Lorne Park Capital Partners Inc.

Interim Condensed Consolidated Financial Statements (Unaudited)

As at September 30, 2018

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 nine-month periods ended September 30, 2018 and September 30, 2017 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 September 30, 2018 (Unaudited) and December 31, 2017

		September 30, 2018		December 31, 2017
Assets				
Current assets				
Cash and cash equivalents	**$**	**1,457,857**	$	747,485
Short term investments (Note 3)		**447,419**		567,890
Accounts receivable		**1,185,704**		790,067
Other current assets		**69,484**		39,782
		3,160,464		2,145,224
Property and equipment (Note 4)		**69,805**		34,140
Intangible assets (Note 7)		**2,733,037**		2,755,829
Goodwill (Note 8)		**1,690,976**		1,532,937
Total assets	**$**	**7,654,282**	$	6,468,130
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**2,524,501**	$	3,629,717
Current portion of debentures payable (Note 9)		**2,311,000**		-
Long term liabilities				
Earn out payable on intangible assets (Note 5)		**149,294**		140,948
Debentures payable (Note 9)		**1,997,069**		4,285,264
Total liabilities		**6,981,864**		8,055,929
Shareholders' Equity				
Share capital (Note 10)		**7,280,257**		5,059,639
Reserve for options and warrants (Note 10)		**525,460**		413,883
Accumulated deficit		**(7,133,299)**		(7,061,321)
		672,418		(1,587,799)
Total liabilities and shareholders' equity	**$**	**7,654,282**	$	6,468,130

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 Income (Loss) and Comprehensive Income (Loss) ($ Canadian)

For the Nine-month and Three-month Periods Ended September 30, 2018 and 2017 (Unaudited)

	Nine Months Ended		Three Months Ended	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Revenue				
Management and administration fees	**$ 6,678,006**	$ 2,753,991	**$ 2,458,449**	$ 1,121,617
Operating Expenses				
Salaries and benefits	**4,850,417**	2,049,960	**1,766,548**	822,611
Professional fees	**230,463**	166,910	**115,434**	83,801
Investment research fees	**143,087**	88,110	**47,323**	30,197
Direct fund costs	**301,078**	196,366	**110,818**	69,504
Rent	**263,734**	85,712	**108,181**	28,039
Marketing and client retention	**58,871**	184,652	**22,942**	56,826
Depreciation and amortization	**256,540**	169,373	**87,658**	56,415
Other administrative costs	**273,150**	130,421	**121,055**	43,916
	6,377,340	3,071,504	**2,379,959**	1,191,309
Other Expense (Income)				
Public company expenses	**29,637**	26,614	**7,652**	5,668
Financing costs (Note 11)	**292,392**	211,913	**98,761**	97,903
Interest income (Note 11)	**(4,530)**	(18,412)	**(1,873)**	(7,778)
Share-based compensation (Note 10(iv))	**113,445**	16,684	**19,135**	3,441
	6,808,284	3,308,303	**2,503,634**	1,290,543
Net loss before provision of income taxes	**(130,278)**	(554,312)	**(45,185)**	(168,926)
Provision for income taxes				
Deferred income taxes recovered	**(58,300)**	-	**(58,300)**	-
Net income (loss) and comprehensive income (loss)	**$ (71,978)**	$ (554,312)	**$ 13,115**	$ (168,926)
Weighted-average number of common shares (Note 10(vi))				
Basic	**39,772,702**	31,572,501	**40,091,654**	31,572,501
Diluted	**39,772,702**	31,572,501	**40,460,404**	31,572,501
Income (loss) per common share (Note 10(vi))				
Basic	**$ (0.002)**	$ (0.018)	**$ 0.000**	$ (0.005)
Diluted	**$ (0.002)**	$ (0.018)	**$ 0.000**	$ (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 Nine-month and Three-month Periods Ended September 30, 2018 and 2017 (Unaudited)

