Lorne Park Capital Partners Inc.

Interim Condensed Consolidated Financial Statements (Unaudited)

As at June 30, 2017

Interim condensed consolidated financial Statements

Auditor’s Involvement

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3)(a), notice is hereby given that the accompanying statements of the Company for the six-month periods ended June 30, 2017 and June 30, 2016 have not been reviewed by the Company’s auditors in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the interim consolidated financial statements by the Company’s auditors.

Lorne Park Capital Partners Inc.

Interim Condensed Consolidated Statements of Financial Position ($ Canadian)

As at June 30, 2017 (Unaudited) and December 31, 2016

		June 30, 2017		December 31, 2016
Assets				
Current assets				
Cash and cash equivalents	**$**	**315,676**	$	269,362
Short term investments (Note 3)		**1,900,000**		425,414
Accounts receivable		**390,504**		489,068
Loan due from related party (Note 11)		**182,958**		224,631
Other current assets		**38,291**		28,996
		2,827,429		1,437,471
Property and equipment (Note 4)		**19,244**		18,469
Intangible assets (Note 7)		**1,894,109**		2,004,464
Goodwill (Note 6)		**991,407**		991,407
Total assets	**$**	**5,732,189**	$	4,451,811
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**963,608**	$	1,358,558
Long term liabilities				
Earn out payable on intangible assets (Note 5)		**135,588**		130,514
Debentures payable (Note 8)		**4,269,422**		2,252,613
Total liabilities		**5,368,618**		3,741,685
Shareholders' Equity				
Share capital (Note 9)		**3,718,798**		3,718,798
Reserve for options and warrants (Note 9)		**407,002**		368,171
Accumulated deficit		**(3,762,229)**		(3,376,843)
		363,571		710,126
Total liabilities and shareholders' equity	**$**	**5,732,189**	$	4,451,811

Signed on the Company's behalf by:

R. Sewell

(signed) "Robert Sewell", Director

The accompanying notes are an integral part these interim condensed consolidated financial statements

Lorne Park Capital Partners Inc.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss ($ Canadian)

For the Six-month and Three-month Periods Ended June 30, 2017 and 2016 (Unaudited)

	Six Months Ended		Three Months Ended	
	June 30, 2017	June 30, 2016	**June 30, 2017**	June 30, 2016
Revenue				
Management and administration fees	**$ 1,632,374**	$ 849,660	**$ 851,516**	$ 551,292
Operating Expenses				
Salaries and benefits	**1,227,349**	640,428	**614,709**	417,217
Professional fees	**83,109**	176,122	**45,451**	115,492
Investment research fees	**57,913**	52,884	**28,491**	25,631
Direct fund costs	**126,862**	63,437	**63,574**	33,582
Rent	**57,673**	41,425	**28,161**	26,178
Marketing and client retention	**127,826**	62,307	**67,123**	31,562
Depreciation and amortization	**112,958**	71,065	**56,489**	50,562
Other administrative costs	**86,505**	67,782	**47,332**	33,790
	1,880,195	1,175,450	**951,330**	734,014
Other Expense (Income)				
Public company expenses	**20,946**	29,872	**16,186**	11,524
Financing costs (Note 10)	**114,010**	106,297	**60,816**	53,167
Interest income (Note 10)	**(10,634)**	(35,045)	**(5,209)**	(17,476)
Share-based compensation (Note 9(iv))	**13,243**	-	**3,441**	-
	2,017,760	1,276,574	**1,026,564**	781,229
Net loss before provision of income taxes	**(385,386)**	(426,914)	**(175,048)**	(229,937)
Provision for income taxes				
Deferred income taxes recovered	**-**	(377,442)	**-**	(377,442)
Net income (loss) and comprehensive income (loss)	**$ (385,386)**	$ (49,472)	**$ (175,048)**	$ 147,505
Weighted-average number of common shares (Note 9(vi))	**31,572,501**	30,771,677	**31,572,501**	31,345,853
Basic and diluted income (loss) per common share (Note 9(vi))	**$ (0.012)**	$ (0.002)	**$ (0.006)**	$ 0.005

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

Lorne Park Capital Partners Inc.

