PrimeWest

Mortgage Investment Corporation

Financial Statements

December 31, 2017

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of PrimeWest Mortgage Investment Corporation

We have audited the accompanying financial statements of PrimeWest Mortgage Investment Corporation, which comprise the statements of financial position as at December 31, 2017 and 2016, the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of PrimeWest Mortgage Investment Corporation as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards**.**

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes that the Company incurred net losses of $3,077,888 during the year ended December 31, 2017 and, as of that date, had a deficit of $6,477,722. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Matter

The financial statements of PrimeWest Mortgage Investment Corporation as at and for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 30, 2017.

KPMG LLP

Chartered Professional Accountants

March 6, 2018
Saskatoon, Canada

PRIMEWEST MORTGAGE INVESTMENT CORPORATION
Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	December 31, 2017 $	December 31, 2016 $
ASSETS			
Cash and cash equivalents		50,431	52,435
Mortgages receivable	6	5,719,891	16,085,334
Assets taken in settlement of debt	7	6,377,715	1,665,582
Other assets		54,090	45,335
Total Assets		12,202,127	17,848,686
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Demand loan	8	2,907,037	4,321,121
Due to related parties	11	-	1,003,507
Other liabilities		91,448	242,528
		2,998,485	5,567,156
Shareholders' Equity			
Shareholders' capital	9	15,681,364	15,681,364
Accumulated deficit		(6,477,722)	(3,399,834)
		9,203,642	12,281,530
Total Liabilities and Shareholders' Equity		12,202,127	17,848,686
Shares outstanding	9	1,890,729	1,890,729
Commitments	14		
Going Concern	1		
Comparatives	16		

The accompanying notes are an integral part of these Financial Statements.

"Tom Robinson"
Director

"Wil Olive"
Director

PRIMEWEST MORTGAGE INVESTMENT CORPORATION
Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

		For the years ended	
	Notes	December 31, 2017 $	December 31, 2016 $
Interest income			
Mortgage interest		1,900,247	2,752,693
Fees		168,076	452,604
		2,068,323	3,205,297
Interest expense		237,597	382,355
Net interest income		1,830,726	2,822,942
Less:			
Provision for mortgage losses	6	3,300,127	3,303,229
Loss on assets taken in settlement of debt	7	994,913	1,071,113
Net interest loss after provision for losses		(2,464,314)	(1,551,400)
Non-interest expenses			
Advertising and promotion		324	34,466
Contracted services		22,364	64,417
Depreciation of property and equipment		977	5,799
Directors' fees	11	87,300	107,535
Insurance		16,285	30,322
Office and administration		63,084	98,290
Professional fees		138,268	338,410
Rent		40,104	45,347
Wages and benefits		244,868	325,572
		613,574	1,050,158
Total comprehensive loss for the year		(3,077,888)	(2,601,558)
Loss per share			
Basic and diluted	10	($1.63)	($1.43)

The accompanying notes are an integral part of these Financial Statements.

PRIMEWEST MORTGAGE INVESTMENT CORPORATION
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Notes	Shareholders' capital $	(Accumulated losses) $	Total equity $
As at January 1, 2016		13,515,669	(87,578)	13,428,091
Share issuance	9	2,165,695	-	2,165,695
Dividends		-	(710,698)	(710,698)
Total comprehensive loss for the year		-	(2,601,558)	(2,601,558)
As at December 31, 2016		15,681,364	(3,399,834)	12,281,530
As at January 1, 2017		15,681,364	(3,399,834)	12,281,530
Total comprehensive loss for the year		-	(3,077,888)	(3,077,888)
As at December 31, 2017		15,681,364	(6,477,722)	9,203,642

The accompanying notes are an integral part of these Financial Statements.

PRIMEWEST MORTGAGE INVESTMENT CORPORATION
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Notes	For the years ended December 31, 2017 $	December 31, 2016 $
Operating activities			
Total comprehensive loss for the year		(3,077,888)	(2,601,558)
Adjustments to reconcile loss from operations to net cash flows:			
Interest income		(2,068,323)	(3,205,297)
Interest expense		237,597	382,355
Provision for mortgage losses	6	3,300,127	3,303,229
Loss on assets taken in settlement of debt	7	994,913	1,071,113
Depreciation of property and equipment		977	5,799
Interest received		1,070,063	2,288,037
Interest paid		(237,597)	(382,355)
Proceeds from disposal of assets taken in settlement of debt		2,802,768	750,000
Costs incurred to sell asset taken in settlement of debt		(392,052)	(87,483)
Change in operating assets and liabilities:			
Mortgages receivable		(54,186)	1,517,372
Other assets		(9,732)	16,797
Other liabilities		(151,080)	(355,144)
Net cash flows from operating activities		2,415,587	2,702,865
Investing activities			
Disposal of property and equipment		-	4,528
Net cash flows from (used in) investing activities		-	4,528
Financing activities			
Advances (repayments) of related party loans	11	(1,003,507)	1,003,507
Issuance of share capital	9	-	2,165,695
Dividends paid		-	(710,698)
Repayment of demand loan		(1,414,084)	(5,174,226)
Net cash flows used in financing activities		(2,417,591)	(2,715,722)
Net decrease in cash and cash equivalents		(2,004)	(8,329)
Cash and cash equivalents, beginning of year		52,435	60,764
Cash and cash equivalents, end of year		50,431	52,435

The accompanying notes are an integral part of these Financial Statements.