	Nine Months Ended		Three Months Ended	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Cash provided by (used in)				
Operating activities				
Net loss for the period	**$ (71,978)**	$ (554,312)	**$ 13,115**	$ (168,926)
Changes not involving cash				
Attributed debenture interest expense (Note 9)	**14,848**	12,295	**5,116**	4,699
Amortization of debenture issue costs (Note 9)	**7,957**	5,922	**2,742**	2,512
Accreted interest on earn out payment (Note 5)	**8,346**	7,728	**2,867**	2,654
Deferred tax assets not recognized (Note 6)	**(58,300)**	-	**(58,300)**	-
Depreciation and amortization (Notes 4 and 7)	**256,541**	169,374	**87,659**	56,416
Share-based compensation (Note 10(iv))	**113,445**	16,684	**19,135**	3,441
	270,859	(342,309)	**72,334**	(99,204)
Net interest expense (Note 11)	**256,712**	167,556	**86,164**	80,260
Net change in accounts receivable	**(370,243)**	(174,276)	**(131,923)**	(272,840)
Net change in accounts payable and accrued liabilities	**708,262**	369,654	**457,453**	292,175
Net change in other working capital balances	**(23,300)**	(26,354)	**25,394**	(17,059)
	842,290	(5,729)	**509,422**	(16,668)
Financing activities				
Interest paid (Note 11)	**(266,854)**	(184,625)	**(91,679)**	(91,680)
Proceeds on exercise of warrants (Note 10(v))	**18,750**	-	**-**	-
Proceeds on issuance of debenture, net of issue costs (Note 9(ii))	**-**	2,032,676	**-**	1,285
	(248,104)	1,848,051	**(91,679)**	(90,395)
Investing activities				
Decrease (increase) in short term investments (Note 3)	**120,471**	(1,447,582)	**(1,873)**	27,004
Net change in loan due from related party (Note 12)	**-**	47,507	**-**	5,834
Payment on acquisition of entity, net of cash acquired (Note 6)	**40,338**	(447,414)	**40,338**	-
Payment on acquisition of book of business (Note 5)	**-**	(30,000)	**-**	-
Interest income (Note 11)	**4,530**	18,412	**1,873**	7,778
Acquisition of property and equipment (Note 4)	**(49,153)**	(3,596)	**(2,379)**	(218)
	116,186	(1,862,673)	**37,959**	40,398
Net increase (decrease) in cash and cash equivalents	**710,372**	(20,351)	**455,702**	(66,665)
Cash and cash equivalents, beginning of period	**747,485**	269,362	**1,002,155**	315,676
Cash and cash equivalents, end of period	**$ 1,457,857**	$ 249,011	**$ 1,457,857**	$ 249,011

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 Nine-month and Three-month Periods Ended September 30, 2018 and 2017 and the Three-month Period Ended December 31, 2017 (Unaudited)

	Common Shares	Share Capital	Reserve for Options and Warrants	Accumulated Deficit	Total Shareholders' Equity
Balance, December 31, 2016	31,572,501	$ 3,718,798	$ 368,171	$ (3,376,843)	$ 710,126
Comprehensive loss for the period	-	-	-	(554,312)	(554,312)
Share-based compensation (Note 10(iv))	-	-	16,684	-	16,684
Issuance of warrants (Note 10(v))	-	-	25,588	-	25,588
Balance, September 30, 2017	31,572,501	$ 3,718,798	$ 410,443	$ (3,931,155)	$ 198,086
Comprehensive loss for the period	-	-	-	(3,130,166)	(3,130,166)
Issuance of shares on acquisition of Crestridge (Note 6)	500,000	200,000	-	-	200,000
Issuance of shares on non-brokered private placement (Note 10(iii))	2,885,000	1,140,841	-	-	1,140,841
Share-based compensation (Note 10(iv))	-	-	3,440	-	3,440
Balance, December 31, 2017	34,957,501	$ 5,059,639	$ 413,883	$ (7,061,321)	$ (1,587,799)
Comprehensive loss for the period	-	-	-	(71,978)	(71,978)
Issuance of shares on cancellation of executory contracts (Notes 10(iii) and 12(ii))	5,000,000	2,000,000	-	-	2,000,000
Issuance of shares on acquisition of Adaptive (Note 6)	500,000	200,000	-	-	200,000
Exercise of warrants (Notes 10(iii) and (v))	37,500	20,618	(1,868)	-	18,750
Share-based compensation (Note 10(iv))	-	-	113,445	-	113,445
Balance, September 30, 2018	**40,495,001**	**$ 7,280,257**	**$ 525,460**	**$ (7,133,299)**	**$ 672,418**

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 subsidiaries, Bellwether Investment Management Inc. ("Bellwether") and Bellwether Estate and Insurance Services Inc. ("Bellwether Estate"), 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. Bellwether Estate was formed on February 14, 2018 and is registered as an insurance agent corporation with the Financial Services Commission of Ontario.

