Condensed Interim Consolidated Financial Statements of

NORTHFIELD CAPITAL CORPORATION

For The Three Months Ended

March 31, 2016

Unaudited

NORTHFIELD CAPITAL CORPORATION

For Three Months Ended

March 31, 2016

(Unaudited)

NOTICE TO SHAREHOLDERS

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Northfield Capital Corporation. ("**Northfield**") have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (a) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (b) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of Northfield, as of the date of and for the period presented by the unaudited condensed interim consolidated financial statements. The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of Northfield and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of Northfield. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of Northfield for issuance to the shareholders. Management recognizes its responsibility for conducting Northfield’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(Signed) "Robert D. Cudney"
Chief Executive Officer

(Signed) "Brent J. Peters"
Vice President, Finance

AUDITOR INVOLVEMENT

The unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2016 have not been reviewed by Northfield's auditors.

NORTHFIELD CAPITAL CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

(Unaudited)

As at	March 31, 2016	December 31, 2015
ASSETS		
Cash and cash equivalents	**$ 18,011,245**	$ 17,880,038
Receivables	**618,106**	475,384
Marketable securities - fair value through profit or loss *(note 4)*	**19,764,026**	19,836,259
Other investments - available for sale *(note 5)*	**26,277,671**	23,620,339
Loan to joint venture *(note 6)*	**902,552**	882,625
Deferred taxes	**2,546,499**	2,996,838
Prepaid expenses and deposits	**661,864**	475,513
Property and equipment	**101,517**	101,665
	$ 68,883,480	$ 66,268,661
LIABILITIES		
Accounts payable and accrued liabilities	**$ 44,306**	$ 44,263
Financial guarantee contract *(note 7)*	**550,412**	550,412
	594,718	594,675
SHAREHOLDERS' EQUITY		
Share capital *(note 8(b))*	**4,106,809**	4,193,295
Contributed surplus *(note 8(b))*	**42,831**	42,831
Retained earnings	**58,838,434**	58,516,798
Accumulated other comprehensive income	**5,032,338**	2,600,071
	68,020,412	65,352,995
Non-controlling interest	**268,350**	320,991
	68,288,762	65,673,986
	$ 68,883,480	$ 66,268,661

Contingencies and commitments *(note 14)*

See accompanying notes to unaudited condensed interim consolidated financial statements

NORTHFIELD CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
Expressed in Canadian Dollars
(Unaudited)

For the three months ended March 31,		2016		2015
Revenue *(note 12)*	**$**	**1,552,898**	$	2,469,538
Operating expenses				
Administrative		**444,727**		519,757
Amortization		**148**		196
Equity loss and impairment on investment in joint venture *(note 6)*		**-**		37,573
		444,875		557,526
Income before income taxes		**1,108,023**		1,912,012
Income tax provision		**94,730**		419,964
Net income for the period	**$**	**1,013,293**	$	1,492,048
Net income (loss) for the period attributable to:				
Shareholders	**$**	**1,065,934**	$	1,492,048
Non-controlling interest		**(52,641)**		-
	$	**1,013,293**	$	1,492,048
Net income per share attributable to shareholders:				
Basic and diluted	**$**	**0.42**	$	0.57
Weighted average Class A and Class B Shares outstanding during the period				
Basic and diluted		**2,534,705**		2,629,105

See accompanying notes to unaudited condensed interim consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Expressed in Canadian Dollars
(Unaudited)

		2016		2015
Net income for the period	**$**	**1,013,293**	$	1,492,048
Item that will be reclassified subsequently to net income				
Available for sale investments				
Unrealized income, net of tax		**3,311,854**		2,659,168
Reclassification of realized gains to net income, net of tax		**(879,587)**		(594,575)
Other comprehensive income for the period, net of tax		**2,432,267**		2,064,593
Comprehensive income for the period	**$**	**3,445,560**	$	3,556,641
Comprehensive income for the period attributable to:				
Shareholders	**$**	**3,498,201**	$	3,556,641
Non-controlling interest		**(52,641)**		-
	$	**3,445,560**	$	3,556,641

See accompanying notes to unaudited condensed interim consolidated financial statements

NORTHFIELD CAPITAL CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Expressed in Canadian Dollars
(Unaudited)