1 Nature of Operations and Going Concern

PrimeWest Mortgage Investment Corporation (the "Company") was incorporated under *The Saskatchewan Business Corporations Act* on March 22, 2005 and commenced operations in October 2005, as a Mortgage Investment Corporation (MIC).

The Company lends on security of mortgages on real properties situated in the Provinces of Saskatchewan, Manitoba and Alberta. The mortgages transacted by the Company do not generally meet the underwriting criteria of conventional lenders. As a result the investments are subject to greater risk and accordingly earn a higher rate of interest than is generally obtainable through conventional mortgage lending activities.

The Company is a reporting issuer under securities laws trading on the Canadian Securities Exchange under the symbol PRI.

The address of the registered office is #700 – 750 Spadina Crescent East, Saskatoon, Saskatchewan S7K 3H3.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As a result of events incurred in 2016 the Company incurred a net loss of $2,601,558 during the year ended December 31, 2016 and a further loss of $3,077,888 during the year ended December 31, 2017. At year end, the Company has an accumulated deficit of $6,477,722. The decrease in the estimated fair value of the loan portfolio, assets taken in settlement of debt and the reduced level of income generating assets may cast significant doubt on the Company's ability to sustain operations for the upcoming year. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives and sales of assets taken in settlement of debt, in the current economic conditions it is difficult to predict the outcome of these plans. All of these factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include adjustments to the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities in other than the normal course of business at amounts different from those in the accompanying consolidated financial statements.

2 Statement of Compliance and Basis of Presentation

These Financial Statements for the year ended December 31, 2017 represent the Company's annual Financial Statements prepared in accordance with International Accounting Standard ("IFRS"), and interpretations as issued by the International Accounting Standards Board ("IASB").

These Financial Statements are presented in Canadian dollars, which is the Company's functional currency.

The financial statements have been prepared on the historic cost basis, except for cash and cash equivalents and assets taken in settlement of debt, which are measured at fair value on each reporting date. .

The Financial Statements of the Company for the year ended December 31, 2017 were authorized for issue in accordance with a resolution of the directors on March 6, 2018.

3 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the Financial Statements are:

Allowance for mortgage losses

The Company reviews its individually significant mortgages at each reporting date to assess whether an impairment loss should be recognized. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss.

In estimating these cash flows, the Company makes judgments about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Key assumptions in determining the allowance for impaired loans provision

The Company has determined the likely impairment loss on loans which have not maintained the loan repayments in accordance with the loan contract, or where there is other evidence of potential impairment such as commercial restructuring, job losses or economic circumstances. In identifying the impairment likely from these events the Company estimates the potential impairment using the loan type, industry, geographical location, type of loan security, the length of time the loans are past due and the historical loss experience. The circumstances may vary for each loan over time, resulting in higher or lower impairment losses. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Mortgages that have been assessed individually and found not to be impaired and all other performing loans are then assessed collectively to determine whether a provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes into account data from the mortgage portfolio about historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for judgments on the impact of current economic and credit conditions.

Assets taken in settlement of debt

The Company uses management's best estimates of the Fair Value of the Assets taken in settlement of debt by inspecting the property, obtaining appraisals and speaking with realtors in the area.

4 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

A) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management system. Cash subject to restrictions that prevent its use for current purposes is reported in restricted cash.

B) Financial instruments

Classification and measurement

All financial instruments are initially recognized at fair value at acquisition. Transactions to purchase or sell these items are recorded on the settlement date. Measurement in subsequent periods depends on whether the financial instrument has been classified as described below. During the year, there has been no reclassification of financial instruments.

Fair value through profit or loss

Financial instruments classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's financial instruments classified as fair value through profit or loss include cash and cash equivalents.

Available for sale financial assets

Available for sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income. The Company does not have any financial instruments classified as available for sale.

Held-to-maturity financial assets

Financial assets classified as held-to-maturity are subsequently measured at amortized cost using the effective interest rate method. The Company does not have any financial instruments classified as held to maturity.

Loan and receivables

Financial assets classified as loans and receivables are subsequently measured at amortized cost. The Company's financial instruments classified as loans and receivables include all mortgages receivable and accrued interest thereon.

Other financial liabilities

Financial instruments classified as other financial liabilities include demand loan, trade and other payables, due to related parties and unearned revenue. Other financial liabilities are subsequently carried at amortized cost.

De-recognition of financial assets

De-recognition of a financial asset occurs when:

- The Company does not have rights to receive cash flows from the asset;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either:
  - The Company has transferred substantially all the risks and rewards of the asset, or
  - The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

4 Summary of Significant Accounting Policies (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred or retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognized in comprehensive income.

C) Allowance for mortgage losses

A mortgage receivable is classified as impaired and a provision for loss established when, in management's opinion, there has been deterioration in credit quality to the extent that there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest. It is the Company's policy that whenever a payment is 90 days past due, mortgages are classified as impaired unless they are fully secured or collection efforts are reasonably expected to result in repayment of the debt. The Company maintains a delinquency report and when three payments are missed the Company includes the mortgage on this report.