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 September 30, 2018, 64.9% (December 31, 2017 – 61.5%) 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 September 30, 2018 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, 2017. 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, 2017 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 October 30, 2018.

(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 subsidiaries 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 nine-month and three-month periods ended September 30, 2018 and 2017 and as at December 31, 2017:

a. Valuation of the fair value of the debentures payable (Notes 9 and 15)
b. Valuation of the warrants and share-based compensation (Notes 9 and 10)
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%. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

(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 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 $447,419 (December 31, 2017 - $567,890) in money market mutual funds.

4. Property and Equipment

	Computer Equipment	Furniture and Fixtures	Improvements	Total
Cost				
As at December 31, 2016	$ 47,762	$ 41,621	$ -	$ 89,383
Acquisitions during the year	5,338	12,172	3,800	21,310
As at December 31, 2017	53,100	53,793	3,800	110,693
Acquisitions during the period	14,643	23,836	10,935	49,414
As at September 30, 2018	**$ 67,743**	**$ 77,629**	**$ 14,735**	**$ 160,107**
Accumulated depreciation				
As at December 31, 2016	$ 34,809	$ 36,105	$ -	$ 70,914
Depreciation during the year	3,826	1,781	32	5,639
As at December 31, 2017	38,635	37,886	32	76,553
Depreciation during the period	5,115	4,748	3,886	13,749
As at September 30, 2018	**$ 43,750**	**$ 42,634**	**$ 3,918**	**$ 90,302**
Net book value, as at December 31, 2017	$ 14,465	$ 15,907	$ 3,768	$ 34,140
Net book value, as at September 30, 2018	**$ 23,993**	**$ 34,995**	**$ 10,817**	**$ 69,805**

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.

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 would remain an employee for 15 years.

The earn out payable is as follows:

	September 30, 2018	December 31, 2017
Initial fair value of earn out payment at 8.0% discount rate	**$ 118,216**	$ 118,216
Accreted interest	**31,078**	22,732
	$ 149,294	$ 140,948

6. Other Acquisitions

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.

6. Other Acquisitions (Continued)

Index Wealth Management Inc. (Continued)

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 was a future cash payment of $894,765, which was 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 actual payments made during the year ended December 31, 2017 totaled $891,503, which was higher than the initial fair value estimate, resulting in a charge of $55,828 on the consolidated statements of income (loss) and comprehensive income (loss).

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 are being amortized over a 10 year period.

6. Other Acquisitions (Continued)

Crestridge Asset Management Inc.

On October 2, 2017, the Company completed the acquisition of 100% of the outstanding securities of Crestridge Asset Management Inc. ("Crestridge"), an independent portfolio manager. On closing, Crestridge was amalgamated with LPCP's wholly owned subsidiary, Bellwether.

Crestridge provides discretionary investment management and wealth management services for individuals, trusts and foundations, with clients across Canada. On the date of closing, Crestridge had approximately $120 million in assets under management. This acquisition allows the Company to continue to expand its portfolio management team and its ability to offer broader investment solutions to clients and partner advisors.

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	$	500,000
Common shares of LPCP (i)		200,000
Deferred cash and share payment, payable in two equal payments on October 2, 2018 and April 2, 2019, subject to adjustments (ii)		635,116
	$	1,335,116

(i) Included in the fair value of the consideration transferred as part of the acquisition of Crestridge was $200,000 of common shares of LPCP on the date of closing, resulting in a total number of shares being issued of 500,000.