Interim Condensed Consolidated Statements of Cash Flows ($ Canadian)

For the Six-month and Three-month Periods Ended June 30, 2017 and 2016 (Unaudited)

	Six Months Ended		Three Months Ended	
	June 30, 2017	June 30, 2016	**June 30, 2017**	June 30, 2016
Cash provided by (used in)				
Operating activities				
Net income (loss) for the period	**$ (385,386)**	$ (49,472)	**$ (175,048)**	$ 147,505
Changes not involving cash				
Attributed debenture interest expense (Note 8)	**7,596**	6,548	**3,691**	3,242
Accreted interest on earn out payment (Note 5)	**5,074**	4,695	**2,575**	2,351
Amortization of debenture issue costs (Note 8)	**3,410**	2,867	**1,700**	1,419
Deferred tax assets not recognized	**-**	(377,442)	**-**	(377,442)
Depreciation and amortization (Notes 4 and 7)	**112,958**	71,065	**56,489**	50,562
Share-based compensation (Note 9(iv))	**13,243**	-	**3,441**	-
	(243,105)	(341,739)	**(107,152)**	(172,363)
Net interest expense (Note 10)	**87,296**	57,142	**47,641**	28,679
Net change in accounts receivable	**98,564**	(272,623)	**(30,971)**	(275,698)
Net change in accounts payable and accrued liabilities	**77,479**	50,686	**114,023**	302,866
Net change in other working capital balances	**(9,295)**	(16,342)	**6,799**	(20,542)
	10,939	(522,876)	**30,340**	(137,058)
Financing activities				
Interest paid (Note 10)	**(92,945)**	(93,200)	**-**	-
Proceeds on issuance of debenture, net of issue costs (Note 8(ii))	**2,031,391**	-	**2,031,391**	-
	1,938,446	(93,200)	**2,031,391**	-
Investing activities				
Decrease (increase) in short term investments (Note 3)	**(1,474,586)**	1,211,055	**(1,523,827)**	215,629
Net change in loan due from related party (Note 11)	**41,673**	(123,705)	**(3,659)**	(59,955)
Payment on acquisition of entity (Note 6)	**(447,414)**	(792,148)	**(447,414)**	(792,148)
Cash acquired on acquisition of entity (Note 6)	**-**	236,304	**-**	236,304
Payment on acquisition of book of business (Note 5)	**(30,000)**	(270,000)	**-**	(270,000)
Interest income (Note 10)	**10,634**	35,045	**5,209**	17,476
Acquisition of property and equipment (Note 4)	**(3,378)**	(11,972)	**(280)**	(11,875)
	(1,903,071)	284,579	**(1,969,971)**	(664,569)
Net increase (decrease) in cash and cash equivalents	**46,314**	(331,497)	**91,760**	(801,627)
Cash and cash equivalents, beginning of period	**269,362**	459,635	**223,916**	929,765
Cash and cash equivalents, end of period	**$ 315,676**	$ 128,138	**$ 315,676**	$ 128,138

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

Lorne Park Capital Partners Inc.

Interim Condensed Consolidated Statements of Changes in Equity ($ Canadian)

For the Six-month Periods Ended June 30, 2017 and 2016 and the Six-month Period Ended December 31, 2016 (Unaudited)

	Common Shares	Share Capital	Reserve for Options and Warrants	Accumulated Deficit	Total Shareholders' Equity
Balance, December 31, 2015	30,197,501	$ 3,237,548	$ 372,554	$ (3,037,383)	$ 572,719
Comprehensive loss for the period	-	-	-	(49,472)	(49,472)
Issuance of shares (Note 9(iii))	1,375,000	481,250	-	-	481,250
Balance, June 30, 2016	31,572,501	$ 3,718,798	$ 372,554	$ (3,086,855)	$ 1,004,497
Comprehensive loss for the period	-	-	-	(294,371)	(294,371)
Options expired (Note 9(iv))			(4,383)	4,383	-
Balance, December 31, 2016	31,572,501	$ 3,718,798	$ 368,171	$ (3,376,843)	$ 710,126
Comprehensive loss for the period	-	-	-	(385,386)	(385,386)
Share-based compensation (Note 9(iv))	-	-	13,243	-	13,243
Issuance of warrants (Note 9(v))			25,588		25,588
Balance, June 30, 2017	**31,572,501**	**$ 3,718,798**	**$ 407,002**	**$ (3,762,229)**	**$ 363,571**

