Management's Discussion and Analysis of Financial Condition and Results of Operations

Three Months Ended March 31, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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The following Management's Discussion and Analysis ["MD&A"] presents an analysis of the consolidated financial condition of goeasy Ltd. and its subsidiaries [collectively referred to as "goeasy" or the "Company"] as at March 31, 2017 compared to March 31, 2016, and the consolidated results of operations for the three month period ended March 31, 2017 compared with the corresponding period of 2016. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes and MD&A for the year ended December 31, 2016. The financial information presented herein has been prepared in accordance with International Financial Reporting Standards ["IFRS"], unless otherwise noted. All dollar amounts are in thousands of Canadian dollars unless otherwise indicated.

There have been no material changes to the information discussed in the following sections of the Company's 2016 annual MD&A: Overview of the Business, Corporate Strategy, Outlook, Commitments, Guarantees and Contingencies, Risk Factors, Critical Accounting Estimates and Standards Issued But Not Yet Effective.

This MD&A is the responsibility of management. The Board of Directors has approved this MD&A after receiving the recommendations of the Company's Audit Committee, which is comprised exclusively of independent directors, and the Company's Disclosure Committee.

This MD&A refers to certain financial measures that are not determined in accordance with IFRS. Although these measures do not have standardized meanings and may not be comparable to similar measures presented by other companies, these measures are defined herein or can be determined by reference to our financial statements. The Company discusses these measures because it believes that they facilitate the understanding of the results of its operations and financial position.

Additional information is contained in the Company's filings with Canadian securities regulators, including the Company's Annual Information Form. These filings are available on SEDAR at *www.sedar.com* and on the Company's website at *www.goeasy.com*.

Caution Regarding Forward-Looking Statements

This MD&A includes forward-looking statements about goeasy, including, but not limited to, its business operations, strategy and expected financial performance and condition. Forward-looking statements include, but are not limited to, those with respect to the estimated number of new locations to be opened, targets for growth of the consumer loans receivable portfolio, annual revenue growth targets, strategic initiatives, new product offerings and new delivery channels, anticipated cost savings, planned capital expenditures, anticipated capital requirements, liquidity of the Company, plans and references to future operations and results and critical accounting estimates. In certain cases, forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions, and/or can be identified by the use of words such as 'expects', 'anticipates', 'intends', 'plans', 'believes', 'budgeted', 'estimates', 'forecasts', 'targets' or negative versions thereof and similar expressions, and/or state that certain actions, events or results 'may', 'could', 'would', 'might' or 'will' be taken, occur or be achieved.

Forward-looking statements are based on certain factors and assumptions, including expected growth, results of operations and business prospects and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company's operations, economic factors and the industry generally, as well as those factors referred to in the section entitled "Risk Factors". There can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those expressed or implied by forward-looking statements made by the Company, due to, but not limited to, important factors such as the Company's ability to enter into new lease and/or financing agreements, collect on existing lease and/or financing agreements, open new locations on favourable terms, secure new franchised locations, purchase products which appeal to customers at a competitive rate, respond to changes in legislation, react to uncertainties related to regulatory action, raise capital under favourable terms, manage the impact of litigation (including shareholder litigation), control costs at all levels of the organization and maintain and enhance the system of internal controls. The Company cautions that the foregoing list is not exhaustive.

The reader is cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements, which may not be appropriate for other purposes. The Company is under no obligation (and expressly disclaims any such obligation) to update or alter the forward-looking statements whether as a result of new information, future events or otherwise, unless required by law.

Overview of the Business

goeasy Ltd. is a leading full-service provider of goods and alternative financial services that improve the lives of everyday Canadians. goeasy Ltd. serves its customers through its two key operating divisions: easyfinancial and easyhome. easyfinancial is the Company's financial services arm, operating in the non-prime consumer lending marketplace and bridging the gap between traditional financial institutions and costly payday lenders. easyhome is Canada's largest lease-to-own company, offering brand-name household furniture, appliances and electronics to consumers under weekly or monthly leasing agreements through both corporate and franchise stores.

The Company's overview of the business remains as described in its December 31, 2016 MD&A.

Corporate Strategy

The Company is committed to being a leading full-service provider of goods and alternative financial services that improve the lives of everyday Canadians. To maintain this position, the Company must continuously evolve to meet the needs of its chosen customer segment. Additionally, the Company must focus on maintaining its competitive advantage by capitalizing on the key aspects of each business unit, including brand awareness, superior customer service and its cross-country retail network. Cost efficiencies through economies of scale and shared services will enable the Company to meet future competitive challenges, including new entrants into the marketplace.

To achieve its long-term goals, the Company has four key business imperatives:

- Evolve the delivery channels
- Expand the easyfinancial footprint
- Enhance the product offering
- Execute with efficiency and effectiveness

The Company's corporate strategy remains as described in its December 31, 2016 MD&A.

Outlook

The targets disclosed in this section are inherently subject to risks which are referred to in the sections entitled "Outlook" and "Risk Factors" as described in the Company's December 31, 2016 MD&A.

The Company's 2017 and three year (2019) targets, together with the underlying assumptions and risk factors, remain as described in its December 31, 2016 MD&A. The Company's 2017 and three-year (2019) targets are as follows:

	Targets for 2017	Targets for 2019
New easyfinancial locations	**20 - 30 locations opened during the year**	**260 locations by the end of 2019**
Gross consumer loans receivable portfolio at year end	**\$475 - \$500 million**	**\$775 - \$800 million**
easyfinancial total revenue yield	**60% - 62%**	**49% - 51%**
Total revenue growth	**10% - 12%**	**n/a**
easyfinancial operating margin	**35% - 37%**	**40%+**
Return on equity	**18% - 19%**	**21%+**

<u>Analysis of Results for the Three Months Ended March 31, 2017</u>

First Quarter Highlights

- The gross consumer loans receivable portfolio as at March 31, 2017 was $387.1 million compared with $304.2 million as at March 31, 2016, an increase of $82.9 million or 27.3%. Loan originations were strong in the quarter at $106.1 million, an increase of 29.9% compared with the first quarter of 2016.

