COUNSEL
CORPORATION

Unaudited Condensed Consolidated Interim Financial Statements

As at and for the Three months Ended March 31, 2015

COUNSEL CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2015 and DECEMBER 31, 2014
(In thousands of Canadian dollars) Unaudited

	Notes	March 31, 2015 $	December 31, 2014 $
Assets			
Current assets			
Cash and cash equivalents	11(i)	**33,083**	**36,152**
Marketable securities		**425**	**419**
Mortgages, loans, accounts and deferred fees receivable	6(a)	**33,855**	**29,366**
Securitized mortgage loans	6(b)	**4,765**	**4,731**
Portfolio investments	10	**13,495**	**30,910**
Prepaid expenses	7	**5,655**	**7,058**
Assets of discontinued operations	20	**854**	**854**
		92,132	**109,490**
Non-current assets			
Deferred fees and mortgages receivable	6(a)	**24,504**	**26,594**
Securitized mortgage loans	6(b)	**43,918**	**45,587**
Prepaid expenses	7	**50,028**	**44,796**
Property, plant and equipment	8	**4,538**	**4,706**
Portfolio investments	10	**9,100**	**9,100**
Intangible assets	9(a)	**4,977**	**5,101**
Goodwill	9(b)	**23,465**	**23,465**
Deferred income tax assets	19	**10,399**	**9,939**
Assets of discontinued operations	20	**494**	**486**
Total assets		**263,555**	**279,264**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	11	**40,504**	**45,961**
Income taxes payable		**3**	**3**
Loans payable	12	**18,290**	**11,973**
Securitization liabilities	6(b)	**4,658**	**4,576**
Contingent consideration	5	**2,600**	**2,600**
Liabilities of discontinued operations	20	**1,017**	**1,017**
		67,072	**66,130**
Non-current liabilities			
Loans payable	12	**-**	**6,934**
Securitization liabilities	6(b)	**43,825**	**45,970**
Contingent consideration	5	**2,382**	**2,308**
Deferred income tax liabilities	19	**27,536**	**26,219**
Liabilities of discontinued operations	20	**150**	**150**
Total liabilities		**140,965**	**147,711**
Equity			
Share capital	14	**204,587**	**204,263**
Share based compensation		**12,170**	**12,096**
Contributed surplus		**50,215**	**50,215**
Retained earnings (deficit)		**(151,948)**	**(155,698)**
Shareholders' equity		**115,024**	**110,876**
Non-controlling interest		**7,566**	**20,677**
Total equity		**122,590**	**131,553**
Total liabilities and equity		**263,555**	**279,264**
Commitments, contingencies and guarantees	13		

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

COUNSEL CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31
(In thousands of Canadian dollars, except per share data) Unaudited

	Notes	Three months ended March 31, 2015 $	2014 $
Revenues			
Gain on sale of mortgages	6(a)	**31,121**	25,357
Interest and fee income		**1,009**	354
Other		**-**	4,125
		32,130	29,836
Expenses			
Operating costs		**16,877**	15,654
Selling, general and administrative expense		**9,637**	8,111
Foreign exchange		**(24)**	(353)
Depreciation and amortization		**363**	294
Interest expense		**1,115**	365
		27,968	24,071
Income before fair value adjustments		**4,162**	5,765
Fair value adjustments		**(2,710)**	3,099
Income before income taxes and discontinued operations		**1,452**	8,864
Income tax provision	19	**857**	1,447
Income from continuing operations		**595**	7,417
Income (loss) from discontinued operations	20	**8**	(11,782)
Net income (loss)		**603**	(4,365)
Net income (loss) attributable to non-controlling interest		**(3,147)**	2,061
Net income (loss) attributable to shareholders		**3,750**	(6,426)
Basic and diluted net income (loss) per share :	15		
Continuing operations		**0.04**	0.07
Discontinued operations		**0.00**	(0.13)
Basic and diluted net income (loss) per share		**0.04**	(0.06)
Weighted average number of common shares outstanding (in thousands) - basic and diluted		**99,817**	99,063

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

COUNSEL CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31
(In thousands of Canadian dollars) Unaudited

	Three months ended March 31,	
	2015	**2014**
	$	**$**
Net income (loss)	**603**	(4,365)
Other comprehensive income (loss)		
Reclassification of cumulative currency translation adjustment - continuing operations to income, net of tax	-	(440)
Reclassification of cumulative currency translation adjustment - discontinued operations to income (loss), net of tax	-	(1,679)
Fair value adjustment of shares held for dividend-in-kind	-	(498)
	-	(2,617)
Comprehensive income (loss)	**603**	(6,982)
Comprehensive income (loss) attributable to:		
Shareholders	**3,750**	(9,097)
Non-controlling interest	**(3,147)**	2,115
	603	(6,982)

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

COUNSEL CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31
(In thousands of Canadian dollars) Unaudited