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

1. Nature of Operations

Lorne Park Capital Partners Inc. (the “Company” or “LPCP”) was formed by the October 25, 2013 amalgamation of Bellwether Asset Management Inc. (“BAM”), a private Canadian company, and Big Five Capital Corp. (“Big Five”), a Capital Pool Company previously listed on the TSX Venture Exchange (hereafter “TSX-V”) under the symbol “BGF.P”. BAM was initially incorporated on December 11, 2009.

The address of the registered office for the Company and its wholly owned subsidiary, Bellwether Investment Management Inc. (“Bellwether”), is 1267 Cornwall Road, Oakville, Ontario. Bellwether is the Manager and Trustee of the Bellwether Funds (the "Funds") and is registered as a Portfolio Manager ("PM") as well as an Exempt Market Dealer ("EMD") and Investment Fund Manager ("IFM") with the Ontario Securities Commission.

Lorne Park Capital Partners Inc. is a Tier II issuer on the TSX-V and its common shares trade under the symbol “LPC-V”. As at June 30, 2017, 68.1% (December 31, 2016 – 68.8%) of the Company’s common shares were held by its Chairman and its Chief Executive Officer.

2. Significant Accounting Policies

(i) Statement of Compliance

The interim condensed consolidated financial statements for the three months ended June 30, 2017 have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting,* under the International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and interpretations of the IFRS Interpretations Committee (“IFRIC”), following the same accounting policies and methods of computation as the audited consolidated financial statements for the fiscal year ended December 31, 2016. The interim condensed consolidated financial statements do not include all the disclosures included in the annual audited consolidated financial statements and accordingly should be read in conjunction with the December 31, 2016 annual audited consolidated financial statements and the notes thereto. Certain prior year amounts have been reclassified for consistency with the current period presentation. All intercompany balances, transactions, income and expenses, and losses have been eliminated on consolidation.

The interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on July 25, 2017.

(ii) Basis of Measurement

The interim condensed consolidated financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which have been measured at fair value. The Company’s functional currency is the Canadian dollar.

2. Significant Accounting Policies (Continued)

(iii) Basis of Consolidation

The interim condensed consolidated financial statements include the accounts of the Company and its sole subsidiary on a consolidated basis after elimination of intercompany transactions and balances. Subsidiaries are entities the Company controls when it is exposed, or has rights, to variable returns from its involvement and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(iv) Use of Judgments, Estimates and Assumptions

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties that are significant for the six-month and three-month periods ended June 30, 2017 and 2016 and as at December 31, 2016:

a. Valuation of the fair value of the debentures payable (Notes 8 and 14)
b. Valuation of the warrants and share-based compensation (Notes 8 and 9)
c. Estimate of the earn out payable (Note 5)
d. Valuation of the fair value of the customer relationship intangible assets (Notes 5, 6 and 7)
e. Valuation of the fair value of deferred cash payments (Note 6)

In the preparation of the interim condensed consolidated financial statements management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the interim condensed consolidated financial statements.

(v) Impairment

Financial assets, other than those classified as fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initially recognizing the financial asset, the present value of estimated future cash flows are lower then the asset's carrying amount. The financial asset's carrying amount is reduced by the impairment loss either directly, or in the case of a trade receivable, it is written off against an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in earnings or loss.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstance indicate the carrying amount may not be recoverable. An impairment loss is charged to profit or loss whenever the carrying amount of an asset (or its cash-generating unit) exceeds its recoverable amount. An asset's recoverable amount is the greater of its fair value less costs of disposal and its value-in-use (calculated as the present value of expected future cash flows). Impairment losses are charged to profit or loss as incurred but may be reversed if there has been a change in the estimates used to determine the recoverable amount.