- goeasy continued to grow revenue during the first quarter of 2017. Revenue for the quarter increased to $94.7 million from the $82.3 million reported in the first quarter of 2016, an increase of $12.4 million or 15.0%. The increase in revenue was driven by the growth of the Company's easyfinancial business. Additionally, easyfinancial's revenue for the first quarter of 2017 included a one-time benefit of $1.5 million associated with the transition to a new provider for its creditor life insurance product, offsetting the $1.0 million charge recognized in the fourth quarter of 2016. Same-store revenue growth for the quarter was 17.9%.

- Net charge-offs as a percentage of the average gross consumer loans receivable on an annualized basis were 13.9% in the quarter compared with 15.2% in the first quarter of 2016. Seasonally, charge offs tend to be lower in the first quarter. Additionally, the Company has seen an improvement in delinquency rates and has experienced lower bankruptcy losses during the current quarter which have contributed to the improvement in charge-off rates. Finally, the increased penetration of risk adjusted rate loans to more credit worthy customers has helped to reduce the charge-off rates. The Company continues to expect that the net charge-off rate will be in the range of 14% to 16% for the year.

- easyfinancial generated a strong operating margin of 40.9% in the first quarter of 2017, increased from the 34.9% reported in the first quarter of 2016. The increase in operating margin was driven primarily by i) the growth of the consumer loans receivable portfolio; ii) the increased yield (due in part to the one-time benefit associated with the transition to a new provider of the Company's creditor life insurance product); iii) a lower net charge-off rate; and iv) the increasing scale of this growing business.

- Total corporate expenses before depreciation and amortization and transaction advisory costs were $9.1 million for the first quarter of 2017 compared to $6.7 million in the first quarter of 2016, an increase of $2.4 million. Included in corporate costs for the first quarter of 2017 was a $0.8 million provision against accounts receivable related to the Company's U.S. franchise business which is being wound down. Additionally, corporate expenses before depreciation and amortization and transaction advisory costs for the first quarter of the prior year included a $0.8 million gain on the sale of stores to a franchisee. Excluding these two items, corporate expenses for the first quarter of 2017 increased by $0.8 million related to higher salary and administrative costs to support the larger business and the strategic initiatives designed to drive additional growth in future periods.

- Operating income for the three month period ended March 31, 2017 was $20.4 million. This represents an increase of $5.2 million or 34.0% when compared to the adjusted operating income in the first quarter of 2016. As indicated above, operating income for the first quarter of 2017 was positively impacted by the $1.5 million benefit associated with the transition of the Company's creditor life insurance product to a new provider and negatively impacted by the $0.8 million provision against accounts receivable related to the Company's remaining U.S. franchise business.

- Net income for the first quarter of 2017 increased by 35.1% to $10.3 million and diluted earnings per share for the first quarter of 2017 increased by 35.2% to $0.73 per share when compared to adjusted (normalized) results in the first quarter of 2016. Diluted earnings per share in the current quarter was increased by $0.08 due to the one-time impacts on commissions associated with the transition of the Company's creditor life insurance product to a new provider and decreased by $0.06 due to the provision against accounts receivable related to the Company's remaining U.S. franchise business.

Summary of Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Three Months Ended Mar. 31, 2017	Mar. 31, 2016	Variance $ / %	Variance % change
Summary Financial Results				
Revenue	**94,713**	82,325	12,388	15.0%
Operating expenses before depreciation and amortization and transaction advisory costs	**61,052**	53,293	7,759	14.6%
Transaction advisory costs[2]	**-**	476	(476)	(100.0%)
EBITDA[1]	**22,939**	17,110	5,829	34.1%
EBITDA margin[1]	**24.2%**	20.8%	3.4%	-
Depreciation and amortization expense	**13,248**	13,803	(555)	(4.0%)
Operating income	**20,413**	14,753	5,660	38.4%
Operating margin[1]	**21.6%**	17.9%	3.7%	-
Finance costs	**5,825**	4,821	1,004	20.8%
Effective income tax rate	**29.6%**	27.0%	2.6%	-
Net income	**10,270**	7,252	3,018	41.6%
Diluted earnings per share	**0.73**	0.52	0.21	40.4%
Return on Equity[1]	**20.6%**	16.3%	4.3%	-
Adjusted (Normalized) Financial Results[1,2]				
Adjusted EBITDA margin	**24.2%**	21.4%	2.8%	-
Adjusted operating income	**20,413**	15,229	5,184	34.0%
Adjusted operating margin	**21.6%**	18.5%	3.1%	-
Adjusted net income	**10,270**	7,602	2,668	35.1%
Adjusted earnings per share	**0.73**	0.54	0.19	35.2%
Adjusted return on equity	**20.6%**	17.1%	3.5%	-
Key Performance Indicators[1]				
Same store revenue growth	**17.9%**	14.4%	3.5%	-
Same store revenue growth excluding easyfinancial	**(1.7%)**	2.9%	(4.6%)	-
easyfinancial				
Gross consumer loans receivable	**387,055**	304,162	82,893	27.3%
Growth in consumer loans receivable	**16,538**	14,736	1,802	12.2%
Gross loan originations	**106,103**	81,690	24,413	29.9%
easyfinancial revenue	**60,021**	45,003	15,018	33.4%
Bad debt expense as a percentage of easyfinancial revenue	**23.5%**	27.5%	(4.0%)	-
Net charge-offs as a percentage of average gross consumer loans receivable	**13.9%**	15.2%	(1.3%)	-
easyfinancial operating margin	**40.9%**	34.9%	6.0%	-
easyhome				
Potential monthly lease revenue	**9,707**	10,064	(357)	(3.5%)
Change in potential monthly lease revenue due to ongoing operations	**(158)**	(427)	269	63.0%
easyhome revenue	**34,692**	37,322	(2,630)	(7.0%)
easyhome operating margin	**14.9%**	17.1%	(2.2%)	-

[1] See description in sections "Portfolio Analysis" and "Key Performance Indicators and Non-IFRS Measures".