		Attributable to shareholders of the Company								
	Notes	Share capital (Note 15) $	Share based compensation $	Foreign currency translation $	Contributed Surplus $	Accumulated other comprehensive income (loss) $	Retained earnings (deficit) $	Total $	Non-controlling Interest $	Total equity $
Balance - December 31, 2013		**203,333**	**12,202**	**2,392**	**50,215**	**-**	**(152,035)**	**116,107**	**53,110**	**169,217**
Net investment by non-controlling interest		-	-	54	-	-	-	54	(10,704)	(10,650)
Employee share purchase loan		381	-	-	-	-	-	381	-	381
Share based compensation		-	113	-	-	-	-	113	-	113
Foreign currency translation adjustment		-	-	(2,173)	-	-	-	(2,173)	54	(2,119)
Dividends declared (in-kind)		-	-	-	-	-	(15,749)	(15,749)	-	(15,749)
Change in fair value of available for sale investment		-	-	-	-	(498)	-	(498)	-	(498)
Net income		-	-	-	-	-	(6,426)	(6,426)	2,061	(4,365)
Balance - March 31, 2014		203,714	12,315	273	50,215	(498)	(174,210)	91,809	44,521	136,330
Exercise of stock options		25	-	-	-	-	-	25	-	25
Net investment by non-controlling interest		-	-	-	-	-	-	-	(41,678)	(41,678)
Share based compensation		524	(219)	-	-	-	-	305	-	305
Foreign currency translation adjustment		-	-	(273)	-	-	(76)	(349)	-	(349)
Dividends declared (in-kind)		-	-	-	-	-	(767)	(767)	-	(767)
Change in fair value of available for sale investment		-	-	-	-	498	-	498	-	498
Net income		-	-	-	-	-	19,355	19,355	17,834	37,189
Balance - December 31, 2014	14	**204,263**	**12,096**	**-**	**50,215**	**-**	**(155,698)**	**110,876**	**20,677**	**131,553**
Exercise of stock options		**324**						324	-	324
Net investment by non-controlling interest		**-**	**-**	**-**	**-**	**-**	**-**	-	**(9,964)**	(9,964)
Share based compensation		**-**	**74**	**-**	**-**	**-**	**-**	74	-	74
Net income		-	-	-	-	-	**3,750**	3,750	**(3,147)**	603
Balance - March 31, 2015	14	**204,587**	**12,170**	**-**	**50,215**	**-**	**(151,948)**	**115,024**	**7,566**	**122,590**

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

COUNSEL CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31
(In thousands of Canadian dollars) Unaudited

	Three months ended March 31,	
	2015	2014
	$	$
Cash provided by (used in)		
Operating activities		
Income from continuing operations	**595**	7,417
Non-cash items		
Deferred income taxes	**857**	1,447
Depreciation and amortization	**363**	294
Fair value adjustments for contingent consideration	**74**	129
Amortization of deferred financing and other costs	**-**	107
Fair value adjustments	**2,961**	(3,170)
Share based compensation	**74**	113
Changes in non-cash assets and liabilities related to operations		
(Increase) decrease in accounts receivable and mortgage assets	**(764)**	(9,973)
(Increase) decrease in deferred charges	**(3,829)**	(1,535)
(Increase) decrease in other assets	**(6)**	(303)
Increase (decrease) in accounts payable and accrued liabilities	**(7,519)**	1,821
Cash provided by (used in) continuing operations	**(7,194)**	(3,653)
Cash provided by (used in) discontinued operations	**-**	233
	(7,194)	(3,420)
Investing activities		
Distributions from portfolio investments	**14,454**	378
Purchase of property, plant and equipment	**(72)**	-
Non-controlling interest	**(9,964)**	(2,743)
Discontinued operations	**-**	(82)
	4,418	(2,447)
Financing activities		
Proceeds from mortgages and loans payable	**1,815**	100
Repayment of mortgages and loans payable	**(2,432)**	138
Exercise of stock options	**324**	-
Discontinued operations	**-**	(24)
	(293)	214
Increase (decrease) in cash and cash equivalents	**(3,069)**	(5,653)
Cash and cash equivalents - beginning of period	**36,152**	17,580
Cash and cash equivalents - end of period	**33,083**	11,927
Less: Cash - discontinued operations	**-**	47
Cash and cash equivalents - continuing operations	**33,083**	11,880
Represented by:		
Cash and cash equivalents	**12,020**	1,799
Restricted cash represented by funds held in trust	**21,063**	10,081
Total - Cash and cash equivalents - continuing operations	**33,083**	11,880
Supplementary information		
Cash paid (received) during the period		
Interest received	**(567)**	(87)
Interest paid	**1,167**	536
Effects of exchange rate changes on the balance of cash held in foreign currencies	**1,571**	59
Non-cash investing and financing activities:		
Dividend in kind of Heritage Global Inc.	**-**	15,749
Sale of real estate investment	**-**	1,000

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

1. General information

Counsel Corporation ("Counsel" or "the Company"), incorporated in the province of Ontario in 1979, is a financial services company. The address of its registered office is 1 Toronto Street, Suite 700, P.O. Box 3, Toronto, Ontario, M5C 2V6.

Counsel currently operates principally as a mortgage lending business. Counsel carries on its mortgage lending business ("Mortgage Lending") through its subsidiary, Street Capital Financial Corporation ("Street Capital"). Street Capital is a Canadian residential mortgage lender. Counsel acquired Street Capital on May 31, 2011.

Counsel also owns a private equity business ("Private Equity") through a wholly owned subsidiary, Knight's Bridge Capital Partners Inc. ("Knight's Bridge"). Knight's Bridge is responsible for managing a private equity investment fund which it founded in 2008.

In the first quarter of 2013, the Company decided to discontinue its non-core operating businesses, namely, its Asset Liquidation (through Heritage Global Inc.), Case Goods (through Fleetwood Fine Furniture LP) and Real Estate businesses.

2. Basis of preparation

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the CPA Canada Handbook. The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting* under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies the Company applied in its consolidated financial statements as of and for the year ended December 31, 2014. The accounting policies the Company applied in its annual consolidated financial statements as of and for the year ended December 31, 2014 are disclosed in Note 3 and Note 4 of such financial statements, to which reference should be made in reading these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements are presented in Canadian dollars, except when otherwise indicated.

The comparative condensed consolidated interim financial statements have been reclassified from statements previously presented to conform to the presentation of the 2015 condensed consolidated interim financial statements.

The condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on May 13, 2015.

3. Summary of accounting policies

Consolidation

These consolidated financial statements include the accounts of the Company and its consolidated subsidiaries, which are entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities. Furthermore, IFRS 10 requires the consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its investment with the investee and has the ability to use its power over the investee to affect its returns. Non-controlling interests in the equity and results of the Company's subsidiaries are shown separately in the consolidated statement of changes in equity. Intercompany balances and transactions among the Company and its subsidiaries are eliminated on consolidation.