2. Significant Accounting Policies (Continued)

(v) Impairment (Continued)

Goodwill is allocated to cash-generating units ("CGU") for the purposes of impairment testing based on the level at which management monitors it, which is not higher than an operating segment. The allocation is made to those CGU's that are expected to benefit from the business combination in which the goodwill arose. The Company is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is the higher of fair value less costs to sell and the value in use. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary. An impairment loss with respect to goodwill is never reversed.

(vi) Business Combinations

Acquisitions of a business or entity are reported as a business combination, and accounted for using the acquisition method. The purchase price for each acquisition is measured as the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, contingent consideration and equity instruments issued by the Company in exchange for control of the acquiree. Acquisition costs incurred are expensed and included in professional fees. Under the acquisition method, assets, liabilities and contingent liabilities acquired are initially recorded at the fair value as of the acquisition date. The excess of the purchase price over the fair values of identifiable assets, liabilities and contingent liabilities recognized, is recorded as goodwill.

(vii) Property and Equipment

Items of property and equipment are recorded at cost less accumulated depreciation and impairment losses. The Company recognizes, in the carrying amount of an item of equipment, the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are charged to profit or loss as incurred.

Depreciation of equipment is provided on a declining-balance basis over the estimated useful lives at the following annual rates: computer equipment – 30%; furniture and fixtures – 20%.

(viii) Intangible Assets

The Company includes acquired client relationships as intangible assets, and these assets have been assessed to have finite lives equal to an estimate of the expected retention period of the clients acquired. Accordingly, these intangible assets are amortized over a 10 year period.

2. Significant Accounting Policies (Continued)

(ix) IFRS Standards Not Yet Adopted

The Company has not yet adopted certain new IFRS standards, amendments and interpretations to existing standards, which have been published and may impact the Company but are only effective for its future accounting periods. The potentially relevant new standards that may impact the Company include:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 regarding the recognition and measurement of financial assets and financial liabilities. 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. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities and includes new requirements related to hedge accounting. This standard is effective for annual periods beginning on or after January 1, 2018 and the impact of the standard is currently being assessed.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The model requires an entity to recognize revenue as goods or services are transferred to the customer in an amount that reflects the expected consideration. This standard is effective for annual periods beginning on or after January 1, 2018 and the impact of the standard is currently being assessed.

IFRS 16 Leases

IFRS 16 Leases sets out the principles for the recognition, measurement and disclosure of leases. The new standard provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. The standard introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than twelve-months, unless the underlying asset is of low value. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15. The Company is currently evaluating the impact of adopting this standard on the consolidated financial statements.

3. Short Term Investments

Short term investments include $1,900,000 (December 31, 2016 - $425,414) in money market mutual funds.

4. Property and Equipment

		Computer Equipment		Furniture and Fixtures		Total
Cost						
As at December 31, 2015	$	36,739	$	39,983	$	76,722
Acquisitions during the year		11,023		1,638		12,661
As at December 31, 2016		47,762		41,621		89,383
Acquisitions during the period		1,040		2,338		3,378
As at June 30, 2017	**$**	**48,802**	**$**	**43,959**	**$**	**92,761**
Accumulated depreciation						
As at December 31, 2015	$	31,340	$	34,967	$	66,307
Depreciation during the year		3,469		1,138		4,607
As at December 31, 2016		34,809		36,105		70,914
Depreciation during the period		1,917		686		2,603
As at June 30, 2017	**$**	**36,726**	**$**	**36,791**	**$**	**73,517**
Net book value, as at December 31, 2016	$	12,953	$	5,516	$	18,469
Net book value, as at June 30, 2017	**$**	**12,076**	**$**	**7,168**	**$**	**19,244**

5. Acquisition of Advisor Book of Business

On September 18, 2015, the Company entered into an agreement with an investment advisor to acquire that advisor's book of business (the "Book") for a total purchase price of $793,701, including recruitment fees and legal costs. Included in accounts payable and accrued liabilities is $nil as at June 30, 2017 (December 31, 2016 – $20,000) which is part of the total purchase price.

The advisor became an employee of the Company and is being compensated based on the revenues of the Book. The Company is committed to an additional earn out payment related to the Book at the time the advisor voluntarily retires or is terminated by the Company.