[2] During the three months ended March 31, 2016, the Company incurred $0.5 million in transaction advisory costs related to a potential acquisition

Store Locations Summary

	Locations as at Dec. 31, 2016	Locations opened during period	Locations closed during period	Conversions	Locations as at Mar. 31, 2017
easyfinancial					
Kiosks (in store)	46	-	-	(2)	**44**
Stand-alone locations	161	2	(1)	2	**164**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	208	2	(1)	-	**209**
easyhome					
Corporately owned stores	146	-	(1)	-	**145**
Consolidated franchise locations	2	-	-	-	**2**
Total consolidated stores	148	-	(1)	-	**147**
Total franchise stores	28	-	(1)	-	**27**
Total easyhome stores	176	-	(2)	-	**174**

Summary of Financial Results by Operating Segment

($ in 000's except earnings per share)	Three Months Ended March 31, 2017 easyfinancial	easyhome	Corporate	Total
Revenue	**60,021**	**34,692**	**-**	**94,713**
Total operating expenses before depreciation and amortization	**33,790**	**18,199**	**9,063**	**61,052**
Depreciation and amortization	**1,688**	**11,325**	**235**	**13,248**
Operating income (loss)	**24,543**	**5,168**	**(9,298)**	**20,413**
Finance costs				**5,825**
Income before income taxes				**14,588**
Income taxes				**4,318**
Net income				**10,270**
Diluted earnings per share				**0.73**

($ in 000's except earnings per share)	Three Months Ended March 31, 2016 easyfinancial	easyhome	Corporate	Total
Revenue	45,003	37,322	-	82,325
Total operating expenses before depreciation and amortization and transaction advisory costs	27,760	18,835	6,698	53,293
Transaction advisory costs[1]	-	-	476	476
Depreciation and amortization	1,545	12,096	162	13,803
Operating income (loss)	15,698	6,391	(7,336)	14,753
Finance costs				4,821
Income before income taxes				9,932
Income taxes				2,680
Net income				7,252
Diluted earnings per share				0.52

[1] During the three months ended March 31, 2016, the Company incurred $0.5 million in transaction advisory costs related to a potential acquisition.

Revenue

Revenue for the three month period ended March 31, 2017 was $94.7 million compared to $82.3 million in the same period in 2016, an increase of $12.4 million or 15.0%. Same-store sales growth for the quarter was 17.9%. Revenue growth was driven primarily by the growth of easyfinancial.

e*asyfinancial* – Revenue for the three month period ended March 31, 2017 was $60.0 million, an increase of $15.0 million or 33.4% over the same period of 2016. The increase in revenue was driven by the growth of the gross consumer loans receivable portfolio and the higher yield generated on the loan portfolio. The gross consumer loans receivable portfolio increased from $304.2 million as at March 31, 2016 to $387.1 million as at March 31, 2017, an increase of $82.9 million or 27.3%. Loan originations in the quarter were $106.1 million, an increase of 29.9% when compared to the first quarter of 2016.

The annualized yield realized by the Company on its average consumer loans receivable portfolio increased by 270 bps in the first quarter of 2017 when compared to the first quarter of 2016. The improvement in the yield was due to i) the higher take up rates on certain optional ancillary products and increased fees, commissions and other revenue and ii) the one-time impacts associated with the transition of the Company's creditor life insurance product to a new provider which increased the commissions earned by the Company on that product by $1.5 million during the first quarter of 2017. The improvement in yield was somewhat offset by i) an increased proportion of higher dollar loans which have reduced pricing on certain ancillary products and ii) the increased penetration of risk adjusted interest rate loans to more credit worthy consumers.

easyhome – Revenue for the three month period ended March 31, 2017 was $34.7 million, a decrease of $2.6 million when compared with the first quarter of 2016. The decline in revenue was driven by the following:

- The Company closed or sold a number of merchandise leasing stores that it owned over the past 15 months. These transactions in aggregate reduced revenue by $1.0 million in the first quarter of 2017 when compared to the first quarter of the prior year.
- Same store sales declines over the preceding 15 months reduced revenue by $1.6M in the quarter.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization and transaction advisory costs were $61.1 million for the three month period ended March 31, 2017, an increase of $7.8 million or 14.6% from the comparable period in 2016. The increase in operating expenses was driven primarily by the higher costs associated with the expanding easyfinancial business. Total operating expenses before depreciation and amortization and transaction advisory costs represented 64.5% of revenue for the first quarter of 2017 a decrease from the 64.7% reported in the first quarter of 2016.

easyfinancial – Total operating expenses before depreciation and amortization were $33.8 million for the first quarter of 2017, an increase of $6.0 million or 21.7% from the first quarter of 2016. Operating expenses, excluding bad debt, increased by $4.3 million or 27.9% in the quarter driven by: i) an additional $1.2 million in advertising and marketing spend to support the growth in originations; ii) higher costs to operate and manage the maturing branch network; and iii) incremental expenditures to develop and launch new products and expand distribution. Overall branch count of 209 as at March 31, 2017 was consistent with March 31, 2016.

Bad debt expense increased to $14.1 million for the first quarter of 2017 from $12.4 million during the comparable period in 2016, an increase of $1.7 million or 14.0%. The increase in bad debt expense of 14.0% was lower than the loan book growth of 27.3% over the same period. Net charge-offs as a percentage of the average gross consumer loans receivable on an annualized basis were 13.9% in the quarter compared with 15.2% in the first quarter of 2016. Seasonally, charge offs tend to be lower in the first quarter. Additionally, the Company has seen an improvement in delinquency rates and has experienced lower bankruptcy losses during the current quarter which have contributed to the improvement in charge-off rates. Finally, the increased penetration of risk adjusted rate loans to more credit worthy customers has helped to reduce the charge-off rates. The Company continues to expect that the net charge-off rates will be in the range of 14% to 16% for the year.

easyhome – Total operating expenses before depreciation and amortization were $18.2 million for the first quarter of 2017, a decrease of $0.6 million when compared with the first quarter of 2016. Cost savings associated with the reduced store count were partially offset by a $0.2 million increase in advertising spend in the current quarter. Consolidated leasing store count declined by nine from 156 as at March 31, 2016 to 147 as at March 31, 2017.