Impairment is assessed at each reporting date, on a mortgage-by-mortgage basis and specific allowances are recorded if management determines that the mortgage receivable is impaired. In such cases, a specific provision is established to write down the loan to the estimated future net cash flows from the loan discounted at the loans' original effective interest rate. In cases where it is impractical to estimate the future cash flows, the carrying amount of the loan is reduced to its fair value calculated based on an observable market price. Any previously accrued but unpaid interest on the loan is charged to the allowance for loan impairment. Interest income after the impairment is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Specific allowances include consideration of the credit worthiness of individual borrowers and the value of the collateral underlying the loan.

Mortgages receivable that have been assessed individually and found not to be impaired are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective provision takes account of data from the loan portfolio and based on analysis of historical data, such as credit quality, levels of arrears, historical performance and economic outlook. Collective allowances also consider current economic conditions.

Restructured loans are not considered impaired where reasonable assurance exists that the borrower will meet the terms of the modified debt agreement. Restructured loans are defined as loans greater than 90 days delinquent that have been restructured outside the Company's normal lending practices as it relates to extensions, amendments and consolidations.

4 Summary of Significant Accounting Policies (continued)

D) Assets taken as settlement of debt

Assets taken as settlement of debt are initially recorded at carrying value of the mortgage receivable which comprises principal, costs incurred, accrued interest and the related allowance for mortgage losses. Cost subsequently includes disbursements related to the asset, less any revenues or lease payments received. Assets taken as settlement of debt are re-measured to fair value at each reporting period.

E) Fair value

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market and non-financial assets, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

The Company classifies fair value measurements recognized in the Statement of Financial Position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the Company to develop its own assumptions.

F) Revenue recognition

Interest income is recognized on the Statement of Comprehensive Income for all financial assets measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument back to the net carrying amount of the financial asset. The application of the method has the effect of recognizing revenue of the financial instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

Interest income continues to accrue on delinquent accounts. A provision in the same amount is set up to recognize that the interest may not be collected.

Fee revenue received is amortized into income over the term of the specific mortgage using the effective interest rate method.

4 Summary of Significant Accounting Policies (continued)

G) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses if any. Such cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different lives, they are accounted for as separate items of property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognized in the Statement of Comprehensive Income as incurred.

Depreciation is calculated to recognize the cost less estimated residual value using the straight-line method over the estimated useful life of the assets as follows:

	Rate
Automotive equipment	3 years
Computer equipment	3 years
Furniture and equipment	3 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from de-recognition of an item of property and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Comprehensive Income when the asset is derecognized.

H) Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a finance lease. At the inception of a finance lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the asset's fair market value at inception of the lease. Assets under finance leases are amortized on the straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

I) Taxes

Mortgage Investment Corporations (MIC's) are able to deduct, in computing taxable income, dividends paid to its shareholders during the year or within 90 days after year end. It is the intention of the Company to qualify as a MIC and pay dividends to its shareholders in future years to ensure it will not be subject to income taxes.

J) Share capital

Shares issued are classified as either a financial liability or equity in accordance with the substance of the contractual terms of the instrument.

Dividends payable to holders of Class A shares are recognized, when declared, in the statement of changes in shareholders' equity.

K) Share issue costs

Share issue costs include legal and accounting fees and brokerage commissions. These costs are charged against share capital in the year of share issuance. Costs incurred for shares that have not been issued at year end are deferred until such time as the related shares are issued.

5 Recent accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company.

i) **IFRS 9 Financial instruments**

IFRS 9 addresses the classification, measurement and impairment of financial instruments and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The primary impact of the new standard for the Company will be the expected credit loss model which differs significantly from the incurred loss model under the existing standard. The Company is working with its external advisors on the implementation of this standard. The transitional impact of IFRS 9 has not yet been quantified.

ii) **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 provides a single principle-based framework that applies to contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of assessing the impact of IFRS 15 on its financial statements.

iii) **IFRS 16 Leases**

IFRS 16, Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e., the customer ("lessee") and the supplier ("lessor"). IFRS 16 is effective from January 1, 2019. All leases result in a company (the lessee) obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognize: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. The Company has not yet determined the impact of IFRS 16 on its financial statements.

(Expressed in Canadian Dollars)

6 Mortgages receivable

Distribution of mortgages:

Portfolio of 27 (2016 – 44) mortgages bearing interest at fixed rates from 5.0% to 13.0% (2016 – 3.95% to 14.0%) with maturities ranging from January 2018 to November 2021, secured by real property to which they relate and by additional security in certain circumstances.