The current estimate of the future undiscounted earn out is $375,000 based on the estimated annualized management fees related to the Book. The earn out was recorded as part of the total purchase price at an initial fair value of $118,216, based on a discounted valuation using an 8% discount rate and an expectation that the advisor will remain an employee for 15 years.

5. Acquisition of Advisor Book of Business (Continued)

The earn out payable is as follows:

		June 30, 2017		December 31, 2016
Initial fair value of earn out payment at 8.0% discount rate	**$**	**118,216**	$	118,216
Accreted interest		**17,372**		12,298
	$	**135,588**	$	130,514

6. Acquisition of Index Wealth Management Inc.

On April 15, 2016, the Company completed the acquisition of 100% of the outstanding securities of Index Wealth Management Inc. (“Index”), an independent portfolio manager. On closing, Index was amalgamated with LPCP’s wholly owned subsidiary, Bellwether. The transaction was accounted for as a business combination in accordance with guidance provided in IFRS 3 Business Combinations. The Company completed an analysis of the consideration transferred and the net assets acquired, as noted below.

The fair value of the consideration transferred was as follows:

Cash paid on closing	$	792,148
Common shares of LPCP (i)		481,250
Deferred cash payment, payable in two equal payments on March 31, 2017 and September 30, 2017, subject to adjustments (ii)		835,675
	$	2,109,073

(i) Included in the fair value of the consideration transferred as part of the acquisition of Index was 1,375,000 common shares of LPCP. On the date of closing, the fair value of the shares was $0.35 per share, for a total value of $481,250.

(ii) Included in the Index purchase agreement is a future cash payment of $894,765, which is payable in two equal payments on March 31, 2017 and September 30, 2017, subject to adjustments based on the trailing revenue of Index on the payment dates. The Company estimated the potential impact of the future adjustments based on an estimate of the future revenue. The deferred future cash payments were recorded at an initial fair value of $835,675 based on a binomial model. The first payment was made on May 9, 2017 in the total amount of $447,414, which was higher than the initial fair value estimate, resulting in a charge of $23,178 on the consolidated statements of loss and comprehensive loss during the six-month and three-month periods ended June 30, 2017. The remaining deferred future cash payment will be revalued each reporting period based on revised estimates.

6. Acquisition of Index Wealth Management Inc. (Continued)

The fair value of the net assets acquired, including goodwill, was as follows:

Cash and cash equivalents	$	236,304
Accounts receivable		41,062
Other current assets		32,774
Property and equipment		10,910
Accounts payable and accrued liabilities		(239,340)
Deferred tax liability		(377,442)
Goodwill		991,407
Client relationships (i)		1,413,398
	$	2,109,073

(i) As part of the acquisition of Index, the Company identified client relationships intangible assets. These client relationships were valued using an excess earnings approach based on various assumptions and estimates. These intangible assets are expected to have a finite life, and will be amortized over a 10 year period.

The Company incurred $81,986 in transaction costs related to the acquisition during the year ended December 31, 2016, of which $31,303 was incurred during the three months ended March 31, 2016, and $50,683 was incurred during the three months ended June 30, 2016. These costs were relating to legal and accounting expenses, and were included in professional fees on the consolidated statements of loss and comprehensive loss.

From the date of acquisition to December 31, 2016, Index earned revenue of $683,132, and contributed $241,752 in net income before taxes and before the amortization of $100,116 relating to the acquired intangible assets.

If the acquisition would have occurred January 1, 2016, during the year ended December 31, 2016, management estimates that Index would have earned revenue of approximately $954,000 and net income of approximately $329,000 before taxes and before the amortization of the acquired intangible assets. In determining these amounts, management has assumed that the fair value adjustments determined above, which arose on the date of acquisition, would have been the same if the acquisition had occurred on January 1, 2016.