The Company's principal subsidiaries comprising continuing and discontinued operations and its respective ownership interest in each subsidiary as at March 31, 2015 and December 31, 2014 are as follows:

	March 31, 2015 %	December 31, 2014 %
Street Capital Financial Corporation	**100.0**	**100.0**
Knight's Bridge Capital Partners Inc.	**100.0**	**100.0**

Future accounting changes

Financial Instruments – In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Company has yet to assess the impact of the new standard on its results of operations, financial position and disclosures.

Revenue from contracts with customers – IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Company has yet to assess the impact of the new standard on its results of operations, financial position and disclosures.

4. Critical accounting estimates, assumptions and judgments

The preparation of condensed consolidated financial statements in accordance with IFRS requires the use of estimates, assumptions and judgments that in some cases relate to matters that are inherently uncertain, and which affect the amounts reported as assets, liabilities, revenue and expense in the consolidated financial statements and accompanying notes. Key areas of such estimation are: re-measurement at fair value of financial instruments, valuations of receivables (i.e. duration factors on deferred fees receivable), portfolio investments, intangibles and goodwill, provisions, accounting accruals, the useful life and residual value of certain assets including portfolio insurance, accounting for deferred income taxes, and allowance for credit losses. Allowance for credit losses represent management's best estimate of losses incurred in our loan portfolio at the date of the consolidated statement of financial position and requires management's judgment in making assumptions and estimations. The determination of the Company's deferred tax asset or liability requires significant management judgment as the recognition is dependent on management's projection of future taxable profits and tax rates expected to be in effect in the period in which the asset is realized or the liability settled.

The classification, presentation and measurement of discontinued operations also involve significant estimates, assumptions and judgments. Changes to estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could also differ from those estimates under different assumptions and conditions.

Fair value of portfolio investments not quoted in an active market - The fair values of portfolio investments that are not quoted in an active market are determined by using valuation techniques, primarily earnings multiples, discounted cash flows and recent comparable transactions. The inputs in the earnings multiples models include observable data, such as earnings multiples of companies that are comparable to the relevant portfolio company, and unobservable data, such as forecast earnings for the portfolio company. In discounted cash flow models, unobservable inputs are the projected cash flows of the relevant portfolio company and the risk premiums for liquidity and credit risk that are incorporated into the discount rate.

Critical judgments include the determination of cash generating units ("CGUs"), the allocation of certain costs among the CGUs, and the determination of amortization periods for prepaid portfolio insurance and intangible assets.

5. Contingent consideration

On May 31, 2011, Counsel completed the acquisition of Street Capital. Street Capital is a Canadian prime residential mortgage lender. The purchase price was satisfied through a combination of the issuance of 6,616,664 common shares of Counsel and approximately $28,000 in cash. Counsel financed the purchase price through a $17,500 acquisition debt facility provided by a Canadian chartered bank and a private placement of convertible unsecured subordinated debentures for gross proceeds of $12,000. In support of the loan of $17,500, the Company provided a limited recourse guarantee of amounts outstanding under the loan. The Company directly and indirectly pledged the shares it owns in Street Capital and its subsidiaries as well as provided general security over the assets of, and a guarantee from, Street Capital and one of its subsidiaries.

In addition the Company agreed to pay earn-out payments if specified future events occur (the "contingent consideration"). Under the contingent consideration arrangement, the Company expected to pay certain members of management of Street Capital a total of approximately $13,870 in cash beginning in 2013 upon the achievement of specific earnings targets. The contingent consideration, valued at $10,353 on acquisition, was recorded as part of the purchase price. The contingent consideration has an estimated fair value of $4,982 at March 31, 2015 (December 31, 2014 - $4,908). During 2013, the first payment of contingent consideration in the amount of $4,026 was made. During 2014, contingent consideration payments totalling $4,027 were made. The remaining $4,982 of contingent consideration is allocated between current and long term liabilities of $2,600 and $2,382 respectively.

The members of management who are entitled to the contingent consideration also have the right to participate in the future value creation in Street Capital so long as they remain employed by the Company until at least December 31, 2018. However, if Street Capital achieves certain cumulative earnings targets, which are significantly in excess of historic earnings at the date of acquisition, they will be entitled to earlier payouts during the three-year period 2017 to 2019. Due to risks and uncertainties arising from macro-economic changes affecting the Canadian real estate and mortgage lending sectors that could impact future earnings, qualification for and timing of regulatory approvals for Street Capital to become a Schedule I bank, fulfillment of minimum contractual terms of employment by Street Capital management, and achievement by Street Capital of earnings targets significantly in excess of historical earnings, management's entitlement to early payment of their share of any future value creation is considered to have not met the more likely than not criteria under IFRS. In light of the aforementioned, the amount of such potential payment cannot be practicably estimated at this time.

6. Mortgages, loans, accounts and deferred fees receivable

a) Mortgages, loans, accounts and deferred fees receivable consist of the following:

	March 31, 2015	December 31, 2014
	$	$
Accounts receivable	8,547	6,881
Loans receivable	5,212	6,045
Deferred fees receivable	39,593	38,749
Mortgages receivable	5,007	4,285
	58,359	55,960
Current	33,855	29,366
Long-term	24,504	26,594
	58,359	55,960

Accounts receivable include trade receivables, harmonized sales taxes and any other amounts receivable excluding loans, mortgages and deferred fees receivable.

Deferred fees receivable - Mortgages are sold on a fully serviced basis. The Company charges the institutional investor a servicing fee which is received over the life of the underlying mortgage. The present value of the servicing fee less the Company's cost of servicing is recognized as gain on sale of mortgages in the consolidated statement of comprehensive income and a resulting deferred fee receivable is recognized in the consolidated statement of financial position.

As well, in some cases an excess interest rate spread is received over the remaining term of the mortgage. The present value of the excess interest rate spread is recognized as gain on sale in the consolidated statement of comprehensive income and a resulting deferred fee receivable is recognized in the consolidated statement of financial position.