	Effective interest rates	Number of mortgages	December 31 2017 Amortized cost and fair value	Number of mortgages	December 31 2016 Amortized cost and fair value
	3 – 4%	-	-	1	304,282
	4 – 5%	**1**	**75,753**	1	307,494
	5 – 6%	-	-	1	686,159
	6 – 7%	-	-	-	-
	7 – 8%	-	-	-	-
	8 – 9%	**3**	**137,680**	5	2,063,295
	9 – 10%	**11**	**7,393,170**	8	6,115,637
	10 – 11%	**3**	**3,355,392**	4	3,438,446
	11 – 12%	**1**	**154,653**	3	1,712,656
	12 – 13%	**8**	**2,218,310**	17	3,560,840
	13 – 14%	-	-	4	4,090,001
Sub Total		**27**	**13,334,958**	44	22,278,810
Add: Accrued interest receivable			**28,770**		70,960
Less: Allowance for mortgage losses			**(7,643,837)**		(6,264,436)
Total		**27**	**5,719,891**	44	16,085,334

Maturities and yields:

December 31, 2017	***Within 3 months***	***Over 3 months to 1 year***	***Over 1 year***	***Total***
Total mortgages	12,843,190	445,948	45,820	13,334,958
Effective interest rate %	10.7%	10.3%	10.9%	10.7%

December 31, 2016	***Within 3 months***	***Over 3 months to 1 year***	***Over 1 year***	***Total***
Total mortgages	19,347,846	2,878,567	52,397	22,278,810
Effective interest rate %	11.3%	10.3%	11.0%	11.1%

Residential mortgages contain a prepayment option whereby the borrower may repay the principal at any time prior to maturity without penalty.

(Expressed in Canadian Dollars)

6 Mortgages receivable (continued)

Mortgage allowance details

For the year ended			***December 31, 2017***	*December 31, 2016*
	Specific	***Collective***	***Total***	*Total*
Balance, beginning of year	5,404,882	859,554	6,264,436	3,103,141
Provision for mortgage losses	3,861,712	(561,585)	3,300,127	3,303,229
Accounts written off	(1,920,726)	-	(1,920,726)	(141,934)
Balance, end of year	**7,345,868**	**297,969**	**7,643,837**	6,264,436

			December 31, 2017
	Gross amount of Impaired loans	***Impairment***	***Net Amount of Impaired loans***
Residential mortgages	**2,496,443**	**1,290,551**	**1,205,892**
Commercial mortgages	**7,182,447**	**6,055,317**	**1,127,130**
Total	**9,678,890**	**7,345,868**	**2,333,022**

			December 31, 2016
	Gross amount of Impaired loans	***Impairment***	***Net Amount of Impaired loans***
Residential mortgages	5,969,974	2,716,251	3,253,723
Commercial mortgages	5,374,311	2,688,631	2,685,680
Total	11,344,285	5,404,882	5,939,403

(Expressed in Canadian Dollars)

6 Mortgages receivable (continued)

Mortgages past due but not impaired

A mortgage is considered past due when a counterparty has not made a payment by the contractual due date. The table that follows presents the carrying value of mortgages at year-end that are past due but not classified as impaired because they are either i) less than 90 days in arrears, or ii) fully secured and collection efforts are reasonably expected to result in repayment.

December 31, 2017

	Under 30 days	***31-60 days***	***61-90 days***	***91 days and greater***	***Total***
Residential	**723,585**	**-**	**-**	**510,880**	**1,234,465**
Commercial	**-**	**-**	**-**	**-**	**-**
	723,585	**-**	**-**	**510,880**	**1,234,465**
Appraised value of collateral	**1,087,096**	**-**	**-**	**577,000**	**1,664,096**

December 31, 2016

	Under 30 days	*31-60 days*	*61-90 days*	*91 days and greater*	*Total*
Residential	772,804	-	202,146	3,942,046	4,916,996
Commercial	1,569,631	-	-	-	1,569,631
	2,342,435	-	202,146	3,942,046	6,486,627
Appraised value of collateral	2,864,995	-	255,000	4,637,267	7,757,262

The principal collateral and other credit enhancements the Company holds as security for loans include (i) property insurance, and mortgages over residential lots and properties, (ii) recourse to business assets such as real estate, equipment, inventory and accounts receivable, (iii) recourse to commercial real estate properties being financed, and (iv) recourse to liquid assets, guarantees and securities. Valuations of collateral are updated periodically depending on the nature of the collateral. The Company has policies in place to monitor the existence of undesirable concentration in the collateral supporting its credit exposure. In management's estimation, the fair value of the collateral is sufficient to offset the risk of loss on the mortgages past due but not impaired.

(Expressed in Canadian Dollars)

7 Assets taken in settlement of debt

For the year ended	***Properties***	***December 31, 2017 Amount ($)***	***Properties***	*December 31, 2016 Amount ($)*
Balance, beginning of period	9	1,665,582	7	1,092,357
Mortgages settled by taking property	4	8,117,762	6	2,306,855
Costs incurred to sell		392,052		87,483
Incremental loss recognized		(994,913)		(1,071,113)
Properties sold	(9)	(2,802,768)	(4)	(750,000)
Balance, end of year	**4**	**6,377,715**	**9**	1,665,582

Assets taken in settlement of debt are carried at fair value using Level 3 inputs including property appraisals. All of the assets taken on settlement of debt are residential properties.