7. Intangible Assets

Intangible assets include the following finite life assets:

		June 30, 2017		December 31, 2016
Customer relationships, cost				
As at beginning of the period	**$**	**2,207,099**	$	793,701
Additions during the period				
Arising from Acquisition of Index (Note 6)		**-**		1,413,398
As at end of the period	**$**	**2,207,099**	$	2,207,099
Customer relationships, accumulated amortization				
As at beginning of the period	**$**	**202,635**	$	23,150
Amortization during the period		**110,355**		179,485
As at end of the year	**$**	**312,990**	$	202,635
Net book value				
As at end of the period	**$**	**1,894,109**	$	2,004,464

8. Debentures Payable

(i) August 15, 2014 Offering

On August 15, 2014, the Company closed a non-brokered private placement offering of debentures for an aggregate principal amount of $2,311,000 and related costs of $30,811. The debentures are unsecured, mature and become payable on August 15, 2019, and bear interest at a rate of 8% per annum, paid semi-annually. $500,000 of the debentures were subscribed to by related parties of the Company (Note 11).

The debentures are financial instruments and the private placement included the granting of 577,750 investor warrants that are embedded derivatives within the transaction. Thus, the principal amount has been bifurcated from the cost of the related warrants and the debentures are recorded at an acquisition value of $2,240,620 based on a fair-value discount rate of 8.8%.

(ii) June 15, 2017 Offering

On June 15, 2017, the Company closed its previously announced non-brokered private placement offering of debentures for an aggregate principal amount of $2,055,000 and related costs of $23,609. The debentures are unsecured, mature and become payable on June 15, 2022, and bear interest at a rate of 8% per annum, paid semi-annually. $520,000 of the debentures were subscribed to by related parties of the Company (Note 11).

The debentures are financial instruments and the private placement included the granting of 513,750 investor warrants that are embedded derivatives within the transaction. Thus, the principal amount has been bifurcated from the cost of the related warrants and the debentures are recorded at an acquisition value of $2,029,412 based on a fair-value discount rate of 8.3%.

8. Debentures Payable (Continued)

Debentures payable as at June 30, 2017 and December 31, 2016 is as follows:

	June 30, 2017	December 31, 2016
Debentures payable, as at the beginning of the period	**$ 2,252,613**	$ 2,233,382
New issuance during the period (Note 8(ii))		
Proceeds on issuance	**2,055,000**	-
Value attributed to warrants (Note 9(v))	**(25,588)**	-
Issue costs incurred	**(23,609)**	-
Amortization of issue costs during the period	**3,410**	5,855
Attributed interest expense during the period	**7,596**	13,376
	$ 4,269,422	$ 2,252,613

9. Share Capital

(i) Authorized share capital

The Company is authorized to issue an unlimited number of common shares with no par value.

(ii) Issued share capital

As at June 30, 2017, the Company's issued and outstanding share capital consisted of 31,572,501 (December 31, 2016 – 31,572,501) common shares with a stated value of $3,718,798 (December 31, 2016 - $3,718,798).

(iii) Issuances of share capital

On April 15, 2016, as part of the acquisition referred to in Note 6, the Company issued 1,375,000 common shares of LPCP, at a value of $0.35 per share, for a total value issued of $481,250.

(iv) Share-based compensation

The Company's stock option plan, limits option grants to 10% of the issued and outstanding common shares, as approved by the Company's Board of Directors. The exercise price of any option may not be less than the Company's closing market price on the day prior to the option grant date, less the applicable discount permitted by the TSX-V.

The maximum exercise period after the grant of the option is 10 years. When an employee's service ends, the expiry date of his/her options is accelerated to either 30 days or 90 days thereafter, depending on the terms of the related option agreement.

9. Share Capital (Continued)

(iv) Share-based compensation (Continued)

On January 17, 2017 the Company granted 100,000 stock options at an exercise price of $0.40. These options vest one-quarter on the grant date, and one-quarter on each of the next three years on the anniversary of the grant date.