	Class A Restricted Voting Shares		Class B Multiple Voting Shares							
	Shares	Amount	Shares	Amount	Total share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Non-controlling interest	Total shareholders' equity
Balance at December 31, 2014	**2,625,385**	**$ 4,252,018**	**3,720**	**$ 7,680**	**$ 4,259,698**	**$ 42,831**	**$ 62,816,462**	**$ 5,281,650**	**$ -**	**$ 72,400,641**
Shares repurchased for cancellation	(6,700)	(10,855)	-	-	(10,855)	-	(111,610)	-	-	(122,465)
Comprehensive income	-	-	-	-	-	-	1,492,048	2,064,593	-	3,556,641
Balance at March 31, 2015	**2,618,685**	**4,241,163**	**3,720**	**7,680**	**4,248,843**	**42,831**	**64,196,900**	**7,346,243**	**-**	**75,834,817**
Shares repurchased for cancellation	(34,300)	(55,548)	-	-	(55,548)	-	(577,021)	-	-	(632,569)
Acquisition of shareholdings of Distillery Network	-	-	-	-	-	-	(86,094)	-	569,345	483,251
Comprehensive loss	-	-	-	-	-	-	(5,016,987)	(4,746,172)	(248,354)	(10,011,513)
Balance at December 31, 2015	**2,584,385**	**4,185,615**	**3,720**	**7,680**	**4,193,295**	**42,831**	**58,516,798**	**2,600,071**	**320,991**	**65,673,986**
Shares repurchased for cancellation	(53,400)	(86,486)	-	-	(86,486)	-	(744,298)	-	-	(830,784)
Comprehensive income	-	-	-	-	-	-	1,065,934	2,432,267	(52,641)	3,445,560
Balance at March 31, 2016	**2,530,985**	**$ 4,099,129**	**3,720**	**$ 7,680**	**$ 4,106,809**	**$ 42,831**	**$ 58,838,434**	**$ 5,032,338**	**$ 268,350**	**$ 68,288,762**

See accompanying notes to unaudited condensed interim consolidated financial statements

NORTHFIELD CAPITAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in Canadian Dollars

(Unaudited)

For the three months ended March 31,	**2016**	2015
Cash provided by (used in)		
Operations		
Net income for the period	**$ 1,013,293**	$ 1,492,048
Items not involving current cash flows *(note 9(a))*	**(1,159,144)**	(1,667,260)
Net change in other non-cash balances *(note 9(b))*	**(329,030)**	(6,610)
	(474,881)	(181,822)
Investing		
Purchase of marketable securities	**(775,254)**	(2,259,470)
Proceeds on disposal of marketable securities	**785,330**	2,418,240
Purchase of other investments	**(842,532)**	(1,944,057)
Proceeds on disposal of other investments	**2,269,328**	1,546,846
	1,436,872	(238,441)
Financing		
Shares repurchased for cancellation	**(830,784)**	(122,465)
	(830,784)	(122,465)
Change in cash and cash equivalents	**131,207**	(542,728)
Cash and cash equivalents, beginning of period	**17,880,038**	20,483,454
Cash and cash equivalents, end of period	**$ 18,011,245**	$ 19,940,726

Supplementary cash flow information *(note 9)*

See accompanying notes to unaudited condensed interim consolidated financial statements

1. NATURE OF OPERATIONS

Northfield Capital Corporation ("**Northfield**") is a publicly traded company incorporated under the laws of the Province of Ontario, with investment interests in resource, transportation, manufacturing and technology sectors. Northfield's Class A Restricted Voting Shares are listed on the TSX Venture Exchange under the symbol "NFD.A".

The address of Northfield's registered head office is 141 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 3L5.

The condensed interim consolidated financial statements as at and for the three months ended March 31, 2016 have been approved for issue by the Board of Directors on May 30, 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

Northfield's unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"), and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("**IAS 34**") as issued by the IASB. Accordingly, they do not include all of the information required for full annual consolidated financial statements as required by IFRS. These unaudited condensed interim consolidated financial statements should be read in conjunction with Northfield's audited annual consolidated financial statements for the year ended December 31, 2015.

These unaudited condensed interim consolidated financial statements have been prepared on the basis of IFRS standards that were in effect at March 31, 2016 and these accounting policies have been applied consistently to all periods presented in these unaudited condensed interim consolidated financial statements.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are entities over which Northfield has control, where control is defined as the power to govern financial and operating policies. Generally, Northfield has a shareholding of more than one half of the voting rights in its subsidiaries. The effect of potential voting rights that are currently exercisable are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date control is transferred to Northfield, and are de-consolidated from the date control ceases.