8 Demand loan

	December 31, 2017 $	**December 31, 2016 $**
Operating line of credit	2,907,037	4,321,121
	2,907,037	4,321,121

The margined, demand operating line of credit bears interest at prime plus 1.5% (2016 – prime plus 1.5%), has an authorized limit which is the lesser of the margin calculation and $7,500,000 (December 31, 2016 - $15,000,000) and is secured by a general security agreement and an assignment of mortgages receivable. The operating line's margin is calculated using variable percentages of eligible mortgages as set out by the bank. In May 2017 the Company chose to reduce its operating line from $15,000,000 to $7,500,000 based on anticipated levels of business activity.

At year-end the maximum margin available was $6,081,200 (December 31, 2016 - $3,679,200).

The credit agreement contains certain financial covenants that must be maintained. As at December 31, 2016 the Company was not in compliance with all financial covenants and arrangements were made with Conexus Credit Union for a temporary increase to the line of credit of up to $1,000,000 with an interest rate of 21.0%. At December 31, 2016 the Company utilized $641,921 of the increased line of credit. Effective January 30, 2017 the increased line of credit was no longer required.

At December 31, 2017 the Company was in compliance with all financial covenants.

(Expressed in Canadian Dollars)

9 Shareholders' equity

A) Authorized shares

The Company's authorized share capital consists of:

- An unlimited number of Class A voting, common shares, redeemable at the option of the Company and retractable at the option of the holder. A shareholder calls for redemption of shares held by such shareholder by giving notice to the Company during the period April 1 to April 30th of a particular year (the "Redemption Period"), the Company shall on or before July 31st, and provided redemption requests for the year do not exceed 10% of the issued and outstanding Class A Shares, redeem the shares at the price equal to the lesser of (a) $10.00 per share; and (b) the book value per Class A Share as stated in the audited financial statements for the year ended immediately prior to the Redemption Period. The Board may at its discretion waive the restriction and increase the number of Class "A" shares that the Company may redeem in any fiscal year.

- If the shareholder requests redemption within the first year of issuance, a redemption penalty of 3% will apply, unless waived by the Board of Directors. The maximum annual redemption is 10% of the issued and outstanding shares at the beginning of the fiscal year. In an effort to enhance the share liquidity for the shareholders, the Company began trading on the Canadian Securities Exchange under the symbol PRI.

- An unlimited number of Class B common shares may, at any time, or from time to time, be issued in one or more series. The Board of Directors, subject to certain limitations, shall determine upon issuance of any Class B shares the number of shares to be issued and the designation, rights, privileges, restrictions and conditions attached to those shares. None of these are defined in the articles of the Company and would therefore be presented to shareholders for approval.

B) Issued and outstanding

Class A Common shares	**Number of Shares**	**$**
At December 31, 2015	1,662,759	13,515,669
Shares redeemed	-	-
Shares issued for cash	227,970	2,165,695
At December 31, 2016	**1,890,729**	**15,681,364**
Shares redeemed	-	-
Shares issued for cash	-	-
At December 31, 2017	**1,890,729**	**15,681,364**

Class A shares represent the residual equity interest of the Company, the redemption feature applies to all the Class A shares, the shares have no preferential rights and the redemption event is the same for all the Class A shares and accordingly are recorded as equity

(Expressed in Canadian Dollars)

10 Loss per share

Basic loss per share

Basic loss per share is calculated by dividing loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the year. The denominator (number of units) is calculated by adjusting the shares in issue at the beginning of the year by the number of shares bought back or issued during the year, multiplied by a time-weighting factor.

Weighted average number of common shares

	December 31, 2017 $	December 31, 2016 $
Issued common shares outstanding, beginning of year	**1,890,729**	1,662,759
Effect of shares issued	**-**	151,871
Weighted average number of common shares, end of year	**1,890,729**	1,814,630

	December 31, 2017 $	December 31, 2016 $
Total comprehensive loss	**(3,077,888)**	(2,601,558)
Weighted average number of common shares	**1,890,729**	1,814,630
Loss per share	**(1.63)**	(1.43)

There is no dilutive effect during the years ending December 31, 2017 or December 31, 2016. Therefore, the basic loss per share equals the diluted loss per share.

11 Related party disclosure

Compensation of key management personnel

Key management personnel ("KMP") consist of the CEO and CFO. KMP remuneration includes the following expenses:

	December 31, 2017 $	December 31, 2016 $
Salaries, fees and short-term benefits	**159,375**	245,043

Transactions with directors

The remuneration of directors during the year consisted of directors fees in the amount of $87,300 (2016 – $107,535).

During the year, the Company obtained $500,000 (2016 - $1,000,000) of financing from an entity in which two directors are shareholders. The loan was secured by a general security agreement over the assets of the Company with an interest rate of 8% per annum. During the year the Company repaid the total financing of $1,500,000.

During the year, legal fees of $45,942 (2016 - $25,185) were incurred from a law firm while a director was an associate.

The transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(Expressed in Canadian Dollars)

12 Capital management

The Company's objectives when managing capital are to (i) maintain a flexible capital structure which optimizes the cost of capital at acceptable risk; and (ii) to manage capital in a manner which balances the interests of equity and debt holders.

The Company's definition of capital includes shareholders' equity. Capital is monitored for any of these items if applicable.