Corporate – Total operating expenses before depreciation and amortization and transaction advisory costs were $9.1 million for the first quarter of 2017 compared to $6.7 million in the first quarter of 2016, an increase of $2.4 million. The increase was related to the following:

- While the Company has largely exited the U.S. market, it continues to generate fees and have certain receivables from its remaining U.S. franchisees and business partners. Given the difficult market conditions in the U.S., the Company recorded a $0.8 million provision against these receivables.
- Corporate expenses for the first quarter of the prior year included a $0.8 million gain on the sale of stores to a franchisee.
- Excluding these two items, corporate expenses for the first quarter of 2017 increased by $0.8 million related to higher salary and administrative costs to support the larger business and the strategic initiatives designed to drive additional growth in future periods.

Corporate expenses before depreciation and amortization and transaction and advisory costs represented 9.6% of revenue in the first quarter of 2017 compared to 8.1% of revenue in the first quarter of 2016.

Transaction Advisory Costs – During the first quarter of 2016, $0.5 million in transaction advisory costs were incurred by the Company to analyze, arrange financing and submit a bid for a potential strategic acquisition.

Depreciation and Amortization

Depreciation and amortization for the three month period ended March 31, 2017 was $13.2 million, a decrease of $0.6 million from the comparable period in 2016. Overall, depreciation and amortization represented 14.0% of revenue for the three months ended March 31, 2017, a decrease from the 16.8% reported in the comparable period of 2016.

easyfinancial – The $0.1 million increase in depreciation and amortization within easyfinancial was attributable to its growing network of stand-alone branches and the amortization of new systems.

easyhome – Depreciation and amortization expense declined by $0.8 million in the first quarter of 2017 compared to the first quarter of 2016 due to reductions in the lease portfolio (as described in the analysis of easyhome's revenue). easyhome's depreciation and amortization expense expressed as a percentage of easyhome revenue for the quarter was 32.6%, increased slightly from the 32.4% reported in the first quarter of 2016.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the three month period ended March 31, 2017 was $20.4 million. Operating income in the comparable period of 2016 was negatively impacted by $0.5 million in transaction advisory costs which were non-recurring and unusual in nature. On a normalized basis, operating income increased by $5.2 million or 34.0% in the quarter when compared to the first quarter of 2016. Operating margin in the quarter was 21.6% against the 18.5% normalized operating margin reported in the first quarter of 2016.

As previously indicated, operating income in the current quarter was increased by $1.5 million due to the one-time impacts on commissions associated with the transition of the Company's creditor life insurance product to a new provider and decreased by $0.8 million due to the provision against accounts receivable related to its remaining U.S. franchise business.

easyfinancial – Operating income was $24.5 million for the first quarter of 2017 compared with $15.7 million for the comparable period in 2016, an increase of $8.8 million or 56.3%. $1.5 million of this increase related to the one-time impacts on commissions associated with the transition of the Company's creditor life insurance product to a new provider. Excluding this benefit, operating margin was 38.3% in the quarter compared with 34.9% reported in the first quarter of 2016.

easyhome – Operating income was $5.2 million for the first quarter of 2017, a decrease of $1.2 million when compared with the first quarter of 2016. The reduction in operating income was primarily driven by the reduced size of the lease portfolio and associated revenue (as previously described) coupled with the additional advertising spend incurred in the current quarter. Operating margin for the first quarter of 2017 was 14.9%, a decrease from the 17.1% reported in the first quarter of 2016.

Finance Costs

Finance costs for the three month period ended March 31, 2017 were $5.8 million, an increase of $1.0 million from the same period in 2016. This increase in finance costs was driven by higher average borrowing levels.

Income Tax Expense

The effective income tax rate for the first quarter of 2017 was 29.6%, higher than the 27.0% reported in the first quarter of 2016. The increased rate was driven primarily by the aforementioned provision against accounts receivable related to its remaining U.S. franchise business for which a tax deduction was not available.

Net Income and EPS

Net income for the first quarter of 2017 increased by 35.1% to $10.3 million and diluted earnings per share for the first quarter of 2017 increased by 35.2% to $0.73 per share when compared to adjusted (normalized) results in the first quarter of 2016.

Diluted earnings per share in the current quarter was increased by $0.08 due to the one-time impacts on commissions associated with the transition of the Company's creditor life insurance product to a new provider and decreased by $0.06 due to the provision against accounts receivable related to its remaining U.S. franchise business.

Selected Quarterly Information

($ in millions except percentages and per share amounts)	**Mar. 2017**	Dec. 2016	Sep. 2016	Jun. 2016	Mar. 2016	Dec. 2015	Sept. 2015	Jun. 2015	Mar. 2015
Revenue	**94.7**	91.3	87.8	86.1	82.3	82.9	78.0	72.9	70.5
Net income	**10.3**	8.3	4.9	10.5	7.3	7.5	6.3	5.0	4.9
Net income as a percentage of revenue	**10.8%**	9.1%	5.6%	12.2%	8.8%	9.1%	8.0%	6.9%	7.0%
Earnings per share[1]									
Basic	**0.76**	0.62	0.37	0.77	0.54	0.56	0.46	0.37	0.36
Diluted	**0.73**	0.60	0.36	0.75	0.52	0.54	0.45	0.36	0.35

[1]Quarterly earnings per share are not additive and may not equal the annual earnings per share reported. This is due to the effect of stock issued or repurchased during the year on the basic weighted average number of common shares outstanding together with the effects of rounding.

Portfolio Analysis

The Company generates its revenue from a portfolio of consumer loans receivable and lease agreements that are originated through the initial transaction with its customers. To a large extent, the business results for a period are determined by the performance of these portfolios, and the make-up of the portfolios at the end of a period are an important indicator of future business results.

The Company measures the performance of its portfolios during a period and their make-up at the end of a period using a number of key performance indicators as described in more detail below. Several of these key performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS.

The discussion in this section refers to certain financial measures that are not determined in accordance with IFRS. Although these measures do not have standardized meanings and may not be comparable to similar measures presented by other companies, these measures are defined herein or can be determined by reference to the Company's financial statements. The Company discusses these measures because it believes that they facilitate the understanding of the results of its operations and financial position.