A summary of the stock options granted and forfeited as of June 30, 2017 and December 31, 2016, and changes during the periods then ended are as follows:

			June 30, 2017			December 31, 2016
	Number of options		**Weighted average price**	Number of options		Weighted average price
Options, beginning of period	**1,825,000**	**$**	**0.32**	1,850,000	$	0.32
Options granted	**100,000**		**0.40**	-		N/A
Options expired	**-**		**N/A**	(25,000)		0.30
Options outstanding, end of period	**1,925,000**	**$**	**0.33**	1,825,000	$	0.32
Options exercisable, end of period	**1,850,000**	**$**	**0.33**	1,825,000	$	0.32

The following table summarizes information about stock options outstanding at June 30, 2017:

				Options outstanding			**Options exercisable**
	Exercise prices	**Number outstanding at June 30, 2017**	**Weighted average remaining life in years**		**Weighted average exercise prices**	**Number exercisable at June 30, 2017**		**Weighted average exercise prices**
$	**0.30**	**1,475,000**	**6.3**	**$**	**0.30**	**1,475,000**	**$**	**0.30**
	0.40	**100,000**	**9.6**		**0.40**	**25,000**		**0.40**
	0.43	**350,000**	**8.5**		**0.43**	**350,000**		**0.43**
		1,925,000	**6.9**	**$**	**0.33**	**1,850,000**	**$**	**0.33**

9. Share Capital (Continued)

(iv) Share-based compensation (Continued)

The following table summarizes information about stock options outstanding at December 31, 2016:

	Options outstanding			Options exercisable	
Exercise prices	Number outstanding at December 31, 2016	Weighted average remaining life in years	Weighted average exercise prices	Number exercisable at December 31, 2016	Weighted average exercise prices
$ 0.30	1,475,000	6.8	$ 0.30	1,475,000	$ 0.30
0.43	350,000	9.0	0.43	350,000	0.43
	1,825,000	7.2	$ 0.32	1,825,000	$ 0.32

The fair value of each option granted was estimated using the Black-Scholes option pricing model on the date of grant using the following assumptions:

	June 30, 2017	December 31, 2016
Risk free interest rate	**1.7%**	N/A
Expected volatility	**69.4%**	N/A
Dividend yield	**0.0%**	N/A
Weighted average expected life	**10 years**	N/A
Weighted average value per option at grant date	**$0.30**	N/A

(v) Debenture warrants

In connection with the issuance of $2,055,000 in debentures on June 15, 2017 as referred to in Note 8(ii), the Company issued the debenture subscribers an aggregate of 513,750 warrants, each of which entitles a debenture holder to purchase one common share of the Corporation at an exercise price of $0.50 per common share. The warrants expire on June 16, 2018 and will not be traded on the TSX Venture Exchange. The common shares issuable on the exercise of the warrants will be listed.

Based on the bifurcation of the debenture proceeds, a value of $25,588 has been recorded in reserves for options and warrants. As at June 30, 2017, 513,750 of the debenture warrants remain outstanding.

(vi) Income and loss per share

Income and loss per share calculations use the weighted-average number of common shares outstanding for the six-month period ended June 30, 2017, which was 31,572,501 (June 30, 2016 – 30,771,677) for both basic and diluted, and for the three-month period ended June 30, 2017, which was 31,572,501 (June 30, 2016 – 31,345,853) for both basic and diluted.

The determination of the weighted-average number of shares outstanding for the calculation of diluted income and loss per share for the six-month and three-month periods ended June 30, 2017 exclude the potential effect of 1,850,000 (June 30, 2016 – 1,850,000) exercisable options, and 513,750 (June 30, 2016 – nil) debenture warrants, as they are anti-dilutive.

10. Financing Costs and Interest Income

Financing costs include the following:

	Six Months Ended		Three Months Ended	
	June 30, 2017	June 30, 2016	**June 30, 2017**	June 30, 2016
Interest on debentures payable, at 8% (Note 8)	**$ 97,930**	$ 92,187	**$ 52,850**	$ 46,155
Interest income (Note 12)	**(10,634)**	(35,045)	**(5,209)**	(17,476)
Net interest expense	**87,296**	57,142	**47,641**	28,679
Attributed interest and amortization of issue costs from future payments and debentures payable (Notes 5 and 8)	**16,080**	14,110	**7,966**	7,012
Net expense	**$ 103,376**	$ 71,252	**$ 55,607**	$ 35,691

11. Related Party Transactions

The Company considers its related parties to consist of key members of its Board of Directors and senior officers, including their close family members, and companies controlled or significantly influenced by such individuals, and reporting shareholders and their affiliates which may exert significant influence over the Company's activities.