(ii) Included in the Crestridge purchase agreement is a future cash payment of $300,000 and future grant of shares having an aggregate value of $200,000, due on the first anniversary date of the closing, and a further cash payment of $150,000, due 18 months after the closing, subject to adjustments based on the trailing revenue of Crestridge on the payment dates. The deemed price of the shares will equal the volume-weighted average trading price of the shares on the TSXV during the 30-day period immediately prior to the first anniversary of the closing. The Company estimated the potential impact of the future adjustments based on an estimate of the future revenue. The deferred future payments were recorded at an initial fair value of $635,116 based on a binomial model and will be revalued each reporting period based on revised estimates.

6. Other Acquisitions (Continued)

Crestridge Asset Management Inc. (Continued)

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

Cash and cash equivalents	$	128,767
Accounts receivable		82,201
Other current assets		24,980
Property and equipment		5,677
Accounts payable and accrued liabilities		(180,834)
Deferred tax liability		(264,205)
Goodwill		541,530
Client relationships (i)		997,000
	$	1,335,116

(i) As part of the acquisition of Crestridge, 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 are being amortized over a 10 year period.

The Company incurred $69,894 in transaction costs related to the acquisition during the year ended December 31, 2017. These costs were primarily relating to legal and accounting expenses and were included in professional fees on the consolidated statements of income (loss) and comprehensive income (loss).

From the date of acquisition to December 31, 2017, Crestridge earned revenue of $230,747, and contributed $84,315 in net income before taxes and before the amortization of $24,925 relating to the acquired intangible assets.

If the acquisition would have occurred January 1, 2017, during the year ended December 31, 2017, management estimates that Crestridge would have earned revenue of approximately $895,000 and net income of approximately $251,000 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, 2017.

6. Other Acquisitions (Continued)

Adaptive Asset Management Ltd.

On August 20, 2018, the Company completed the acquisition of 100% of the outstanding securities of Adaptive Asset Management Ltd. ("Adaptive"), an independent portfolio manager. Bellwether acquired all of the shares of the parent company of Adaptive, following which Adaptive transferred to Bellwether all assets, business, and undertaking associated with its portfolio management business, and Adaptive was dissolved.

Adaptive specializes in innovative, systematic portfolio strategies for individual and institutional clients. On the date of closing, Adaptive had approximately $129 million in assets under management. This acquisition allows the Company to continue to expand its portfolio management team, expand its ability to offer broader investment solutions to clients and partner advisors, and provides institutional fixed income expertise.

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:

Common shares of LPCP (i)	200,000
Deferred cash payment, payable in two equal payments on August 20, 2019 and August 20, 2020, subject to adjustments (ii)	150,000
	$ 350,000

(i) Included in the fair value of the consideration transferred as part of the acquisition of Adaptive was $200,000 of common shares of LPCP on the date of closing, resulting in a total number of shares being issued of 500,000.

(ii) Included in the Adaptive purchase agreement are two future cash payments of $75,000 each, due on the first and second anniversary dates of the closing, subject to adjustments based on the trailing revenue of Adaptive on the payment dates.

6. Other Acquisitions (Continued)

Adaptive Asset Management Ltd. (Continued)

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

Cash and cash equivalents	$	40,338
Accounts receivable		25,394
Other current assets		6,402
Property and equipment		261
Accounts payable and accrued liabilities		(42,134)
Deferred tax liability		(58,300)
Goodwill		158,039
Client relationships (i)		220,000
	$	350,000

(i) As part of the acquisition of Adaptive, 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 are being amortized over a 10 year period.

The Company incurred $65,722 in transaction costs related to the acquisition during the nine months ended September 30, 2018. These costs were primarily relating to legal and accounting expenses and were included in professional fees on the consolidated statements of income (loss) and comprehensive income (loss).

From the date of acquisition to September 30, 2018, Adaptive earned revenue of $20,359, and contributed $10,564 in net loss before taxes and before the amortization of $2,484 relating to the acquired intangible assets.

If the acquisition would have occurred January 1, 2018, during the nine months ended September 30, 2018, management estimates that Adaptive would have earned revenue of approximately $211,000 and net income of approximately $55,000 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, 2018.