The Company seeks to facilitate the management of its capital requirements by preparing annual expenditure budgets that are updated as necessary and approved by the Board of Directors. The Company may occasionally need to increase these levels to facilitate acquisition or expansion activities, however there are no established quantitative returns on capital requirements for management. The Company considers the capital structure to consist of debt and shareholders' equity. The Company considers debt to include bank indebtedness, demand loans and due to related parties.

	December 31, 2017	December 31, 2016
	$	**$**
Demand loan	**2,907,037**	4,321,121
Due to related parties	**-**	1,003,507
Other liabilities	**91,448**	242,528
Total debt	**2,998,485**	5,567,156
Shareholders' equity	**9,203,642**	12,281,530
Total capitalization	**12,202,127**	17,848,686

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, redeem shares for cancellation pursuant to normal course issuer bids, issue new shares, issue new debt, and issue new debt to replace existing debt.

Pursuant to the Company's credit agreement (Note 8) it is required to meet certain financial covenants. If the Company is in violation of any of these covenants its ability to pay dividends may be inhibited. The Company monitors these covenants to ensure it remains in compliance.

13 Financial instruments and risk management

The Company as part of its operations carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Risk management policy

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk. The Company's overall risk management program focuses on avoidance of undue concentrations of risk, hedging of risk exposures, and requirements for collateral to mitigate credit risk as risk management objectives. In seeking to meet these objectives, the Company follows risk management policies approved by its Board of Directors.

13 Financial instruments and risk management (continued)

These risk management policies and procedures include the following:

- Ensure all activities are consistent with the mission, vision and values of the Company;
- Balance risk and return;
- Manage credit, market and liquidity risk through preventative and detective controls;
- Ensure credit quality is maintained;
- Ensure credit, market, and liquidity risk are maintained at acceptable levels;
- Diversify risk in transactions, customer relationships and loan portfolios;
- Price according to risk taken; and
- Use consistent credit risk exposure tools.

Risk management is carried out by senior management, the policies of which are determined by the Board of Directors.

There have been no significant changes from the previous year in the policies and procedures or methods used to measure risk.

Credit risk

Credit risk is defined as the risk that a mortgagor will be unable to fulfill their mortgage commitments. Credit risk primarily arises from mortgages receivable. Management and the Board of Directors review and update the credit risk policy annually.

Concentration of credit risk exists if a number of borrowers are engaged in similar economic activities or are located in the same geographical region, and indicate the relative sensitivity of the Company's performance to developments affecting a particular segment of borrowers or geographical region. Geographical risk exists for the Company due to its primary service area being Saskatoon, Regina and surrounding areas.

Credit risk management for mortgage portfolio

The Company mitigates this risk by having well established lending policies in place. Policies include but are not limited to:

1. All mortgage applications undergo a comprehensive due diligence process adhering to investment restrictions and operating policies development by the Company.
2. Prior to funding, the Company will obtain current appraisals on all properties which secure the loan. The appraisals will be completed by an accredited appraiser approved by the Company.
3. All mortgages are registered as charges against real property, provided that the overall loan to appraised value ratio does not exceed 85% at funding (including prior charges).
4. The initial term of a mortgage cannot exceed 24 months.
5. The Company will not make a mortgage loan, if immediately after the closing of the loan transaction; the amount so lent would be greater than 20% of the Company's net assets.
6. Management actively monitors the mortgage portfolio.

Risk is measured by reviewing qualitative and quantitative factors that impact the mortgage portfolio and starts at the time of a credit application and continues until the loan is fully repaid.

(Expressed in Canadian Dollars)

13 Financial instruments and risk management (continued)

Analysis of maximum exposure to credit and collateral

The maximum exposure to credit risk at December 31, 2017 is the fair value of its mortgage receivables, mortgage interest receivable and loan receivables which total $5,719,891 (December 31, 2016 - $16,096,134).

To reduce the exposure the Company holds collateral as security on its mortgages. The collateral consists of a charge against real property on each mortgage. At December 31, 2017 the fair value of the collateral on the mortgages receivable is in excess of the fair value of the mortgages receivable.

Credit quality, mortgage types and renegotiated mortgages

The Company`s portfolio consists of both residential and commercial mortgages as follows before the allowance for mortgage losses of $7,643,837 (2016 - $6,264,436)

	December 31, 2017 $	December 31, 2016 $
Residential first mortgages	**4,194,850**	8,493,654
Residential second mortgages	**37,669**	4,790,670
Commercial first mortgages	**5,269,576**	5,582,916
Commercial second mortgages	**3,711,290**	3,359,173
Residential mortgages with no security	**121,573**	52,397
	13,334,958	22,278,810

*First mortgages are loans secured by a first priority mortgage charge with loan to values not exceeding 85% at funding.
**Second mortgages are loans with mortgage charges not registered in first priority with loan to values not exceeding 85% at funding.

The mortgage portfolio consists of mortgages that have been registered 84.7% in Saskatchewan (December 31, 2016 – 91.7%), 14.9% in Alberta (December 31, 2016 – 8.0%) and 0.4% in Manitoba (December 31, 2016 – 0.3%).

The Company does not internally assign credit quality ratings to its mortgages that are neither past due nor impaired. In addition, there is a limited market for such a portfolio of mortgages so standard credit ratings have not been used. However, the Company actively monitors its mortgage portfolio, the quality of the mortgages and any impairment.