Consumer Loans Receivable Portfolio

Loan Originations and Net Principal Written

Gross loan originations is the value of all consumer loans receivable advanced to the Company's customers during the period where new credit underwritings have been performed. Included in gross loan originations are loans to new customers and new loans to existing customers, a portion of which is applied to eliminate their prior borrowings.

When the Company extends additional credit to an existing customer, a full credit underwriting is performed using up-to-date information. Additionally, the loan repayment history of that customer throughout their relationship with the Company is considered in the credit decision. As a result, the quality of the credit decision is improved and is expected to result in better performance.

Net principal written details the Company's gross loan originations during a period, excluding that portion of the originations that has been used to eliminate the prior borrowings.

The gross loans originations and net principal written during the period were as follows:

	Three Months Ended	
($ in 000's)	**Mar. 31, 2017**	**Mar. 31, 2016**
Loan originations to new customers	**39,308**	35,884
Loan originations to existing customers	**66,795**	45,806
Less: Proceeds applied to repay existing loans	**(34,986)**	(23,314)
Net advance to existing customers	**31,809**	22,492
Net principal written	**71,117**	58,376

Gross Consumer Loans Receivable

The measure that the Company uses to describe the size of its easyfinancial portfolio is gross consumer loans receivable. Gross consumer loans receivable reflects the period-end balance of the portfolio before provisioning for potential future charge-offs. Growth in gross consumer loans receivable is driven by several factors including an increased number of customers and an increased loan value per customer. The changes in the gross consumer loans receivable portfolio during the periods were as follows:

	Three Months Ended	
($ in 000's)	**Mar. 31, 2017**	**Mar. 31, 2016**
Opening gross consumer loans receivable	**370,517**	289,426
Gross loan originations	**106,103**	81,690
Gross principal payments and other adjustments	**(74,900)**	(54,372)
Gross charge-offs before recoveries	**(14,665)**	(12,582)
Net growth in gross consumer loans receivable during the period	**16,538**	14,736
Ending gross consumer loans receivable	**387,055**	304,162

Net Financial Income

Net Financial Income details the profitability of the Company's gross consumer loans receivable portfolio before any costs to originate or administer. Net Financial Income is calculated by deducting finance costs and bad debt expense from easyfinancial's revenue. Net Financial Income is impacted by the size of the gross consumer loans receivable portfolio, the portfolio yield, the amount and cost of the Company's debt, the Company's leverage ratio and the bad debt expense experienced in the period.

	Three Months Ended	
($ in 000's)	**Mar. 31, 2017**	**Mar. 31, 2016**
easyfinancial revenue	**60,021**	45,003
Less: Finance costs	**(5,825)**	(4,821)
Less: Bad debt expense	**(14,117)**	(12,380)
Net Financial Income	**40,079**	27,802

Net Charge-Offs

In addition to loan originations, the consumer loans receivable portfolio during a period is impacted by charge-offs of delinquent customers. The Company charges off delinquent customers when they are 90 days contractually in arrears. Subsequent collections of previously charged-off accounts are netted with gross charge-offs during a period to arrive at net charge-offs.

Average gross consumer loans receivable has been calculated based on the average of the month-end loan balances for the indicated period. This metric is a measure of the collection performance of the easyfinancial consumer loans receivable portfolio. For interim periods, the rate is annualized.

	Three Months Ended	
($ in 000's except percentages)	**Mar. 31, 2017**	**Mar. 31, 2016**
Net charge-offs	**13,279**	11,378
Average gross consumer loans receivable	**381,474**	298,837
Net charge-offs as a percentage of average gross consumer loans receivable (annualized)	**13.9%**	15.2%

easyfinancial Bad Debt Expense

The Company's bad debt expense for a period includes the net charge-offs for that particular period plus any increases or decreases to its allowance for loan losses. The details of the Company's bad debt expense for the periods were as follows:

	Three Months Ended	
($ in 000's except percentages)	**Mar. 31, 2017**	**Mar. 31, 2016**
Net charge-offs	**13,279**	11,378
Net change in allowance for loan losses	**838**	1,002
Bad debt expense	**14,117**	12,380
easyfinancial revenue	**60,021**	45,003
Bad debt expense as a percentage of easyfinancial revenue	**23.5%**	27.5%

easyfinancial Allowance for Loan Losses

The allowance for loan losses is a provision that is reported on the Company's balance sheet that is netted against the gross consumer loans receivable to arrive at the net consumer loans receivable. The allowance for loan losses provides for a portion of the future charge-offs that have not yet occurred within the portfolio of consumer loans receivable that exist at the end of a period. It is determined by the Company using a standard calculation that considers i) the relative maturity of the loans within the portfolio; ii) the long-term expected charge-off rates based on actual historical performance; and iii) the long-term expected charge-off pattern (timing) for a vintage of loans over their life based on actual historical performance. The allowance for loan losses essentially estimates the charge-offs that are expected to occur over the subsequent five month period for loans that existed as of the balance sheet date. Customer loan balances which are delinquent greater than 90 days are written off against the allowance for loan losses.

($ in 000's except percentages)	**Three Months Ended Mar. 31, 2017**	**Three Months Ended Mar. 31, 2016**
Allowance for loan losses, beginning of period	**23,456**	18,465
Net charge-offs written off against the allowance	**(13,279)**	(11,378)
Increase in allowance due to lending and collection activities	**14,117**	12,380
Allowance for loan losses, ending of period	**24,294**	19,467
Allowance for loan losses as a percentage of the ending gross consumer loans receivable	**6.3%**	6.4%

Aging of the Consumer Loans Receivable Portfolio

An aging analysis of the consumer loans receivable portfolio at the end of the periods was as follows:

($ in 000's)	**March 31, 2017**		**March 31, 2016**	
	$	**% of total**	**$**	**% of total**
Current	**367,624**	**95.0%**	283,571	93.2%
Days past due				
1 - 30 days	**10,768**	**2.8%**	12,211	4.0%
31 - 44 days	**3,054**	**0.8%**	2,498	0.8%
45 - 60 days	**2,299**	**0.6%**	2,411	0.8%
61 - 90 days	**3,310**	**0.8%**	3,471	1.2%
	19,431	**5.0%**	20,591	6.8%
Gross consumer loans receivable	**387,055**	**100.0%**	304,162	100.0%

A large portion of the Company's consumer loans receivable portfolio operates on a bi-weekly rather than monthly repayment cycle. As such, the aging analysis between different fiscal periods may not be comparable depending upon the day of the week on which the fiscal period ends. An alternate aging analysis prepared as of the last Saturday of the fiscal periods often presents a more relevant comparison.