The consolidated financial statements comprise the accounts of Northfield and the assets, liabilities, revenues and expenses of its controlled subsidiary, Distillery Network Inc., after the elimination of all material intercompany balances and transactions. At March 31, 2016, Northfield had 52% ownership of Distillery Network Inc., a company incorporated in 2015 which is currently in the growth and development stage of spirit distillery.

(c) Changes in accounting policies

Northfield has not adopted any new or revised standards during the three months ended March 31, 2016.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Recent accounting standards

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after March 31, 2016 or later periods. Many are not applicable or do not have a significant impact to Northfield and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine the impact on Northfield:

(i) IFRS 9, Financial Instruments ("**IFRS 9**") was issued by the IASB in October 2010 and will replace IAS 39, Financial Instruments: Recognition and Measurement ("**IAS 39**"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The effective date for the application of IFRS 9 is January 1, 2018;

(ii) IFRS 15 - Revenue from Contracts with Customers – The standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets From Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption; and

(iii) IFRS 16 - Leases – In January 2016 the International Accounting Standards Board issued IFRS 16, Leases, which specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Consistent with its predecessor, IAS 17 the new lease standard continues to require lessors to classify leases as operating or finance. IFRS 16 is to be applied retrospectively for annual periods beginning on or after January 1, 2019. Earlier application is permitted if IFRS 15 Revenue from contract with customers has also been applied.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these unaudited condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Expressed in Canadian Dollars

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(a) Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) fair value of financial assets and financial liabilities on the consolidated statement of financial position that cannot be derived from active markets, are determined using a variety of techniques that include 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 consideration of model inputs such as volatility, estimated life and discount rates;

(ii) impairment losses of available for sale and equity accounted investments and loans and advances. Northfield reviews debt securities and investments and records an impairment charge when there has been a significant or prolonged decline in the fair value below their cost or any other observable data indicating impairment. The determination of what is significant or prolonged decline requires judgment. Northfield evaluates historical share price movements and the duration and extent to which the fair value of an investment is less than its cost;

(iii) deferred taxes recognized in respect of tax losses to the extent that it is probable that taxable profit will be available against which losses can be utilized. Estimates are used to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies; and

(iv) impairment losses of the receivables. Northfield reviews the collectability of the receivables and records an impairment charge when there is significant doubt that a receivable, or a portion of a receivable, is determined to be uncollectible, which requires the use of estimates.

(b) Critical accounting judgments

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy choice which involves judgments or assessments made by management.

4. MARKETABLE SECURITIES

	March 31, 2016		December 31, 2015	
	Fair Value	**Cost**	Fair Value	Cost
Term deposits - FVTPL[1]	**$ 1,000,000**	**$ 1,000,000**	$ 1,000,000	$ 1,000,000
Marketable securities - FVTPL	**18,029,616**	**28,289,670**	17,789,224	27,559,495
Warrants - FVTPL	**734,410**	**-**	1,047,035	-
	$ 19,764,026	**$ 29,289,670**	$ 19,836,259	$ 28,559,495

[1] Fair Value Through Profit or Loss ("**FVTPL**")

5. OTHER INVESTMENTS

	March 31, 2016		December 31, 2015	
	Fair Value	**Cost**	Fair Value	Cost
Other investments - AFS[1][2]	**$ 26,277,671**	**$ 20,492,593**	$ 23,620,339	$ 20,623,140

[1] Available for Sale ("**AFS**")
[2] Includes $116,290 of equity instruments recorded at cost (December 31, 2015 - $91,290)

Expressed in Canadian Dollars

6. INVESTMENT IN JOINT VENTURE

As at March 31, 2016, Northfield had 49% ownership in The Grange of Prince Edward Inc. (the "**Grange**") (December 31, 2015 - 49% ownership), however, under the terms of the shareholder agreement, Northfield had joint control of the board of directors. The Grange is a private company incorporated under the laws of the Province of Ontario and operates a vineyard and winery in Prince Edward County, Ontario.

As at	**March 31, 2016**	December 31, 2015
The Grange of Prince Edward Inc.		
Common shares	**$ 3,880,000**	$ 3,880,000
Share of equity loss	**(2,291,560)**	(2,291,560)
Write-down of equity investment in joint venture	**(1,588,440)**	(1,588,440)
	$ -	$ -

During the year ended December 31, 2015, Northfield determined the net carrying amount of its investment in the Grange was impaired. As a result, a write-down of equity investment of $1,588,440 was recorded in the previous year as management does not expect to recover this investment.