The present value of this excess spread is calculated based on a duration factor of the underlying mortgage sold and recorded as deferred fees receivable.

	March 31, 2015			December 31, 2014		
	Capitalized at sale	**Amortization**	**Net book value**	Capitalized at sale	Amortization	Net book value
	$	**$**	**$**	$	$	$
Deferred fees receivable	**84,488**	**44,895**	**39,593**	80,106	41,357	38,749

Mortgages receivable – The Company originates mortgages and holds the mortgages for a short period of time and then sells them to various purchasers.

	March 31, 2015		December 31, 2014	
	Cost	**FMV**	Cost	FMV
	$	**$**	$	$
Mortgage loans	**5,007**	**5,099**	4,285	4,348

Mortgage loans carry interest rates ranging from 2.6% to 8.0% with maturities up to 10 years (2014 – 2.6% to 8.0% with maturities up to 10 years).

Upon sale of mortgage loans, the Company receives four forms of compensation: a cash premium; a servicing fee over the remaining life of the mortgage; in some cases, an excess spread over the remaining life of the mortgage; and accrued interest. The present value of (i) the difference between the servicing fee and cost of servicing and (ii) the excess spread is recorded as gain on sale on the consolidated statement of comprehensive income and deferred fees receivable on the consolidated statement of financial position.

	Three months ended March 31,	
	2015	2014
	$	$
Cash premium at sale	**26,855**	21,860
Deferred gain on sale	**4,266**	3,497
Total gain on sale	**31,121**	25,357

In accordance with respective agreements, the Company indirectly administers mortgages purchased by third parties. Total mortgages under administration, including mortgages sold to third parties, as at March 31, 2015 amounted to $22,163,286 (2014 - $21,575,334).

b) Securitized assets and liabilities – The Company securitizes insured single-family residential mortgage loans by participating in the National Housing Authority mortgage-backed securities (“NHA MBS”) program. Through the program, the Company issues securities backed by residential mortgage loans that are insured against borrowers’ default. Once the mortgage loans are securitized, the Company assigns the underlying mortgages to Canada Mortgage and Housing Corporation (“CMHC”) and assigns the related securities to the investors. As an issuer of the MBS, the Company is responsible for advancing all scheduled principal and MBS interest payments to CMHC, whether or not the amounts have been collected on the underlying transferred mortgages. Amounts advanced but not recovered will ultimately be recovered from the insurer.

The Company retains certain prepayment and/or interest rate risks and rewards related to the transferred mortgages. Due to retention of these risks and rewards, transferred mortgages are not derecognized and the securitization proceeds are accounted for as secured borrowing transactions. There are no expected credit losses on the securitized mortgage assets as the mortgages are insured against default. Further, the investors and CMHC have no recourse to other assets of the Company in the event of failure of debtors to pay when due.

The following table presents the gross carrying amounts of mortgages and other assets assigned during the year, which are recorded on the consolidated statement of financial position as securitized mortgages.

	March 31, 2015	December 31, 2014
	$	$
Mortgages receivable - securitized financing	46,668	48,159
Deferred securitized mortgage acquisition costs	2,015	2,159
	48,683	50,318
Current	4,765	4,731
Long-term	43,918	45,587
	48,683	50,318

Deferred securitized mortgage acquisition costs $2,015 (2014 - $2,159) directly attributed to the acquisition of securitized mortgage loans are amortized into income using the effective interest method.

MBS securitization liabilities are repaid on a monthly basis as the principal and interest payments are collected from securitized loans. Accrued interest on securitization liabilities is recorded in securitization liabilities on the consolidated statement of financial position and is based on the underlying MBS coupon. Premiums from the sale of securitized mortgages are amortized into income using the effective interest method.

	March 31, 2015	December 31, 2014
	$	$
Securitization liabilities	48,483	50,546
	48,483	50,546
Current	4,658	4,576
Long-term	43,825	45,970
	48,483	50,546

The estimated principal amount of MBS securitization liabilities will be paid as follows:

	$
2015	3,152
2016	4,471
2017	4,955
2018	23,542
2019	11,036
Thereafter	-
	47,156

7. Prepaid expenses

Prepaid expenses of $55,683 (2014 - $51,854) principally represent prepaid mortgage portfolio insurance premiums on mortgage pools. The Company purchases portfolio mortgage insurance coverage on some of its low ratio mortgages. Portfolio mortgage insurance provides insurance coverage over a pool of mortgages and is not mortgage specific. The length of the insurance coverage is for the amortization period of the original underlying mortgages. If any part of a mortgage is prepaid in advance of the contractual amortization period, the Company is entitled to substitute that prepaid amount with another mortgage of equal value at no additional cost. The substitution period varies by insurer and is as short as 5 years and as long as the amortization period, which can be up to 25 years.

The prepaid portfolio insurance is amortized over a period between 10 and 15 years depending upon which insurer binds coverage as this determines the term of eligibility for substitution pools. The expense recognized during the three months ended March 31, 2015 was $1,201 (2014 - $1,028).

Other prepaid expenses of $703 are comprised of prepaid operating expenses which will be expensed within the next twelve months.