An aging analysis of the consumer loans receivable portfolio as of the last Saturday of the periods was as follows:

($ in 000's)	Saturday, Mar. 25, 2017 % of total	Saturday, Mar. 26, 2016 % of total
Current	**94.8%**	93.4%
Days past due		
1 - 30 days	**3.0%**	4.0%
31 - 44 days	**0.6%**	0.7%
45 - 60 days	**0.7%**	0.8%
61 - 90 days	**0.9%**	1.1%
	5.2%	6.6%
Gross consumer loans receivable	**100.0%**	100.0%

easyfinancial Consumer Loans Receivable Portfolio by Geography

At the end of the periods, the Company's easyfinancial consumer loans receivable portfolio was allocated among the following geographic regions:

($ in 000's)	March 31, 2017		March 31, 2016	
	$	% of total	$	% of total
Newfoundland & Labrador	**19,286**	**5.0%**	16,184	5.3%
Nova Scotia	**28,169**	**7.3%**	23,900	7.9%
Prince Edward Island	**5,259**	**1.4%**	4,025	1.3%
New Brunswick	**21,985**	**5.7%**	16,513	5.4%
Quebec	**-**	**-**	-	-
Ontario	**172,679**	**44.6%**	133,745	44.0%
Manitoba	**16,327**	**4.1%**	12,064	4.0%
Saskatchewan	**20,863**	**5.4%**	16,832	5.5%
Alberta	**51,470**	**13.3%**	42,862	14.1%
British Columbia	**46,354**	**12.0%**	35,154	11.6%
Territories	**4,663**	**1.2%**	2,883	0.9%
Gross consumer loans receivable	**387,055**	**100.0%**	304,162	100.0%

easyhome Portfolio Analysis

Potential Monthly Leasing Revenue

The Company measures its leasing portfolio through potential monthly lease revenue. Potential monthly lease revenue reflects the revenue that the Company's portfolio of leased merchandise would generate in a month providing it collected all lease payments due in that period. Growth in potential monthly lease revenue is driven by several factors including an increased number of customers, an increased number of leased assets per customer as well as an increase in the average price of the leased items.

The change in the potential monthly lease revenue during the periods was as follows:

($ in 000's)	Three Months Ended Mar. 31, 2017	Mar. 31, 2016
Opening potential monthly lease revenue	**9,886**	10,651
Decrease due to store closures or sales during the period	**(21)**	(160)
Decrease due to ongoing operations	**(158)**	(427)
Net change	**(179)**	(587)
Ending potential monthly lease revenue	**9,707**	10,064

easyhome Portfolio by Product Category

At the end of the periods, the Company's leasing portfolio as measured by potential monthly lease revenue was allocated among the following product categories:

($ in 000's)	Mar. 31, 2017	Mar. 31, 2016
Furniture	**4,246**	4,206
Appliances	**1,120**	1,122
Electronics	**3,131**	3,324
Computers	**1,210**	1,412
Potential monthly lease revenue	**9,707**	10,064

easyhome Portfolio by Geography

At the end of the periods, the Company's Leasing portfolio as measured by potential monthly lease revenue was allocated among the following geographic regions:

($ in 000's)	March 31, 2017		March 31, 2016	
	$	% of total	$	% of total
Newfoundland & Labrador	**803**	**8.3%**	895	8.9%
Nova Scotia	**825**	**8.5%**	792	7.9%
Prince Edward Island	**169**	**1.7%**	184	1.8%
New Brunswick	**721**	**7.4%**	707	7.0%
Quebec	**603**	**6.2%**	548	5.4%
Ontario	**3,385**	**34.9%**	3,650	36.3%
Manitoba	**260**	**2.7%**	250	2.5%
Saskatchewan	**496**	**5.1%**	561	5.6%
Alberta	**1,321**	**13.6%**	1,390	13.8%
British Columbia	**989**	**10.2%**	955	9.5%
USA	**135**	**1.4%**	132	1.3%
Potential monthly lease revenue	**9,707**	**100.0%**	10,064	100.0%

easyhome Charge-Offs

When easyhome enters into a leasing transaction with a customer, a sale is not recorded as the Company retains ownership of the related asset under the lease. Instead, the Company recognizes its leasing revenue over the term of the lease as payments are received from the customer. Periodically, the lease agreement is terminated by the customer or by the Company prior to the anticipated end date of the lease and the assets are returned by the customer to the Company. In some instances, the Company is unable to regain possession of the assets which are then charged off. Net charge-offs (charge-offs less subsequent recoveries of previously charged-off assets) are included in the depreciation of lease assets expense for financial reporting purposes.

	Three Months Ended	
($ in 000's except percentages)	**Mar. 31, 2017**	**Mar. 31, 2016**
Net charge-offs	**1,058**	1,202
Leasing revenue	**34,692**	37,322
Net charge-offs as a percentage of easyhome revenue	**3.0%**	3.2%

Key Performance Indicators and Non-IFRS Measures

In addition to the reported financial results under IFRS and the metrics described in the Portfolio Analysis section of this MD&A, the Company also measures the success of its strategy using a number of key performance indicators as described in more detail below. Several of these key performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS.

The discussion in this section refers to certain financial measures that are not determined in accordance with IFRS. Although these measures do not have standardized meanings and may not be comparable to similar measures presented by other companies, these measures are defined herein or can be determined by reference to the Company's financial statements. The Company discusses these measures because it believes that they facilitate the understanding of the results of its operations and financial position.