As at March 31, 2016, the total of loans and interest thereon is $902,552 (December 31, 2015 - $882,625). The loans are unsecured, bear interest at 10%, are payable upon demand and have been disclosed as a loan to joint venture on the consolidated statement of financial position as at March 31, 2016.

During the year ended December 31, 2015, management made a determination to cease its financial support and funding of the ongoing operations of the Grange and filed a statement of claim in order to recover the amount of its loan.

Accordingly, there was significant uncertainty relating to the recoverability of the Company's equity investment and loan. Management determined that it is unlikely to be able to recover the carrying amount of its equity investment and as a result wrote it off at December 31, 2015. The carrying value of the loan has not been impaired, as management expects to recover the amount owing in full.

7. CREDIT FACILITIES

Northfield has a line of credit available to a maximum of $1,000,000. At March 31, 2016, $nil was drawn (December 31, 2014 - $nil). The line of credit is subject to certain financial covenants. Interest is calculated at the bank's prime rate of interest plus 1.25%. The effective rate at March 31, 2016 was 3.95% (December 31, 2015 - 3.95%).

Northfield has entered into a financial guarantee contract in which 50% of the long-term debt and operating line of credit with the Grange's bank *(note 6)* has been guaranteed. The total outstanding debt under the financial guarantee at March 31, 2016 was $1,100,000 (December 31, 2015 - $1,100,000). The nature of the guarantee is such that 50% of this debt will be payable by Northfield on demand by the debtor. The fair value of the financial guarantee contract at March 31, 2016 was $550,412 (December 31, 2015 - $550,412).

From time to time Northfield may maintain overdraft positions, in margin accounts with various brokers, that are secured by certain marketable securities. The maximum amount available is dependent on the securities held in the account. Interest is calculated at the brokers' prime rate of interest plus 1.5% to 2%. At March 31, 2016, Northfield had outstanding margin loans of $95,532 (December 31, 2015 - $nil).

Expressed in Canadian Dollars

8. SHARE CAPITAL

(a) Authorized Capital

Unlimited number of:

Class A Shares - Restricted Voting

Class B Shares - Multiple Voting - having 500 votes per share, convertible into one Class A Share; ownership is restricted to Robert Cudney, the President, Chief Executive Officer, and a Director of Northfield

200,000 Preference Shares - Voting

(b) Issued

Class A Shares	Number of shares	Consideration	Contributed surplus
Balance - December 31, 2015	2,584,385	$ 4,185,615	$ 42,831
Shares repurchased for cancellation	(53,400)	(86,486)	-
Balance - March 31, 2016	2,530,985	$ 4,099,129	$ 42,831

Class B Shares	Number of shares	Consideration	Contributed surplus
Balance - December 31, 2015 and March 31, 2016	3,720	$ 7,680	$ -
Total Class A and Class B Shares	**2,534,705**	**$ 4,106,809**	**$ 42,831**

At March 31, 2016, the 23,400 treasury shares were held by the Company. The shares were cancelled subsequent to period end.

(c) Options

Northfield has a stock option plan (the "**Plan**") in place under which the Board of Directors may grant options to acquire up to 490,000 Class A Shares of Northfield to qualified Directors, Officers, employees and other ongoing service providers. The exercise price of options issued may not be less than the fair market value of the Class A Shares at the time the option is granted. The options are non-assignable and may be granted for a term not exceeding five years. Options issued under the Plan may vest at the discretion of the Board of Directors and must vest over a period of at least 18 months and must be released in equal stages on a quarterly basis. The number of Class A Shares reserved for issuance to any one person upon the exercise of options may not exceed 5% of the issued and outstanding Class A Shares at the date of such grant.

No options were granted, expired, exercised or outstanding during the three months ended March 31, 2016.

