expiry date of December 21, 2020. Share issuance costs of $22,566 were paid for the issuance.

The fair value of the warrants has been estimated at the grant date using the Black-Scholes options pricing model using the following assumptions: share price of $1; dividend yield 0%; risk-free interest rate 1.25%; expected annual volatility 93%; and expected life of 3 periods. The fair value of the warrants was estimated at $593,014 using the relative fair value method to allocate total unit proceeds between shares and warrants.

In 2017 the Company issued 36,000 Class A preferred shares for total consideration of $360,000. The preferred shares have been presented as a liability on the condensed interim consolidated statements of financial position.

On January 31, 2018 the Company issued 175,000 units to third party shareholders for cash consideration of $175,000. Each unit is comprised of one common share and one common share purchase warrant of the Company. Each warrant entitles the holder to purchase one common share of the Company at a price of $1 until the expiry date of January 31, 2021.

The fair value of the warrants has been estimated at the grant date using the Black-Scholes options pricing model using the following assumptions: share price of $1; dividend yield 0%; risk-free interest rate 1.67%; expected annual volatility 93%; and expected life of 3 periods. The fair value of the warrants was estimated at $64,946 using the relative fair value method to allocate total unit proceeds between shares and warrants.

In the period ended June 30, 2018 the Company issued 40,000 Class B preferred shares for a total consideration of $400,000. The preferred shares have been presented as a liability on the condensed interim consolidated statements of financial position.

See also Note 20.

NOTE 12. NON-CONTROLLING INTEREST

During 2017, the Company incorporated the subsidiary Zhaojin Gravitas Mining Investment Inc. The Company owns 60% of ZGMI's outstanding shares. The non-controlling interest represents the remaining 40% interest in Zhaojin Gravitas Mining Investment Inc., which was purchased for $153,168 and has a carrying value of $150,176 as of June 30, 2018 (December 31, 2017 - $149,572).

NOTE 13. NET LOSS PER SHARE

Net loss per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted income per share reflects the potential dilution of common share equivalents, such as outstanding share warrants. Net loss per share for the period ended June 30, 2018 totalled $0.28 (2017 - $0.07). The weighted average shares outstanding for six month period ended June 30, 2018 was 7,311,268 (2017 - 1,531,851).

NOTE 14. RELATED PARTY TRANSACTIONS

Parties are considered related if the party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. This would include the Company's and its subsidiaries' senior management. Parties are also related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. The following are the related party transactions during the period ended June 30, 2018 and 2017. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received.

During the period ended June 30, 2018, the Company:

- Incurred $162,155 (2017: $118,824) to directors and senior officers of the Company and its subsidiaries, including the Chief Executive Officer, Chief Financial Officer and Executive Vice Presidents of the Company and its subsidiaries. This amount has been included in salaries and management fees and general and administrative fees. $nil (2017: $nil) was outstanding at period-end.
- Charged $246,165 (2017 - $58,000) of consulting fees plus HST to three entities controlled by Gravitas Financial Inc.
- Was charged $73,578 (2017 - $85,505) of rent plus HST by Gravitas Financial Inc. for use of shared office space.
- Owed $254,376 to Gravitas Financial Inc and an entity controlled by Gravitas Financial Inc.. as at June 30, 2018 (December 31, 2017 - $22,926). The outstanding balance is non-interest bearing, unsecured and due on demand.
- Was charged $nil by Gravitas Financial Inc. for leasehold improvements to the shared office space (2017 - $66,671).
- Paid $nil (2017 - $250,000 to a company controlled by a director of the Company for investments in shares.
- Issued 250,000 (2017 – 6,566,240) common shares to related parties including Gravitas Financial Inc., a company controlled by a director of the Company, the Chief Financial Officer and directors of the Company (Note 11).
- Had advances of $nil (2017 - $199,925; USD $150,000) made to a borrower on the Company's behalf.
- Charged $22,000 to Gravitas Financial Inc. as a recovery of expenses for use of the Company's employees and general resources.

Further details of related party transactions are provided in Notes 11 and 12.

(Expressed in Canadian dollars

NOTE 15. INCOME TAXES

The combined Canadian federal and provincial statutory income tax rate for the period in 2018 was 26.5% (2017 - 26.5%).

During the six-month period ended June 30, 2018, the Company incurred total tax recovery of $15,716 (six-month period ended June 30, 2017: total tax recovery of $4,575).

During the three-month period ended June 30, 2018, the Company incurred total tax recovery of $2,046 (three-month period ended June 30, 2017: $13,397 recovery).