7. Intangible Assets

Intangible assets include the following finite life assets:

	September 30, 2018	December 31, 2017
Customer relationships, cost		
As at beginning of the period	**$ 3,204,099**	$ 2,207,099
Additions during the period		
Arising from the acquisition of Adaptive (Note 6)	**220,000**	-
Arising from the acquisition of Crestridge (Note 6)	**-**	997,000
As at end of the period	**$ 3,424,099**	$ 3,204,099
Customer relationships, accumulated amortization		
As at beginning of the period	**$ 448,270**	$ 202,635
Amortization during the period	**242,792**	245,635
As at end of the period	**$ 691,062**	$ 448,270
Net book value		
As at end of the period	**$ 2,733,037**	$ 2,755,829

The weighted average remaining life of the intangible assets as at September 30, 2018 is 8.0 years (December 31, 2017 – 8.6 years).

8. Goodwill

As at September 30, 2018, the Company had goodwill of $1,690,976 (December 31, 2017 – $1,532,937), of which $991,407 arose from the acquisition of Index on April 15, 2016, $541,530 arose from the acquisition of Crestridge on October 2, 2017, and $158,039 arose from the acquisition of Adaptive on August 20, 2018, all of which are further detailed in Note 6. Goodwill is attributable to the addition of experienced teams of professionals and expanded national reach.

Impairment Assessment of Goodwill

The Company identified Bellwether as the group's CGU which is considered the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows from other assets in the group. The CGU is represented by the investment management services provided to all assets under management and is the sole operating segment of the Company. The Company assesses goodwill for any impairment annually on September 30. As at September 30, 2018 and December 31, 2017, no impairment has been recognized.

9. Debentures Payable

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 12).

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%.

June 15, 2017 Offering

On June 15, 2017, the Company closed a non-brokered private placement offering of debentures for an aggregate principal amount of $2,055,000 and related costs of $22,324. 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 12).

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%.

Debentures payable as at September 30, 2018 and December 31, 2017 is as follows:

	September 30, 2018	December 31, 2017
Debentures payable, as at the beginning of the period	**$ 4,285,264**	$ 2,252,613
New issuance during the period		
Proceeds on issuance	**-**	2,055,000
Value attributed to warrants (Note 10(v))	**-**	(25,588)
Issue costs incurred	**-**	(22,324)
Amortization of issue costs during the period	**7,957**	8,484
Attributed interest expense during the period	**14,848**	17,079
	$ 4,308,069	$ 4,285,264

10. 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 September 30, 2018, the Company's issued and outstanding share capital consisted of 40,495,001 (December 31, 2017 – 34,957,501) common shares with a stated value of $7,280,257 (December 31, 2017 – $5,059,639).

(iii) Issuances of share capital

On April 15, 2016, as part of the acquisition of Index as 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.

On October 2, 2017, as part of the acquisition of Crestridge as referred to in Note 6, the Company issued 500,000 common shares of LPCP, at a value of $0.40 per share, for a total value issued of $200,000.

On October 23, 2017, the Company closed a non-brokered private placement offering of 2,885,000 common shares at a price of $0.40 per share for the aggregate principal amount of $1,154,000, and related costs of $13,159.

On January 15, 2018, in connection with the cancellation of executory contracts as further detailed in Note 12(ii), the Company issued 5,000,000 common shares of LPCP, at a value of $0.40 per share, for a total value issued of $2,000,000.

On June 14, 2018, 37,500 debenture warrants were exercised for the holders to acquire 37,500 shares of the Company at $0.50 per share, for total cash proceeds of $18,750 and a total increase in share capital of $20,618, including $1,868 transferred from the reserve for options and warrants (Note 10(v)).

On August 20, 2018, as part of the acquisition of Adaptive as referred to in Note 6, the Company issued 500,000 common shares of LPCP, at a value of $0.40 per share, for a total value issued of $200,000.

(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 may be accelerated to either 30 days or 90 days thereafter, depending on the terms of the related option agreement.

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.

On May 7, 2018 the Company granted 670,000 stock options at an exercise price of $0.40. Of these options, 140,000 fully vested on the grant date, 7,500 expired, and the remaining vest one-quarter on the grant date, and one-quarter on each of the next three years on the anniversary of the grant date.