Total compensation and other benefits to directors and employees classified as key management, being individuals having authority and responsibility for planning, directing and controlling the activities of the Company, are included as related party transactions. As well, management has determined that EWA Capital Partners ("EWA") is a related party as it is a company controlled by one of the Company's controlling shareholders.

11. Related Party Transactions (Continued)

The following transactions occurred with related parties during the six-month and three-month periods ended June 30, 2017 and 2016:

	Six Months Ended				Three Months Ended			
		June 30, 2017		June 30, 2016		**June 30, 2017**		June 30, 2016
Transactions with EWA								
Recruitment fees (Note 15)	**$**	**83,495**	$	47,617	**$**	**43,277**	$	26,872
Interest income on loan (Note 10)		**(9,396)**		(31,699)		**(4,729)**		(16,704)
	$	**74,099**	$	15,918	**$**	**38,548**	$	10,168
Transactions with key management								
Salaries, bonuses and fees	**$**	**229,417**	$	142,013	**$**	**118,875**	$	78,938
Royalties (Note 15)		**163,238**		84,757		**85,152**		55,128
Debenture interest expense (Note 8)		**21,733**		20,000		**11,733**		10,000
Share-based compensation (Note 9(iv))		**13,243**		-		**3,441**		-
	$	**427,631**	$	246,770	**$**	**219,201**	$	144,066
Other transactions with entities related to directors								
Legal fees	**$**	**20,971**	$	8,495	**$**	**16,471**	$	8,495
	$	**20,971**	$	8,495	**$**	**16,471**	$	8,495

The following balances were outstanding with related parties as at June 30, 2017 and December 31, 2016:

		June 30, 2017		December 31, 2016
Loan due from EWA, on demand and unsecured, with interest at 10%, net of amounts owing to EWA	**$**	**182,958**	$	224,631
Amounts payable to key management, due on demand	**$**	**93,402**	$	77,490
Amounts payable to entities related to directors, due on demand	**$**	**22,364**	$	1,978

Included in loan due from EWA is accrued interest of $9,396 (December 31, 2016 - $49,515).

12. Funds under Management

The Company has interests in the following funds through management fee and performance fee agreements:

Bellwether Canadian Stock Fund
Bellwether Canadian Performance Fund
Bellwether US Stock Fund
Bellwether Alternative Income Fund

The Company is subject to the terms and conditions of the management fee and performance fee agreements as well as each fund's respective offering memorandum/prospectus. The Company's earnings from its interests in the funds are dependent upon the assets under management ("AUM") in each of the funds, which is primarily impacted by equity and fixed income market performance.

Included in accounts receivable at June 30, 2017 is $43,896 (December 31, 2016 - $27,775) from the funds relating to the management fees and performance fees.

13. Capital Management

Refer to the Company's consolidated financial statements for the year ended December 31, 2016 for an explanation of the Company's capital management policy.

14. Fair Value of Financial Instruments

Refer to the Company's consolidated financial statements for the year ended December 31, 2016 for an explanation of the Company's management policy as it relates to financial instruments.

As at June 30, 2017 and December 31, 2016, with the exception of the debentures payable, the carrying values and fair values of the Company's financial instruments are approximately the same.

The fair value of the debentures payable, as at June 30, 2017 has been estimated by discounting future payments at a rate of 9.07% (December 31, 2016 – 8.95%) for the August 15, 2014 offering and at a rate of 8.78% for the June 15, 2017 offering, such rates determined by adjusting the initial effective rate of the debentures by the change in the Bank of Canada 5-year benchmark rate over the period since the debentures were issued.

The fair value of these financial instruments as at June 30, 2017 and December 31, 2016 are as follows:

	June 30, 2017	December 31, 2016
Debentures payable		
As recorded	**$ 4,269,422**	$ 2,252,613
Fair value	**$ 4,278,247**	$ 2,270,303

15. Contingencies and Contractual Commitments

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims. Management believes that adequate provisions have been recorded in the accounts for claims and contingencies, where required. There are no current claims outstanding.

The Company is committed to pay recruitment fees of $8,000 per month plus 10% of net revenue earned on the intangible assets and clients of advisors recruited by EWA (Note 11) and royalties to key management at 10% of total gross revenue (Note 11).