	March 31, 2015	**December 31, 2014**
	$	**$**
Prepaid portfolio insurance	54,931	50,888
Other prepaid expenses	703	917
Other assets	49	49
	55,683	51,854
Current	5,655	7,058
Long-term	50,028	44,796
	55,683	51,854

8. Property, plant and equipment

Property, plant and equipment consist of the following:

	March 31, 2015	December 31, 2014
	$	$
Artwork	**2,148**	2,148
Furniture, fixtures and office equipment	**1,064**	1,134
Information systems	**1,047**	1,145
Leasehold improvements	**279**	279
	4,538	4,706

A reconciliation of the carrying amount of property, plant and equipment from the end of 2013 to the end of the current fiscal period is set out below:

	Artwork	**Furniture, fixtures & office equipment**	**Information systems**	**Leasehold improvements**	**Total**
	$	**$**	**$**	**$**	**$**
Balance at December 31, 2013	**2,148**	**450**	**328**	**153**	**3,079**
Additions	-	1,033	1,230	166	2,429
Depreciation	-	(349)	(413)	(40)	(802)
Balance at December 31, 2014	**2,148**	**1,134**	**1,145**	**279**	**4,706**
Additions	**-**	**39**	**16**	**17**	**72**
Depreciation	**-**	**(109)**	**(114)**	**(17)**	**(240)**
Balance at March 31, 2015	**2,148**	**1,064**	**1,047**	**279**	**4,538**

9. Goodwill and intangible assets

(a) Intangible assets

Details of the Company's intangible assets are as follows:

	March 31, 2015	December 31, 2014
	$	$
Mortgage renewal stream (i)	**6,869**	6,869
Accumulated amortization	**(1,892)**	(1,768)
	4,977	5,101

(i) Amortization expense for the mortgage renewal stream, which is related to the acquisition of Street Capital, was $124 for the three months ended March 31, 2015 (2014 – $123). The amortization period of 15 years is based on historical renewal rates and industry benchmarks.

(b) Goodwill

Goodwill, arising from business acquisition transactions, is detailed as follows:

	March 31, 2015	December 31, 2014
	$	$
Street Capital	**23,465**	23,465

No impairment to goodwill from continuing operations was determined for the first three months of 2015 (2014 - nil).

10. Portfolio investments

The Company's portfolio investments consist of:

	March 31, 2015	December 31, 2014
	$	$
The H Company Holdings, LLC	**100**	100
Fleetwood Fine Furniture International LP	**9,000**	9,000
Knight's Bridge Capital Partners Fund I investments	**13,495**	30,910
	22,595	40,010
Current	**13,495**	**30,910**
Long term	**9,100**	**9,100**
	22,595	40,010

Fleetwood Fine Furniture International LP ("Fleetwood") is a private equity investment that was established to acquire the business of Fleetwood Fine Furniture LP in the first quarter of 2014. Fleetwood provides high quality customized case goods to large, upscale hotel chains. Established in 1972, Fleetwood serves a focused niche, being the upscale and upper upscale strata of the hospitality industry. The Company's investment in Fleetwood represents all of the non-voting class A partnership units of Fleetwood, which were received as partial consideration for the sale of the Company's Case Goods business.

Knight's Bridge Capital Partners Fund I ("KBCP Fund I") is a private equity investment fund sponsored by Knight's Bridge, which is invested in small to mid-market companies throughout North America, and in a variety of industries, which required between $1,000 and $10,000 in equity financing. KBCP Fund I closed on March 7, 2008 with capital commitments in excess of $62,000, including $10,000 of capital committed by Counsel and approximately $5,000 of capital committed by senior management.

Counsel has determined that it controls, and therefore consolidates, KBCP Fund I. The factors that the Company considered in making this determination include that its wholly owned subsidiary is the General Partner of the Fund and it can appoint the persons who sit on the investment committee. The non-controlling interest in KBCP Fund I held by the other limited partners amounts to $11,012 at March 31, 2015 (2014 - $23,845). Counsel is entitled to a 2% per annum management fee based on aggregate capital commitments for the first 5 years following the closing of KBCP Fund I and, thereafter, a 2% per annum management fee calculated based on capital invested by KBCP Fund I.

Counsel also is entitled to a carried interest of 20% of the total profits realized by KBCP Fund I so long as investors have received the return of their contributed capital and a minimum 8% per annum preferred return on their invested capital. As of March 7, 2013, KBCP Fund I may no longer make capital calls for new acquisitions. It may, however, continue to call for funds from existing investors for further investments in existing portfolio companies, and for management fees.

All investments made through the KBCP Fund I are measured and reported at fair value. The fair value of the investments is determined by using valuation techniques where third party valuations are not available. The Company uses a variety of methods and makes assumptions that are based on the portfolio investments' performance, and market conditions existing at each reporting date.

Valuation techniques include the use of comparable recent arm's length transactions, earnings multiple based valuation, discounted cash flow analysis, and other valuation techniques commonly used by market participants that make the maximum use of available market inputs and rely as little as possible on entity-specific inputs. Changes in the methodologies, assumptions and judgments used to value portfolio investments could have a material impact on the reported fair value and consequently on the Company's results of operations. The net income attributable to non-controlling interest for the three months ended March 31, 2015 was $2,870 (2014 - $1,008).

A reconciliation of the carrying amount of portfolio investments from the end of 2013 through to March 31, 2015 is set out below:

	$
Balance at December 31, 2013	**53,220**
Acquisitions and investments	9,000
Fair value adjustments	24,882
Foreign exchange adjustments	3,916
Distributions	(50,488)
Other	(520)
Balance at December 31, 2014	**40,010**
Fair value adjustments	(5,515)
Foreign exchange adjustments	2,554
Distributions	(14,454)
Balance at March 31, 2015	**22,595**

11. Accounts payable and accrued liabilities

Details of accounts payable and accrued liabilities from continuing operations are as follows:

	March 31, 2015	December 31, 2014
	$	$
Accounts payable (i) (ii)	**25,472**	31,240
Payment due to mortgage servicers (i)	**11,976**	11,976
Accrued compensation	**2,537**	1,975
Accrued interest	**90**	226
Tenant allowances/reserves	**313**	323
Professional fees	**65**	126
Other	**51**	95
	40,504	45,961
Classified as follows:		
Current	**40,504**	45,961
Long-term	**-**	-
	40,504	45,961

(i) Included in cash and cash equivalents is approximately $20,397 (2014 - $11,976) of restricted cash-servicing which represents mortgage loan repayments collected on behalf of a third party servicer. Also included is approximately $666 (2014 – $1,154) of restricted cash-securitization which represents undistributed securitization liabilities and accrued interest from mortgage loan repayments collected in connection with Street Capital's securitization activities.