In addition, $12,147 (December 31, 2017: $11,747) and $8,324 (December 31, 2017: $24,440) were reflected in the statement of financial position as income taxes payable and deferred tax liability, respectively.

NOTE 16. FINANCIAL INSTRUMENTS

Fair value measurement

The carrying value of cash, trade and other receivables and accounts payable and accrued liabilities are considered to be a reasonable approximation of the fair value due to the short-term maturity of these instruments. Equity interests in private entities are measured at fair value using subjective measures, including recent share transactions, prices for comparable entities, review of cash flow projections and the company prospects, financial ratios and other discounted cash flow techniques. The carrying value of the loans payable are considered a reasonable approximation of their fair value since they are measured at amortized cost and bear interest at market rates.

The table below summarizes the assets and liabilities that are included at their fair values in the Company's condensed interim consolidated statements of financial position as at June 30, 2018 and December 31, 2017. These assets and liabilities have been categorized into hierarchical levels according to the significance and reliability of the inputs used in determining fair value measurements. The fair value hierarchy has the following levels:

Level 1: Fair value based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs based on at least one significantly non-observable input that is not supported by market data. There is little market activity, if any. Inputs used to determine the fair value require significant management judgment or estimation.

				June 30, 2018
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Common shares in quoted companies	**1,216,879**	**-**	**-**	**1,216,879**
Common shares in private companies	**-**	**-**	**668,000**	**668,000**
Warrants	**-**	**255,998**	**293,684**	**549,682**
Investment fund units	**-**	**5,342,515**	**-**	**5,342,515**
	1,216,879	**5,598,513**	**961,684**	**7,777,076**

(Expressed in Canadian dollars

NOTE 16. FINANCIAL INSTRUMENTS – CONTINUED

Fair value measurement

				December 31, 2017
	Level 1 $	Level 2 $	Level 3 $	Total $
Common shares in quoted companies	1,407,141	-	-	1,407,141
Common shares in private companies	-	-	668,000	668,000
Warrants	-	467,534	334,522	802,056
Investment fund units	-	2,657,866	-	2,657,866
	1,407,141	3,125,400	1,002,522	5,535,063

The Company’s warrants and investment fund units are classified within Level 2 of the fair value hierarchy, except for warrants in private companies, which are classified within Level 3. The fair value of warrants is determined using the Black-Scholes options pricing model, which includes the volatility and price of the companies in which the Company invested. The fair value of the investment fund units is based on the net asset value (“NAV”) of the units held, as calculated by a service provided external to the fund.

The following table summarizes the changes in Level 3 investments for the period ended June 30, 2018 and the year ended December 31, 2017:

	Period ended June 30, 2018 **$**	Period ended June 30, 2017 $
Total Level 3 fair value, beginning of period	**1,002,522**	-
Purchased	**-**	501,000
Change in fair value of Level 3 investments	**(40,838)**	537,135
Total Level 3 fair value, end of period	**961,684**	1,038,135

The Company holds Level 3 investments in which there is uncertainty in estimating the fair value stemming from lack of market quotations. Level 3 investments require judgment in reviewing unobservable inputs when determining fair value. As at June 30, 2018, the Company has investments of $961,684 (December 31, 2017 - $1,002,522) in Level 3 investments. The fair values of these investments were determined using a market approach, utilizing several key valuation techniques which include a review of market conditions, valuation models and trends of underlying market sectors.

For Level 3 investments in warrants, the inputs used can be highly judgmental and include the current share price of the investee and estimated volatility of the underlying share price. The fair value of Level 3 shares was determined by reference to recent financing transactions completed by the investee. A +/- 25% change in the fair value of these investments will result in a corresponding +/- $240,421 (2017 - $250,631) change in the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly, given the investments’ terms and circumstances. The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair values of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company’s view of expected future changes in the fair values of these investments.

(Expressed in Canadian dollars

NOTE 17. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts related to changes in the economic environment and the underlying risks of its assets. In its definition of capital, the Company includes preferred shares and equity (retained earnings). The following table shows the items included in the definition of capital. There has been no change with respect to the Company's overall capital management strategy during the period ended June 30, 2018.

	June 30, 2018 $	December 31, 2017 $
Preferred shares	**760,000**	360,000
Retained earnings (deficit)	**(1,714,355)**	452,566
	(954,355)	812,566

NOTE 18. FINANCIAL INSTRUMENTS RISK

The Company is exposed to various risks through its financial instruments and the following analysis provides a measure of these risks.