Expressed in Canadian Dollars

9. STATEMENT OF CASH FLOWS

(a) Items not involving current cash flows:

For the three months ended March 31,		2016		2015
Income tax provision	$	94,730	$	419,964
Amortization		148		196
Gain on sale of marketable securities		(7,771)		(36,769)
Accrued interest income		(30,349)		-
Unrealized gain on FVTPL investments		(201,969)		(1,402,835)
Gain on sale of other investments		(1,013,933)		(685,389)
Equity loss and impairment on equity accounted investment		-		37,573
	$	(1,159,144)	$	(1,667,260)

(b) Net change in other non-cash balances:

For the three months ended March 31,		2016		2015
Receivables	$	(142,722)	$	3,691
Prepaid expenses and deposits		(186,351)		-
Accounts payable and accrued liabilities		43		(10,301)
	$	(329,030)	$	(6,610)

(c) Supplemental information

For the three months ended March 31,		2016		2015
Interest income received	$	41,946	$	97,376
Interest paid	$	4,028	$	4,151

10. RELATED PARTY TRANSACTIONS

(a) Executive Management Compensation

Executive management's compensation consisted of consulting fees paid in cash of $80,000 for the three months ended March 31, 2016 (2015 - $80,000).

(b) Executive Management Transactions

The aggregate value of transactions and outstanding balances relating to executive management and entities over which they have control or significant influence were as follows:

			Transaction value for the three months ended March 31,			
Office held	**Transaction**	*Note*		**2016**		2015
President, CEO and Director	Consulting fees	(1)	$	47,500	$	47,500
VP Finance	Consulting fees	(2)	$	32,500	$	32,500
	Office rent	(2)	$	16,991	$	16,991

Expressed in Canadian Dollars

10. RELATED PARTY TRANSACTIONS (continued)

(b) Executive Management Transactions (continued)

(1) During the three months ended March 31, 2016, Northfield paid consulting fees of $47,500 (three months ended March 31, 2015 - $47,500) to RDC Resource Investments Inc., a company controlled by Robert Cudney, the President, Chief Executive Officer and a Director of Northfield. At March 31, 2016, the balance owed was $nil (December 31, 2015 - $nil).

(2) During the three months ended March 31, 2016, Northfield paid consulting fees and rent of $32,500 (three months ended March 31, 2015 - $32,500) and $16,991 (three months ended March 31, 2015 - $16,991), respectively, to 1249687 Ontario Ltd., a company controlled by Brent Peters, the VP Finance of Northfield. At March 31, 2016, the balance owed was $nil (December 31, 2015 - $nil).

The remuneration of key executives is determined by the Compensation Committee having regard to the performance of individuals and market trends.

These transactions have been recorded at the exchange amount, which is the consideration paid as established and agreed to by the related parties.

11. CAPITAL MANAGEMENT

Northfield includes the following in its capital:

As at,	**March 31, 2016**	December 31, 2015
Shareholders' equity comprised of		
Share capital	**$ 4,106,809**	$ 4,193,295
Contributed surplus	**42,831**	42,831
Retained earnings	**58,838,434**	58,516,798
Accumulated other comprehensive income	**5,032,338**	2,600,071
	$ 68,020,412	$ 65,352,995

There were no changes to Northfield's capital management objectives during the period. Northfield's objectives when managing capital are:

(a) to ensure that Northfield maintains the level of capital necessary to meet the requirements of its brokers and bank;

(b) to allow Northfield to respond to changes in economic and/or marketplace conditions by maintaining Northfield's ability to purchase new investments;

(c) to give shareholders sustained growth in shareholder value by increasing shareholders' equity; and

(d) to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

There were no changes to the way Northfield manages its capital structure during the period. Northfield manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk of its underlying assets. Northfield has the ability to maintain or adjust its capital level to enable it to meet its objectives by:

(a) realizing proceeds from the disposition of its investments;

(b) utilizing leverage in the form of margin (due to brokers), Northfield's bank credit line (bank indebtedness), long-term debt from financial lenders and financial guarantees;

(c) raising capital through equity financings; and

(d) purchasing Northfield's own shares for cancellation pursuant to its normal course issuer bid.

Expressed in Canadian Dollars

12. REVENUE

For the three months ended March 31,	2016	2015
Gain on sale of other investments	$ **1,013,933**	$ 685,389
Investment and other income	**329,225**	344,545
Unrealized gain on FVTPL investments	**201,969**	1,402,835
Gain on sale of marketable securities	**7,771**	36,769
	$ **1,552,898**	$ 2,469,538

13. FINANCIAL INSTRUMENTS

The investment operations of Northfield's business involve the purchase and sale of securities and, accordingly, the majority of Northfield's assets are currently comprised of financial instruments. The use of financial instruments can expose Northfield to several risks, including liquidity, market and interest risks. A discussion of Northfield's use of financial instruments and their associated risks is provided below. There has been no change to Northfield's risk management policies or processes during the year.