(ii) Included in accounts payable is $151 (2014 – $17,076) of distributions payable to investors in KBCP Fund I related to the proceeds of the sale of an investment immediately prior to the end of 2014.

12. Loans payable

Details of loans payable are as follows:

			March 31, 2015 (i)			December 31, 2014 (i)		
	Maturity date	Interest rate	Total	Current portion	Long-term portion	Total	Current portion	Long-term portion
			$	$	$	$	$	$
Street Capital - term debt (i)	Demand	30 day BA	8,900	8,900	-	7,341	7,341	-
Street Capital - credit facility (i)		prime +2.0%	-	-	-	2,432	2,432	-
Corporate debt (ii)	Various	5%, 6%	9,390	9,390	-	9,134	2,200	6,934
Total debt			18,290	18,290	-	18,907	11,973	6,934

(i) In March 2014, the Company extended the term debt and credit facility, with a maturity date of the earlier of May 29, 2015 or when the Company or its subsidiaries obtain a license to carry on business as a bank. The Company repaid the term debt and credit facility on March 25, 2015and replaced it with a new revolving demand credit facility of $8,900.

(ii) Counsel had term loan facilities at March 31, 2015 and December 31, 2014 of $4,150 and US$2,400 bearing 6% interest per annum maturing on January 15, 2016. It also had demand loans outstanding at March 31, 2015 and December 31, 2014 of $2,100 bearing interest at 6% per annum and $100 bearing interest at 5% per annum. The debt is not subject to security or covenant provisions.

13. Contingencies

Litigation

The Company, from time to time, is involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company is not aware of any pending or threatened proceedings that would have a material adverse effect on the consolidated financial condition or future results of the Company.

14. Share capital

	Number of Shares		Share Capital	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
	Issued and outstanding ('000s)		$	$
Common shares, without par value	**99,903**	**99,358**	**$ 207,004**	**$ 206,680**
Share purchase loans	**-**	**-**	**(2,417)**	**(2,417)**
Total share capital	**99,903**	99,358	**$ 204,587**	$ 204,263

The authorized capital stock consists of an unlimited number of common and preferred shares.

On April 1, 2014, stock options to purchase 8,000 common shares were exercised.

On August 26, 2014, stock options to purchase 30,000 common shares were exercised.

In the fourth quarter of 2014, a holder of units under the Company's Deferred Share Unit ("DSU") Plan, who ceased to be a director, was issued 257,344 common shares in settlement of his DSUs.

On January 8, 2015, stock options to purchase 500,000 common shares were exercised.

On March 26, 2015, stock options to purchase 45,000 common shares were exercised.

At March 31, 2015 the Company had share purchase loans receivable of $2,417 (December 31, 2014 - $2,417), which had been granted to certain key employees and former employees. The loans are collateralized by the shares purchased and personal guarantees. At March 31, 2015, the share purchase loans outstanding were for the purchase of 780,000 (December 31, 2014 – 780,000) common shares of the Company. These loans have various maturity dates through to January 19, 2016, and all of them are non-interest bearing. In the first quarter of 2014, a loan to a former employee was written off, resulting in a loss of $381.

15. Net income per share

The following is a reconciliation of the numerators and denominators used in computing net income (loss) per share for the period ended March 31:

	Three months ended March 31,	
	2015	2014
	$	$
Basic and diluted net income (loss) per share:		
Numerator:		
Income from continuing operations	**595**	**7,417**
Income (loss) attributable to non-controlling interest	**(2,870)**	1,008
Income attributable to shareholders - continuing operations	**3,465**	6,409
Income (loss) from discontinued operations	**8**	(11,782)
Income (loss) attributable to non-controlling interest	**(277)**	1,053
Income (loss) attributable to shareholders - discontinued operations	**285**	(12,835)
Net income (loss) attributable to shareholders	**3,750**	(6,426)
Denominator:		
Weighted average common shares outstanding (000's) - basic and diluted	**99,817**	99,063
Basic and diluted net income per share from continuing operations	**0.04**	0.07
Basic and diluted net income (loss) per share from discontinued operations	**0.00**	(0.13)
Basic and diluted net income (loss) per share	**0.04**	(0.06)

In computing the diluted net income per share for the three months ended March 31, 2015 and 2014, the Company included in the calculation potential common share equivalents, which are comprised of incremental shares from stock options. The inclusion of such common share equivalents was not sufficiently dilutive to change the earnings per share amounts for either the three months ended March 31, 2015 or March 31, 2014.

16. Capital risk management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of loans payable and shareholders' equity comprised of common stock, contributed surplus, accumulated other comprehensive income and retained earnings (deficit).

The Company makes adjustments to its capital structure as required by changes in economic conditions. The Company will balance its overall capital structure through new share issues, share repurchases, the payment of dividends, the issue of debt or by undertaking other activities as deemed appropriate under specific circumstances.

The Company's overall strategy with respect to capital risk management remained unchanged during the current reporting period. The Company is compliant with all covenants related to its outstanding debt.

17. Financial instruments

The Company utilizes financial instruments to finance its operations in the normal course of business. The Company has classified its financial instruments as follows:

	March 31, 2015		December 31, 2014	
	Carrying value	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
Financial assets				
Cash and cash equivalents (i)	**33,083**	**33,083**	36,152	36,152
Marketable securities (i)	**425**	**425**	419	419
Mortgages, loans, accounts and deferred fees receivable (ii)	**58,359**	**58,451**	55,960	56,023
Portfolio investments (i)	**22,595**	**22,595**	40,010	40,010
Securitized mortgage loans (ii)	**48,683**	**49,965**	50,318	51,643
	163,145	**164,519**	182,859	184,247
Financial liabilities				
Accounts payable and accrued liabilities (iii)	**40,504**	**40,504**	45,961	45,961
Loans payable (iii)	**18,290**	**18,290**	18,907	18,907
Contingent consideration (iii)	**4,982**	**4,982**	4,908	4,908
Securitization liabilities (iii)	**48,483**	**49,907**	50,546	52,031
	112,259	**113,683**	120,322	121,807

(i) Fair value through profit or loss

(ii) Loans and receivables at amortized cost

(iii) Financial liabilities at amortized cost

For loans and accounts receivable (net of allowance for doubtful accounts), accounts payable and accrued liabilities, loans payable and contingent consideration, the carrying amounts approximate fair value because of the short maturity of these instruments. For mortgages, securitized mortgage loans, deferred fees receivable and securitization liabilities, which are also carried at amortized cost, the carrying values equal or approximate their fair values; their fair values are determined based on Level 3 inputs.