10. Share Capital (Continued)

(iv) Share-based compensation (Continued)

A summary of the stock options granted and forfeited as of September 30, 2018 and December 31, 2017, and changes during the periods then ended are as follows:

	September 30, 2018		December 31, 2017	
	Number of options	**Weighted average price**	Number of options	Weighted average price
Options, beginning of period	**1,925,000**	**$ 0.33**	1,825,000	$ 0.32
Options granted	**670,000**	**0.40**	100,000	0.40
Options expired	**(7,500)**	**0.40**	-	-
Options outstanding, end of period	**2,587,500**	**$ 0.35**	1,925,000	$ 0.33
Options exercisable, end of period	**2,147,500**	**$ 0.34**	1,850,000	$ 0.33

The following table summarizes information about stock options outstanding at September 30, 2018:

	Options outstanding			**Options exercisable**	
Exercise prices	**Number outstanding at September 30, 2018**	**Weighted average remaining life in years**	**Weighted average exercise prices**	**Number exercisable at September 30, 2018**	**Weighted average exercise prices**
$ 0.30	**1,475,000**	**5.1**	**$ 0.30**	**1,475,000**	**$ 0.30**
0.40	**762,500**	**9.4**	**0.40**	**322,500**	**0.40**
0.43	**350,000**	**7.3**	**0.43**	**350,000**	**0.43**
	2,587,500	**6.7**	**$ 0.35**	**2,147,500**	**$ 0.34**

The following table summarizes information about stock options outstanding at December 31, 2017:

	Options outstanding			Options exercisable	
Exercise prices	Number outstanding at December 31, 2017	Weighted average remaining life in years	Weighted average exercise prices	Number exercisable at December 31, 2017	Weighted average exercise prices
$ 0.30	1,475,000	5.8	$ 0.30	1,475,000	$ 0.30
0.40	100,000	9.1	0.40	25,000	0.40
0.43	350,000	8.0	0.43	350,000	0.43
	1,925,000	6.4	$ 0.33	1,850,000	$ 0.33

10. Share Capital (Continued)

(iv) Share-based compensation (Continued)

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:

	September 30, 2018	December 31, 2017
Risk free interest rate	**2.4%**	1.7%
Expected volatility	**63.9%**	69.4%
Dividend yield	**0.0%**	0.0%
Weighted average expected life	**10 years**	10 years
Weighted average value per option at grant date	**$0.29**	$0.30

(v) Debenture warrants

In connection with the issuance of $2,055,000 in debentures on June 15, 2017 as referred to in Note 9, 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. Based on the bifurcation of the debenture proceeds, a value of $25,588 was recorded in reserves for options and warrants. On June 14, 2018, 37,500 of the debenture warrants were exercised (Note 10(iii)) and the remainder expired.

(vi) Income (loss) per share

Loss per share calculation uses the weighted-average number of common shares outstanding for the nine-month period ended September 30, 2018, which was 39,772,702 (September 30, 2017 – 31,572,501) for both basic and diluted. The determination of the weighted-average number of shares outstanding for the calculation of diluted loss per share for the nine-month period ended September 30, 2018 excludes the potential effect of 2,147,500 (September 30, 2017 – 1,850,000) exercisable options and no debenture warrants (September 30, 2017 – 513,750) as they are anti-dilutive.

Income per share calculation uses the weighted-average number of common shares outstanding for the three-month period ended September 30, 2018, which was 40,091,654 for basic and 40,460,404 for diluted. The determination of the weighted-average number of shares outstanding for the calculation of diluted income per share for the three-month period ended September 30, 2018 includes the potential effect of 1,475,000 exercisable options, but excludes 672,500 exercisable options as the exercise price of those options were not less than the market value of the underlying common shares as at September 30, 2018.

Loss per share calculation uses the weighted-average number of common shares outstanding for the three-month period ended September 30, 2017, which was 31,572,501 for both basic and diluted. The determination of the weighted-average number of shares outstanding for the calculation of diluted loss per share for the three-month period ended September 30, 2017 excludes the potential effect of 1,850,000 exercisable options and 513,750 debenture warrants as they are anti-dilutive.