Several non-IFRS measures that are used throughout this discussion are defined as follows:

Same-Store Revenue Growth

Same-store revenue growth measures the revenue growth for all stores that have been open for a minimum of 15 months. To calculate same-store revenue growth for a period, the revenue for that period is compared to the same period in the prior year. Same-store revenue growth is influenced by both the Company's product offerings as well as the number of stores which have been open for a 12-36 month time frame, as these stores tend to be in the strongest period of growth at this time.

	Three Months Ended	
	Mar. 31, 2017	**Mar. 31, 2016**
Same-store revenue growth	**17.9%**	14.4%
Same-store revenue growth excluding easyfinancial	**(1.7%)**	2.9%

Adjusted Operating Income, Adjusted Operating Margin, Adjusted Net Income, Adjusted Earnings Per Share

At various times, operating income, operating margin, net income and earnings per share may be affected by unusual items that have occurred in the period and impact the comparability of these measures with other periods. The Company defines operating margin as operating income divided by revenue. Items are considered unusual if they are outside of normal business activities, significant in amount and scope and are not expected to occur on a recurring basis. The Company defines i) adjusted operating income as operating income excluding such unusual and non-recurring items; ii) adjusted net income as net income excluding such items; and iii) adjusted earnings per share as diluted earnings per share excluding such items. The Company believes that adjusted operating income, adjusted net income and adjusted earnings per share are important measures of the profitability of operations adjusted for the effects of unusual items.

Items used to adjust operating income, net income and earnings per share for the three month periods ended March 31, 2017 and 2016 include those indicated in the chart below:

	Three Months Ended	
($ in 000's except earnings per share)	**Mar. 31, 2017**	**Mar. 31, 2016**
Operating income as stated	**20,413**	14,753
Divided by revenue	**94,713**	82,325
Operating margin	**21.6%**	17.9%
Operating income as stated	**20,413**	14,753
Transaction advisory costs[1]	**-**	476
Adjusted operating income	**20,413**	15,229
Divided by revenue	**94,713**	82,325
Adjusted operating margin	**21.6%**	18.5%
Net income as stated	**10,270**	7,252
Transaction advisory costs[1]	**-**	476
Tax impact of above items	**-**	(126)
After tax impact of above items	**-**	350
Adjusted net income	**10,270**	7,602
Weighted average number of diluted shares outstanding	**14,104**	14,031
Diluted earnings per share as stated	**0.73**	0.52
Per share impact of transaction advisory costs	**-**	0.02
Adjusted earnings per share	**0.73**	0.54

[1] During the three months ended March 31, 2016, the Company incurred transaction advisory costs related to a potential acquisition of $0.5 million.

Operating Expenses Before Depreciation and Amortization

The Company defines operating expenses before depreciation and amortization as total operating expenses excluding depreciation and amortization expenses for the period. The Company believes that operating expenses before depreciation and amortization is an important measure of the cost of operations adjusted for the effects of purchasing decisions that may have been made in prior periods.

($ in 000's except percentages)	Three Months Ended		
	Mar. 31, 2017	**Mar. 31, 2016**	**Mar. 31, 2016 (adjusted)**
Operating expenses before depreciation and amortization as stated	**61,052**	53,769	53,769
Transaction advisory costs included in operating expenses	**-**	-	(476)
Adjusted operating expenses before depreciation and amortization	**61,052**	53,769	53,293
Divided by revenue	**94,713**	82,325	82,325
Operating expenses before depreciation and amortization as % of revenue	**64.5%**	65.3%	64.7%

Operating Margin

The Company defines operating margin as operating income divided by revenue for the Company as a whole and for its operating segments: easyhome and easyfinancial. The Company believes operating margin is an important measure of the profitability of its operations, which in turn assists it in assessing the Company's ability to generate cash to pay interest on its debt and to pay dividends.

	Three Months Ended	
($ in 000's except percentages)	**Mar. 31, 2017**	**Mar. 31, 2016**
easyfinancial		
Operating income	**24,543**	15,698
Divided by revenue	**60,021**	45,003
easyfinancial operating margin	**40.9%**	34.9%
easyhome		
Operating income	**5,168**	6,391
Divided by revenue	**34,692**	37,322
easyhome operating margin	**14.9%**	17.1%
Total		
Operating income	**20,413**	14,753
Divided by revenue	**94,713**	82,325
Total operating margin	**21.6%**	17.9%
Total (adjusted)		
Operating income as stated	**20,413**	14,753
Transaction advisory costs	**-**	476
Adjusted operating income	**20,413**	15,229
Divided by revenue	**94,713**	82,325
Total (adjusted) operating margin	**21.6%**	18.5%

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") and EBITDA Margin

The Company defines EBITDA as earnings before interest, taxes, depreciation and amortization, excluding depreciation of leased assets. The Company uses EBITDA, among other measures, to assess the operating performance of its ongoing businesses. EBITDA margin is calculated as EBITDA divided by revenue.

($ in 000's except percentages)	Three Months Ended		
	Mar. 31, 2017	**Mar. 31, 2016**	**Mar. 31, 2016 (adjusted)**
Net income as stated	**10,270**	7,252	7,252
Finance costs	**5,825**	4,821	4,821
Income Tax Expense	**4,318**	2,680	2,680
Depreciation and amortization, excluding dep. of lease assets	**2,526**	2,357	2,357
EBITDA	**22,939**	17,110	17,110
Transaction advisory costs	**-**	**-**	476
Adjusted EBITDA	**22,939**	17,110	17,586
Divided by revenue	**94,713**	82,325	82,325
EBITDA margin	**24.2%**	20.8%	21.4%

Return on Equity

The Company defines return on equity as annualized net income in the period divided by average shareholders' equity for the period. The Company believes return on equity is an important measure of how shareholders' invested capital is utilized in the business.

($ in 000's except periods and percentages)	Three Months Ended		
	Mar. 31, 2017	**Mar. 31, 2016**	**Mar. 31, 2016 (adjusted)**
Net income as stated	**10,270**	7,252	7,252
Transaction advisory costs	**-**	-	476
Tax impact of transaction advisory costs	**-**	-	(126)
After tax impact	**-**	-	350
Adjusted net income	**10,270**	7,252	7,602
Multiplied by number of periods in year	**X 4/1**	X 4/1	X 4/1
Divided by average shareholders' equity for the period	**199,798**	177,891	177,891
Return on equity	**20.6%**	16.3%	17.1%

Financial Condition

The following table provides a summary of certain information with respect to the Company's capitalization and financial position as at March 31, 2017 and March 31, 2016.