(a) Liquidity risk

Liquidity risk is the risk that Northfield will have sufficient cash resources to meet its financial obligations as they come due. Northfield's liquidity and operating results may be adversely affected if Northfield's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to Northfield, or if the value of Northfield's investments declines, resulting in losses upon disposition. Northfield generates cash flow primarily from its financing activities and proceeds from the disposition of its investments, in addition to interest and dividend income earned on its investments. Northfield has sufficient marketable securities which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions. All outstanding financial liabilities as at March 31, 2016 are due within one year except for the financial guarantee contract *(note 7)*.

From time to time Northfield uses financial leverage (or "margin") when purchasing investments. Trading on margin allows Northfield to borrow part of the purchase price of the investments (using marginable investments as collateral), rather than pay for them in full. Buying on margin allows Northfield to increase its portfolio size by increasing the number and amount of investment through leverage. However, if the market moves against Northfield's positions and Northfield's investments decline in value, Northfield may be required to provide additional funds to its brokers, which could be substantial. Given the nature of Northfield's business, Northfield may not have sufficient cash on hand to meet margin calls and may be required to liquidate investments prematurely and/or at a loss, in order to generate funds needed to satisfy Northfield's obligations. Furthermore, if Northfield is unable to provide the necessary funds within the time required, Northfield's marginable investments may still be liquidated at a loss by its brokers to meet the obligations (and Northfield may still be required to make up any additional shortfall in funds thereafter).

Northfield has at times borrowed funds from other sources to meet its obligations, but there can be no assurances that such funds will be available in the future, or available on reasonable terms, and the absence of available funding and/or the sale of Northfield's investments in order to meet margin calls could have a materially adverse impact on Northfield's operating results.

As at March 31, 2016, based on typical margin requirements Northfield had available margin of approximately $16,220,000 from its brokers, of which Northfield was using $95,532 (December 31, 2015 - $nil). Northfield manages this risk by not over extending the use of margin. As at March 31, 2016 the estimated sensitivity of Northfield's available margin from a 10% decrease in the closing price of Northfield's investments with all other variables held constant would reduce the available margin to $13,250,000.

Expressed in Canadian Dollars

13. FINANCIAL INSTRUMENTS (continued)

(b) Market risk

Market risk is the risk that the fair value of, or future cash flows from Northfield's financial instruments will significantly fluctuate because of changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, equity and commodity prices. Northfield is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

The following table shows the estimated sensitivity of Northfield's after-tax net comprehensive income for the three months ended March 31, 2016 from a change in closing price of Northfield's investments with all other variables held constant as at March 31, 2016:

Percentage of change in closing prices	Change in comprehensive income (net of tax) from % increase in closing price	Change in comprehensive income (net of tax) from % decrease in closing price
Investments FVTPL		
5%	$ 857,264	$ (857,264)
10%	$ 1,714,530	$ (1,714,530)
Investments AFS		
5%	$ 1,134,750	$ (1,134,750)
10%	$ 2,269,500	$ (2,269,500)

(c) Interest rate risk

Interest rate risk is the impact that changes in interest rates could have on Northfield's earning and liabilities. As at March 31, 2016, Northfield had access to credit facilities comprised of due to brokers and bank indebtedness (collectively "interest risk liabilities"), which bore interest at rates fluctuating with the prime rate or overnight lending rate. From time to time Northfield uses these facilities, and at March 31, 2016 the amount outstanding was $95,532 (December 31, 2015 - $nil). The interest bearing liabilities can be repaid by Northfield at any time without notice or penalty, which provides Northfield with some ability to manage and mitigate its interest risk.

Northfield invests in fixed income securities and high interest savings accounts that are subject to interest rate price risk resulting from changes in fair value from market fluctuations in interest rates. To minimize this risk, all fixed income securities and high interest savings accounts held by Northfield as at March 31, 2016 are redeemable upon demand.

(d) Credit risk

Credit risk is the risk of financial loss to Northfield if a counter party to a financial instrument fails to meet its payment obligations. Northfield is exposed to credit risk with respect to its cash and cash equivalents, receivables and advance to joint venture.

Northfield's credit risk is primarily attributable to cash and cash equivalents and receivables. Management believes that the credit risk concentration with respect to cash and cash equivalents is remote as it maintains accounts with highly-rated financial institutions and brokerage firms. During the year, the Company demanded repayment of its loan to its joint venture. As the amount was unable to be repaid, it was assessed for impairment (see note 6).