11. Financing Costs and Interest Income

Financing costs include the following:

	Nine Months Ended		Three Months Ended	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Interest on debentures payable, at 8% (Note 9)	**$ 261,242**	$ 185,968	**$ 88,037**	$ 88,038
Interest income (Note 12)	**(4,530)**	(18,412)	**(1,873)**	(7,778)
Net interest expense	**256,712**	167,556	**86,164**	80,260
Attributed interest and amortization of issue costs from future payments and debentures payable (Notes 5 and 9)	**31,150**	25,945	**10,724**	9,865
Net expense	**$ 287,862**	$ 193,501	**$ 96,888**	$ 90,125

12. 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.

12. Related Party Transactions (Continued)

The following transactions occurred with related parties during the nine-month and three-month periods ended September 30, 2018 and 2017:

	Nine Months Ended		**Three Months Ended**	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Transactions with EWA (i)				
Recruitment fees	**$ -**	$ 138,818	**$ -**	$ 55,323
Interest income on loan (Note 11)	**-**	(14,179)	**-**	(4,783)
	$ -	$ 124,639	**$ -**	$ 50,540
Transactions with key management				
Salaries, bonuses and fees	**$ 974,750**	$ 348,292	**$ 336,750**	$ 118,875
Royalties (ii)	**-**	275,399	**-**	112,161
Debenture interest expense (Note 9)	**61,200**	42,133	**20,400**	20,400
Share-based compensation (Note 10(iv))	**59,834**	16,684	**4,879**	3,441
	$ 1,095,784	$ 682,508	**$ 362,029**	$ 254,877
Other transactions with entities related to directors				
Legal fees	**$ 94,439**	$ 70,971	**$ 60,783**	$ 50,000
	$ 94,439	$ 70,971	**$ 60,783**	$ 50,000

(i) The Company had an arrangement with EWA to pay recruitment fees of $8,000 per month plus 10% of net revenue earned on clients of advisors recruited by EWA. On November 21, 2017, the Company entered into an agreement to repurchase for cancellation any future recruitment fees for a total price of $1,250,000 in cash. The full amount was paid during the year ended December 31, 2017 and was charged as an expense on the consolidated statement of loss and comprehensive loss. In addition, during the year ended December 31, 2017, the full balance of the loan due from EWA was received, together with all outstanding interest.

(ii) The Company had an arrangement to pay royalties totaling 10% of total gross revenues to key management. On November 21, 2017, the Company entered into an agreement to repurchase for cancellation any future royalties after the year ended December 31, 2017 for a total price of 5,000,000 common shares of the Company at a deemed issue price of $0.40 per share, for total consideration of $2,000,000. The $2,000,000 was charged as an expense on the consolidated statement of loss and comprehensive loss during the year ended December 31, 2017, and was included within accounts payable and accrued liabilities on the consolidated statement of financial position as at December 31, 2017. The shares were issued on January 15, 2018.

12. Related Party Transactions (Continued)

The following balances were outstanding with related parties as at September 30, 2018 and December 31, 2017:

	September 30, 2018	December 31, 2017
Amounts payable to key management, due on demand	**$ 380,754**	$ 2,175,370
Amounts payable to entities related to directors, due on demand	**$ 12,114**	$ 7,777

13. 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 September 30, 2018 is $110,814 (December 31, 2017 – $85,510) from the funds relating to the management fees and performance fees.

14. Capital Management

Refer to the Company's consolidated financial statements for the year ended December 31, 2017 for an explanation of the Company's capital management policy.

15. Fair Value of Financial Instruments

Refer to the Company's consolidated financial statements for the year ended December 31, 2017 for an explanation of the Company's management policy as it relates to financial instruments.

As at September 30, 2018 and December 31, 2017, 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 September 30, 2018 has been estimated by discounting future payments at a rate of 10.11% (December 31, 2017 – 9.61%) for the August 15, 2014 offering and at a rate of 9.80% (December 31, 2017 – 9.30%) 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 September 30, 2018 and December 31, 2017 are as follows:

	September 30, 2018	December 31, 2017
Debentures payable		
As recorded	**$ 4,308,069**	$ 4,285,264
Fair value	**$ 4,230,381**	$ 4,236,723

16. Contingencies

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.