Additional information on credit quality and mortgages past due but not impaired is included in Note 6.

Collateral obtained

During the year the Company obtained assets by taking possession of collateral it holds as security in settlement of debt. The Company took possession of $8,117,762 (December 31, 2016 - $2,306,855) of property (Note 7). The Company`s policy for these assets is to sell the assets to recover funds loaned.

(Expressed in Canadian Dollars)

13 Financial instruments and risk management (continued)

Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due. To limit this risk, the Company's approach is to ensure that it has sufficient cash and credit facilities to meet its liabilities when due, under both normal and stressed circumstances.

The Company maintains adequate cash held in trust to meet its trust fund obligations.

The Company's operating cash requirements are continuously monitored by management. As factors impacting cash requirements change, liquidity risks may necessitate the need for the Company to raise capital by issuing equity or obtaining additional debt financing. In addition, the mortgage receivables have short maturity terms (3 – 24 months) which provide additional liquidity in the event of an unforeseen interruption of cash flow. The Company can convert the mortgages, if needed, to cash instead of renewing for another term or lending under a new mortgage.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
As at December 31, 2017					
Demand loan	**2,907,037**	**-**	**-**	**-**	**2,907,037**
Due to related parties	**-**	**-**	**-**	**-**	**-**
Other liabilities	**-**	**91,448**	**-**	**-**	**91,448**
	2,907,037	**91,448**	**-**	**-**	**2,998,485**

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
As at December 31, 2016					
Demand loan	4,321,121	-	-	-	4,321,121
Due to related parties	-	1,003,507	-	-	1,003,507
Other liabilities	-	242,528	-	-	242,528
	4,321,121	1,246,035	-	-	5,567,156

The Company manages liquidity risk on a net asset and liability basis. The following tables explain the contractual maturities of financial assets held for the purpose of managing liquidity risk. While best efforts are made to collect on mortgages due, payouts of mortgages receivable may not occur on the maturity dates.

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
As at December 31, 2017					
Cash and cash equivalents	**50,431**	**-**	**-**	**-**	**50,431**
Mortgages receivable	**-**	**5,248,915**	**445,948**	**25,028**	**5,719,891**
Other assets	**41,205**	**-**	**-**	**-**	**41,205**
	91,636	**5,248,915**	**445,948**	**25,028**	**5,811,527**

(Expressed in Canadian Dollars)

13 Financial instruments and risk management (continued)

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
As at December 31, 2016					
Cash and cash equivalents	52,435	-	-	-	52,435
Mortgages receivable	-	13,193,663	2,878,567	13,104	16,085,334
Other assets	31,129	-	-	-	31,129
	83,564	13,193,663	2,878,567	13,104	16,168,898

Market risk

Market risk is the risk of loss in value of financial instruments that may arise from changes in market factors such as interest rates, equity prices and credit spreads. The Company's exposure changes depending on market conditions. Market risks that have a significant impact on the Company include fair value risk and interest rate risk.

Risk measurement

The Company's risk position is measured and monitored each quarter to ensure compliance with policy. Management reports on these matters to the Company's Board of Directors.

Objectives, policies and processes

Management is responsible for managing the Company's interest rate risk, monitoring approved limits and compliance with policies. The Company manages market risk by developing and implementing policies, which are approved and periodically reviewed by the Board.

The Company's goal is to achieve adequate levels of profitability, liquidity and safety. The Board of Directors reviews the Company's investment management policies periodically to ensure they remain relevant and effective in managing and controlling risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows of the fair values of financial instruments.

The Company is exposed to interest rate price risk both on its demand loan and its mortgage receivables. The demand loan consists of an operating line of credit that bears interest at variable rates, which exposes the Company to cash flow fluctuations. An increase in prime interest rates will have a direct impact on the cash flows required to service the debt. The fair value of the Company`s mortgage receivables will also be impacted by changes in the market interest rate. On loan origination, the Company`s mortgages are initially short, fixed term mortgages ranging up to 24 months. Any change in the market interest rate will expose the Company to fair value fluctuations in their portfolio.

The Company has managed this risk by maintaining an adequate spread between the interest rate paid on the demand loan and the interest received on the fixed, short-term mortgages. The Company also manages the risk by maintaining a mortgage portfolio of short term, fixed mortgages with rates at a premium from market rates. The average interest rate of the mortgages as at year end was 10.7% (December 31, 2016 – 11.1%). There is no specific market for mortgages of similar type, term and credit risk.

(Expressed in Canadian Dollars)

13 Financial instruments and risk management (continued)

The following demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant:

	Demand loan – sensitivity	***Mortgages receivable – sensitivity***	***Total December 31, 2017***	*Demand loan – sensitivity*	*Mortgages receivable – sensitivity*	*Total December 31, 2016*
Increase in 25 basis points	(7,268)	14,300	7,032	(10,803)	40,036	29,233
Increase in 50 basis points	(14,536)	28,600	14,064	(21,606)	80,072	58,466
Decrease in 25 basis points	7,268	(14,300)	(7,032)	10,803	(40,036)	(29,233)
Decrease in 50 basis points	14,536	(28,600)	(14,064)	21,606	(80,072)	(58,466)

Demand Loan sensitivity is calculated by applying the basis point change to the balance of the demand loan at year end. The mortgage receivable sensitivity is calculated by applying the basis point change to the balance of the mortgage receivables at year end.