Cash and cash equivalents, marketable securities and portfolio investments are carried at fair value through profit and loss. The Company uses the following hierarchy for determining the fair value of financial instruments:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 –one or more significant inputs to the valuation methodology are unobservable.

The following tables present the financial instruments measured at fair value at March 31, 2015 and December 31, 2014 as classified by the fair value hierarchy set out above:

	March 31, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	$	$	$
Financial assets				
Cash and cash equivalents	33,083	-	-	33,083
Marketable securities	296	129	-	425
Portfolio investments	-	-	22,595	22,595
	33,379	129	22,595	56,103

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Cash and cash equivalents	36,152	-	-	36,152
Marketable securities	312	107	-	419
Portfolio investments	-	18,519	21,491	40,010
	36,464	18,626	21,491	76,581

There were no transfers between levels during the first quarter of 2015.

The continuity table for portfolio investments is presented in Note 10.

18. Financial risk management

The Company has exposure to credit risk, foreign exchange risk, interest rate risk, liquidity risk and market value risk.

The Company has established policies and procedures to manage these risks, with the objective of minimizing any adverse effects that changes in these variables could have on the Company.

Credit risk
The Company extends credit to customers in the Mortgage Lending businesses. The Company's credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. All the mortgage receivables except for a few, which are recorded at a fair value of $62 (2014 - $301), are insured or insurable with the Canada Mortgage and Housing Corporation or other private insurers. The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Company has no allowance for doubtful accounts in continuing operations at March 31, 2015 (December 31, 2014 - nil) on outstanding accounts receivable. The Company historically has not experienced any significant collection issues.

The maximum credit exposure of the financial assets is their carrying value as reflected on the consolidated statement of financial position. As of March 31, 2015, the Company's most significant concentration of credit risk is with the counter parties of cash and the mortgage loans (Note 6(a)).

Foreign exchange risk
Foreign exchange risk arises from assets and liabilities invested in U.S. dollars, operations derived from those U.S. dollar investments, and transactions in the U.S. with U.S. customers and foreign suppliers.

The Company had the following U.S. dollar denominated monetary assets and liabilities at March 31, 2015 and December 31, 2014, respectively: cash US$27,842 and US$15,362; accounts receivable US$302 and US$351; loans receivable US$2,037 and US$2,979; portfolio investments US$10,360 and US$26,323; accounts payable US$396 and US$14,789; and mortgages and loans payable of US$2,400 and US$2,400. A one cent increase in the value of the U.S. dollar relative to the Canadian dollar would result in a $377 net increase in net income related to U.S. dollar denominated monetary assets and liabilities (2014 - $278).

Interest rate risk
Interest rate risk arises due to exposure to the effects of future changes in the level of interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates primarily on its mortgages and loans payable, depending on prevailing rates at renewal. With respect to the mortgage receivables, the Company is not exposed to a significant amount of interest rate risk as the purchase price for mortgages placed with financial institutions is based on the customer commitment rate and not the ultimate funded rate.

In order to manage funding needs or capital structure goals, the Company enters into debt agreements that are subject to fixed market interest rates set at the time of issue or floating rates determined by on-going market conditions. Debt subject to variable interest rates exposes the Company to variability in interest expense, while debt subject to fixed interest rates exposes the Company to variability in the fair value of the debt.

To manage interest rate exposure, the Company accesses diverse sources of financing and manages borrowings in line with a targeted range of capital structure, liquidity needs, maturity schedule, and currency and interest rate profiles. At March 31, 2015, a 100 basis point change in interest rates would result in a $183 change in annual interest expense (December 31, 2014 - $189).

Liquidity risk
Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Market value risk
The Company has investments in marketable securities. At March 31, 2015, a 10% change in the S&P/TSX composite index would result in a $43 change in net income (December 31, 2014 - $42).

The Company has portfolio investments which are subject to market value risk. The Company records its portfolio investments at fair value through profit or loss.

19. Income taxes

In the first quarter of 2015, the Company recognized a deferred income tax expense of $857 (2014 - $1,447). The deferred income tax expense in 2015 and 2014 is primarily due to earnings generated from the Company's residential mortgage lending business which will be taxable in the future, and which will reduce available tax loss carry-forwards. The $17,136 net deferred income tax liability balance as at March 31, 2015 reflects primarily the estimated tax liability from prior and current period earnings that are expected to be taxable in the future, net of available tax loss carry–forwards, the utilization of which is considered probable.

As at March 31, 2015 the Company had recognized approximately $286,909 in non-capital loss carry-forwards, which may be used to reduce future years' taxable income until 2035.

In addition, at March 31, 2015, the Company had approximately $24,042 of unrecognized capital losses that may be carried forward indefinitely. Substantially all of the Company's capital losses are unlikely to be utilized and accordingly these capital losses have not been recognized at the end of the period.

20. Discontinued operations

In the first quarter of 2013, Counsel's board of directors approved of a plan to dispose of the Company's non-core operating business segments. The decision reflects the Company's strategy, undertaken in recent years, to focus on financial services. The Company's discontinued operations are in the Asset Liquidation, Case Goods and Real Estate segments. Discontinued operations have been presented on a segmented basis to enhance the reader's understanding of the financial information presented.