13. FINANCIAL INSTRUMENTS (continued)

(e) Currency risk

Currency risk is the risk that the fair value of, or future cash flows from Northfield's financial instruments will fluctuate because of changes in foreign exchange rates. Some of Northfield's investments are denominated in foreign currencies and are therefore exposed to foreign exchange fluctuations. Northfield believes it is not significantly exposed to currency risk as these investments comprise approximately 10% of Northfield's total investments. Consequently, fluctuations of the United States dollar in relation to Canadian dollar impact the fair value of financial assets and operating results. Financial assets subject to currency translation risk primarily include United States dollar denominated cash and marketable securities - FVTPL.

For the three months ended March 31, 2016, management estimates that if the United States dollar had strengthened or weakened by 10% against the Canadian dollar, assuming all other variables remained constant, net income for the period would have increased or decreased by approximately $477,000 (December 31, 2015 - $530,000).

(f) Fair value

Northfield has determined the fair value of its financial instruments as follows:

(i) The carrying values of cash and cash equivalents, receivables, loan to joint venture, accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.

(ii) Investments are carried at amounts in accordance with Northfield's accounting policies, except certain AFS investments for which there is no active market, which are carried at cost unless there is an investment which management considers impaired. The fair value of securities that do not have a quoted market price in an active market (private company investments) cannot be reliably measured due to the significant variability in the range of reasonable fair values for these instruments and the inability to assign probabilities to a range of fair value estimates. The market for these financial instruments is a private equity market. The entity intends to dispose of these financial instruments by way of transfer of ownership, if possible.

(iii) Fair value of the financial guarantee contract is determined by present valuing the probability of default over the subsequent five years.

(g) Fair value hierarchy

Northfield adopted the accounting standards associated with financial instruments resulting in a three-tier categorization as a framework for disclosing fair value based upon inputs used to value Northfield's investments. The hierarchy is summarized as:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data. For options and warrants which are not traded on a recognized securities exchange and where there are sufficient and reliable observable market inputs, the Black-Scholes model for valuation is used.

Level 3 – inputs for assets and liabilities not based upon observable market data.

Expressed in Canadian Dollars

13. FINANCIAL INSTRUMENTS (continued)

(g) Fair value hierarchy (continued)

As at		**March 31, 2016**		December 31, 2015
Level 1	**$**	**63,217,798**	$	60,211,644
Level 2		**718,854**		1,033,702
Level 3		**(550,412)**		(550,412)
	$	**63,386,240**	$	60,694,934

No investments were transferred between Level 1, Level 2 or Level 3 during the three months ended March 31, 2016.

The fair value of the financial guarantee contract *(note 7)* included in Level 3 is estimated at its fair value of $550,412 (December 31, 2015 - $550,412), being 50% of the long-term debt and operating line of credit with the Grange's bank *(note 6)*. The total outstanding debt under the financial guarantee at March 31, 2016 was $1,100,000 (December 31, 2015 - $1,100,000). The nature of the guarantee is such that 50% of this debt will be payable by Northfield on demand by the debtor.

During the three months ended March 31, 2016, the reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

Balance - December 31, 2015 and March 31, 2016	**$**	**(550,412)**

(h) Categories of financial instruments

The carrying amounts of each of Northfield's categories of financial instruments are as follows:

As at		**March 31, 2016**		December 31, 2015
FVTPL	**$**	**37,224,859**	$	37,165,885
AFS - Fair value	**$**	**26,161,381**	$	23,529,049
AFS - Cost	**$**	**116,290**	$	91,290
Loans and receivables	**$**	**1,500,731**	$	1,358,008
Financial liabilities	**$**	**594,718**	$	594,675

Expressed in Canadian Dollars

14. CONTINGENCIES AND COMMITMENTS

In the normal course of operations, certain contingencies may arise relating to legal actions undertaken against Northfield. In the opinion of management, the outcome of such potential legal actions will not have a material adverse effect on Northfield's results of operations, liquidity or its financial position.

Northfield is committed to and contingently liable for annual rental payments for premises, equipment and other commitments as follows:

2016	$ 177,209
2017	233,646
2018	215,017
2019	217,205
2020	219,393
2021	109,697
	$ 1,172,167

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation. Such reclassifications did not affect total comprehensive income or shareholders' equity.