Interest rate re-price

						December 31, 2017	*December 31, 2016*
	On demand	***Within 3 months***	***Over 3 months to 1 year***	***Over 1 year***	***Not interest sensitive***	***Total***	*Total*
Assets							
Cash and cash equivalents	**50,431**	**-**	**-**	**-**	**-**	**50,431**	52,435
Mortgages receivable	**-**	**5,248,915**	**445,948**	**25,028**	**-**	**5,719,891**	16,085,334
Effective interest rate %	**-**	**10.7%**	**10.3%**	**10.9%**	**-**	**10.7%**	11.1%
Other assets	**-**	**-**	**-**	**-**	**41,205**	**41,205**	31,129
	50,431	**5,248,915**	**445,948**	**25,028**	**41,205**	**5,811,527**	16,168,898
Liabilities							
Demand loan	**2,907,037**	**-**	**-**	**-**	**-**	**2,907,037**	4,321,121
Effective interest rate %	**4.7%**	**-**	**-**	**-**	**-**	**4.7%**	6.7%
Due to related parties	**-**	**-**	**-**	**-**	**-**	**-**	1,003,507
Effective interest rate %	**-**	**-**	**-**	**-**	**-**	**-**	8.0%
Other liabilities	**-**	**-**	**-**	**-**	**91,448**	**91,448**	242,528
	2,907,037	**-**	**-**	**-**	**91,448**	**2,998,485**	5,567,156

(Expressed in Canadian Dollars)

13 Financial instruments and risk management (continued)

Fair values

The Company's financial instruments recognized on the Statement of Financial Position consist of cash, other receivables, mortgages receivable, demand loan, trade and other payables, and due to related parties. The fair values of these recognized financial instruments, excluding mortgages receivable, approximate their carrying values due to their short-term maturity. The fair values of mortgages receivable approximates its carrying value given the mortgages receivable consist of short-term loans that are repayable at the option of the borrower without penalties.

Recurring fair value measurements

The Company's financial assets and liabilities measured at fair value on a recurring basis are comprised of cash which has been categorized in the fair value hierarchy as Level 1.

Financial assets and liabilities for which fair value is only disclosed

The following table analyses within the fair value hierarchy the Company's assets and liabilities (by class) not measured at fair value at December 31, 2017 but for which fair value is disclosed:

December 31, 2017	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Assets				
Mortgages receivable	**5,719,891**	**-**	**-**	**5,719,891**
Other assets	**41,205**	**-**	**-**	**41,205**
Total Assets	**5,761,096**	**-**	**-**	**5,761,096**
Liabilities				
Demand loan	**2,907,037**	**-**	**2,907,037**	**-**
Due to related parties	**-**	**-**	**-**	**-**
Other liabilities	**91,448**	**-**	**-**	**91,448**
Total Liabilities	**2,998,485**	**-**	**2,907,037**	**91,448**

December 31, 2016	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Assets				
Mortgages receivable	16,085,334	-	-	16,085,334
Other assets	31,129	-	-	31,129
Total Assets	16,116,463	-	-	16,116,463
Liabilities				
Demand loan	4,321,121	-	4,321,121	-
Due to related parties	1,003,507	-	1,003,507	-
Other liabilities	242,528	-	-	242,528
Total Liabilities	5,567,156	-	5,324,628	242,528

(Expressed in Canadian Dollars)

13 Financial instruments and risk management (continued)

All fair values disclosed and categorized within Level 2 of the hierarchy use a net present value valuation technique and inputs consisting of actual balances, actual rates, market rates (for similar instruments) and payment frequency.

For mortgages receivable classified as Level 3 of the hierarchy, as there are no quoted prices in an active market for these mortgages receivable, the Company makes its determination of fair value based on its assessment of the current mortgage market for mortgages receivable of same or similar terms. Typically, these mortgage investments approximate their carrying values given the mortgages receivable consist of short-term loans that are repayable at the option of the borrower without penalties. When collection of the principal amount of a mortgage is no longer reasonably assured, the fair value of the mortgage is reduced to the estimated net realizable value of the underlying security. The net realizable is estimated by looking at market information for comparable properties and market rents when using an income based approach.

14 Commitments

The Company has entered into a lease agreement for its premises with future minimum lease commitments as follows:

	$
2018	15,313
Total	15,313

At year end the Company committed to funding one (December 31, 2016 – Nil) mortgages, for a total of $658,500 (December 31, 2016 - $Nil)

15 Income taxes

The Company has non-capital loss carry forwards for income tax purposes of $8,190,734 which will expire as follows:

	$
2031	109,380
2032	208,726
2033	196,178
2036	4,930,232
2037	2,746,218
Total	8,190,734

In addition to these non-capital loss carryforwards there are $1,032,556 of temporary differences that will become deductible should all recorded allowances for mortgage losses become realized. The potential benefit of these timing difference loss carry forwards has not been recognized in these financial statements.

16 Comparatives

Certain prior year’s comparative figures have been adjusted to conform to the current year’s presentation.