A summary of the carrying value of the assets and liabilities in discontinued operations is as follows:

	March 31, 2015	December 31, 2014
	$	$
Assets:		
Current		
Cash and cash equivalents	**45**	45
Amounts receivable	**809**	809
Non-current		
Deferred charges	**10**	11
Promissory note	**484**	475
Total Assets	**1,348**	1,340
Liabilities:		
Current		
Accounts payable and accrued liabilities	**1,017**	1,017
Non-current		
Long term liabilites on closing	**150**	150
Total Liabilities	**1,167**	1,167

All of the assets and liabilities in discontinued operations at March 31, 2015 related to the Real Estate segment.

The composition of earnings (loss) from discontinued operations for the three months ended March 31 is as follows:

	Three months ended March 31, 2015			
	Asset Liquidation	**Case Goods**	**Real Estate**	**Total**
	$	**$**	**$**	**$**
Revenues	-	-	9	9
Expenses				
Selling, general and administrative expense	-	-	1	1
Income before income taxes	-	-	8	8
Income tax provision	-	-	-	-
Income before non-controlling interest	-	-	8	8
Net income (loss) attributable to non-controlling interest	-	(277)	-	(277)
Net income	-	277	8	285

	Three months ended March 31, 2014			
	Asset Liquidation	**Case Goods**	**Real Estate**	**Total**
	$	**$**	**$**	**$**
Revenues	1,591	3,026	126	4,743
Expenses and other (income) losses				
Operating costs	231	1,417	-	1,648
Selling, general and administrative expense	2,141	576	251	2,968
Foreign exchange (gain) loss	(1,147)	(521)	-	(1,668)
Interest expense	70	-	-	70
Other	114	30	381	525
Income (loss) before fair value adjustments and income taxes	182	1,524	(506)	1,200
Fair value adjustments	(13,032)	-	-	(13,032)
Income (loss) before income taxes	(12,850)	1,524	(506)	(11,832)
Income tax provision (recovery)	(50)	-	-	(50)
Income (loss) before non-controlling interest	(12,800)	1,524	(506)	(11,782)
Net income (loss) attributable to non-controlling interest	(273)	1,326	-	1,053
Net income (loss)	(12,527)	198	(506)	(12,835)

The Asset Liquidation business is carried on through HGP Global LLC ("HG LLC") (formerly known as CRB LLC) and HGP Global Partners Inc. ("HGP"). These entities are wholly owned by Heritage Global Inc. ("HGI") and, collectively, are referred to as "HGI". HG LLC specializes primarily in the acquisition and disposition of distressed and surplus assets throughout the United States and Canada, including industrial machinery and equipment, real estate, inventories, accounts receivables and distressed debt. It also includes the corporate overheads of HGI and the costs associated with maintaining the intellectual property of HGI.

The Case Goods business is carried on through Fleetwood. Fleetwood provides high quality customized case goods for large, upscale hotel chains, primarily in North America. Fleetwood serves a focused niche, being the "upscale" and "upper upscale" strata of the hospitality industry.

Real Estate encompasses the ownership and development of properties as well as the provision of real estate property and asset management services to third parties.

All three segments have been discontinued as at March 31, 2013. In the first quarter of 2014, the Case Goods business was sold to third parties, resulting in a gain of approximately $1,500. In addition, the Company extinguished a debt related to the Case Goods business, resulting in a gain of $4,125. The Asset Liquidation business was distributed to Counsel shareholders as a dividend-in-kind, which was declared on March 20, 2014 with a payment date of April 30, 2014. Upon the declaration of the dividend-in-kind, the Company's investment in HGI was reclassified from discontinued operations to shares "available for sale". This required the shares to be recorded at fair value, resulting in a fair value adjustment of $(13,032) at the declaration date. At April 30, 2014, the dividend in kind was adjusted to its fair value at that date and paid to Counsel shareholders, which resulted in a gain, net of any foreign exchange effects of $270.

21. Related party transactions

The Company's Asset Liquidation subsidiary leased office space in Foster City, CA from an entity that is jointly controlled by the former owners of HGP. During the first quarter of 2014 rent of US$57 was paid to the entity for the lease of the premises.

Beginning in December 2004, HGI and Counsel entered into successive annual management services agreements (collectively, the “Agreement”). Under the terms of the Agreement, HGI agreed to pay Counsel for ongoing services provided to HGI by Counsel personnel. These services included preparation of HGI’s financial statements and regulatory filings, taxation matters, stock-based compensation administration, Board administration, patent portfolio administration and litigation matters. The Counsel employees providing the services were: 1) its Executive Vice President, Secretary and Chief Financial Officer, 2) its Tax Manager, 3) an Accounting Manager, and 4) its Accounts Payable Clerk. These employees have the same or similar positions with HGI, but none of them received compensation from HGI.

On March 20, 2014, Counsel declared a dividend in kind, consisting of Counsel’s distribution of all of its shares of HGI to Counsel shareholders. The payment was made on April 30, 2014 to shareholders of record at April 1, 2014. Following this disposition, HGI and Counsel entered into a replacement management services agreement (the “Services Agreement”). Under the terms of the Services Agreement, Counsel remains as external manager and continues to provide the same services, at similar rates. The Services Agreement has an initial term of one year, which renews automatically for successive one-year terms unless notice by either party is given within ninety days before the expiration. The Services Agreement may be terminated at any time upon mutual agreement of HGI and Counsel. Counsel charged HGI US$108 in the first quarter of 2015 (2014-$108) under the Services Agreements. In addition, at March 31, 2015, the Company had a loan receivable of US$2,037 (2014 – US$2,985) from HGI.

22. Subsequent Events

The Company has evaluated events subsequent to March 31, 2015 through to the date of approval of the financial statements by the board of directors for disclosure. There were no material subsequent events requiring disclosure.