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk is primarily related to trade and other receivables and loans. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	June 30, 2018 $	December 31,2017 $
Cash	**915,276**	3,892,455
Short term investment in GIC	**20,000**	-
Trade and other receivables	**198,178**	244,682
	1,133,454	4,137,137

The credit risk regarding cash and cash equivalents is considered to be negligible since the counterparties are reputable banks with an investment grade external credit rating.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations with financial liabilities that would be settled either by delivering cash or another financial asset. The Company has current assets of $5,059,026 which will be used to cover all operating and investing activities. The expected timing of consolidated cash flows relating to financial liabilities as at June 30, 2018, are as follows:

	Less than 1 year $	**1-5 years $**	**Total $**
Accounts payable and accrued liabilities	47,773	-	47,773
Loan payable	1,731,497	-	1,731,497
Income tax payable	12,147	-	12,147
Due to related party	254,376	-	254,376
Preferred shares	-	760,000	760,000
	2,045,793	**760,000**	**2,805,793**

NOTE 18. FINANCIAL INSTRUMENTS RISK – CONTINUED

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to the following three types of market risk: currency risk, interest rate risk, gold price risk and other price risk.

Currency risk – Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates relative to the Company's functional currency, the Canadian dollar. The Company does not hedge its foreign exchange risk. A 10% change in either direction of the United States dollar exchange rate would have changed the net income for the six months in 2018 by $91,388 (2017 - $nil).

Interest rate risk – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Had the interest rate been 1% higher throughout the period ended June 30, 2018, net income would not have changed significantly.

Gold price risk – The Company invests in public and private companies that are focused on exploring and mining gold. A change in gold price may significantly affect the performance of these investments.

Other price risk – The Company is exposed to fluctuations in the market prices of its investments in quoted companies. The fair value of the investments in quoted companies represents the maximum exposure to price risk. As at June 30, 2018, a 10% change in the closing price of publicly traded common shares held by the Company would have changed the net income and comprehensive income by $187,468 (December 31, 2017 - $140,714).

NOTE 19. COMMITMENTS

Pursuant to a Partnership Agreement, the Company has committed to invest a total of USD $1,000,000 in Zijin Midas Exploration Fund (a Cayman Islands limited partnership), of which USD $500,000 has been invested as at June 30, 2018. The balance of USD $500,000 is expected to be invested before December 31, 2018.

NOTE 20. SUBSEQUENT EVENTS

Subsequent to June 30, 2018 the Company raised a total of $250,000 through the issuance of 250,000 units for cash consideration of $1 per unit. Each unit is comprised of one common share and one common share purchase warrant of the Company. Each common share purchase warrant entitles the holder to purchase one common share of the Company at $1 until the expiry date of three years from the date of issuance.

Subsequent to June 30, 2018 the Company issued 250,000 units which were presented as "Shares to be issued" in the interim condensed consolidated statements of changes in equity as at June 30, 2018. Each unit is comprised of one common share and one common share purchase warrant of the Company. Each warrant entitles the holder to purchase one common share of the Company at a price of $1 until the expiry date of three years from the date of issuance.

On July 1, 2018, the Company purchased 80% of the outstanding common shares of Gravitas Special Situations GP Inc. from its parent company, Gravitas Financial Inc., for total consideration of $1. Gravitas Financial Inc. is entitled to all net accrued fees earned by Gravitas Special Situations GP Inc. up to and including June 30, 2018.

NOTE 20. SUBSEQUENT EVENTS- CONTINUED

On October 10, 2018, the Company renegotiated the terms of its outstanding USD $1 million loan payable, as it had matured. The amended terms include a maturity date of June 14, 2019, with an interest rate of 15% per annum from June 15, 2018 to maturity. The principal US$1,000,000 plus interest accrued of US$90,000 as at June 15, 2018 became the new principal of the loan on June 15, 2018 when the original loan was renewed.

In October 2018, the Company renegotiated the terms of its outstanding CAD $300,000 loan payable, as it had matured. The amended terms include a maturity date of July 31, 2020, with an interest rate of 8% per annum from August 1, 2018 to maturity.

ITEM 13 – DATE AND CERTIFICATE

Dated: November 23, 2018

This Offering Memorandum does not contain a misrepresentation.

On behalf of the management of the Corporation:

(signed) "David Carbonaro"

Name: David Carbonaro
Title: Chief Executive Officer and President

(signed "Yongbiao (Winfield) Ding"

Name: Yongbiao (Winfield) Ding
Title: Chief Financial Officer

On behalf of the board of directors of the Corporation:

(signed) "Vikas Ranjan"

Name: Vikas Ranjan
Title: Director and Executive Vice-President

(signed) "Patrick Sapphire"

Name: Patrick Sapphire
Title: Director and Executive Vice-President