($ in 000's, except for ratios)	Mar. 31, 2017	Mar. 31, 2016
Consumer loans receivable, net	**371,662**	290,268
Lease assets	**54,835**	57,740
Cash	**24,193**	18,273
Property and equipment	**15,737**	18,352
Intangible assets	**14,875**	14,494
Amounts receivable	**11,830**	7,069
Other assets	**33,329**	30,904
Total assets	**526,461**	437,100
External debt (includes term loan)	**276,284**	224,499
Other liabilities	**46,612**	32,879
Total liabilities	**322,896**	257,378
Shareholders' equity	**203,565**	179,722
Total capitalization (total debt plus total shareholders' equity)	**479,849**	404,221
External debt to shareholders' equity	**1.36**	1.25
External debt to total capitalization	**0.58**	0.56
External debt to EBITDA [1]	**3.54**	3.59

[1] EBITDA excludes the impact of transaction advisory costs and is expressed on a trailing 12-month basis.

Total assets were $526.5 million as at March 31, 2017, an increase of $89.4 million or 20.4% over March 31, 2016. The growth in total assets was driven primarily by: i) the increased size of the consumer loans receivable portfolio (net of allowance) which increased by $81.4 million over the past 12 months; ii) a $5.9 million increase in cash on hand related to the timing of advances on the Company's credit facilities; and iii) a $4.8 million increase in amounts receivable due to the timing of the collection of commissions related to the Company's creditor life insurance product.

The $89.4 million growth in total assets was financed by a $51.8 million increase in external debt, a $23.8 million increase in total shareholder's equity and a $13.7 million increase in other liabilities (including an increase of $4.2 million in income taxes payable). While the Company has continued to pay a dividend to its shareholders, a large portion of the Company's earnings over the prior 12 months have been retained to fund the growth of easyfinancial.

The Company's credit facilities consisted of a $280 million term loan and a $20 million revolving operating facility. As at March 31, 2017, $280.0 million had been drawn under the Company's term loan. Borrowings under the term loan bore interest at the Canadian Bankers' Acceptance rate plus 699 bps with a 799 bps floor, while borrowings under the revolving operating facility bore interest at the lender's prime rate plus 175 to 275 bps depending on the Company's EBITDA ratio. The Company's credit facilities expire on October 4, 2019 and are secured by a first charge over substantially all assets of the Company. As at March 31, 2017, the Company's interest rates under the term loan and revolving operating facility were 7.99% and 5.45%, respectively.

Liquidity and Capital Resources

Summary of Cash Flow Components

($ in 000's)	Three Months Ended Mar. 31, 2017	Mar. 31, 2016
Cash provided by operating activities before issuance of consumer loans receivable	**33,668**	35,222
Net issuance of consumer loans receivable	**(31,280)**	(26,687)
Cash provided by operating activities	**2,388**	8,535
Cash used in investing activities	**(13,073)**	(10,283)
Cash provided by financing activities	**9,950**	8,632
Net (decrease) increase in cash for the period	**(735)**	6,884

Cash flows provided by operating activities for the three month period ended March 31, 2017 were $2.4 million. Included in this amount was a net investment of $31.3 million to increase the easyfinancial consumer loans receivable portfolio. If this net investment in the easyfinancial consumer loans receivable portfolio was treated as cash flows from investing activities, the cash flows generated by operating activities would be $33.7 million in the first quarter of 2017, down $1.6 million compared to the same period of 2016. While net income was significantly higher, this was offset by higher non-cash expenses such as bad debts and higher working capital balances (related to the timing of insurance commission payments and prepaid software licenses).

Cash flows provided by operating activities in the first quarter of 2017 enabled the Company to: i) meet the growth demands of easyfinancial as described above; ii) invest $10.3 million in new lease assets; iii) invest $2.8 million in additional property and equipment and intangible assets (specifically internally developed software); and iv) maintain its dividend payments.

During the first quarter of 2017, the Company generated $10.0 million in cash flow from financing activities as the Company increased its borrowings under the credit facility to finance the growth of easyfinancial.

The Company believes that the cash flows provided by operations will be sufficient in the near-term to meet operational requirements, purchase lease assets, meet capital spending requirements and pay dividends. Also, the additional availability under the Company's amended credit facilities and the cash on hand will allow the Company to achieve its targets for the growth of its consumer loans receivable portfolio through the third quarter of 2017. However, for easyfinancial to achieve its full long-term growth potential, additional sources of financing over and above the currently available credit facility and term loan will be required. Management is confident that additional financing options will be available and is currently assessing alternatives. There is no certainty, however, that these long-term sources of capital will be available or at terms favourable to the Company.

Outstanding Shares & Dividends

As at May 2, 2017 there were 13,411,246 common shares, 151,059 DSUs, 441,604 options, 461,490 RSUs, and no warrants outstanding.

Normal Course Issuer Bid

On June 22, 2016, the Company announced the acceptance by the TSX of the Company's Notice of Intention to Make a Normal Course Issuer Bid to commence June 27, 2016, (the "Notice of Intention"). Pursuant to this NCIB, the Company proposed to purchase, from time to time, if it is considered advisable, up to an aggregate of 986,105 common shares which represented approximately 7.3% of the 13,488,603 common shares issued and outstanding as at June 10, 2016. The Company had an average daily trading volume for the six months prior to May 31, 2016 of 28,219 shares.

Under the June 27, 2016 NCIB, daily purchases will be limited to 6,494 common shares, other than block purchase exemptions. The purchases may commence on June 27, 2016 and will terminate on June 26, 2017 or on such earlier date as goeasy may complete its purchases pursuant to the Notice of Intention. The purchases made by goeasy will be effected through the facilities of the TSX, as well as alternative trading systems, and in accordance with the rules of the TSX. The price that the Company will pay for any common shares will be the market price of such shares at the time of acquisition. The Company will not purchase any common shares other than by open-market purchases.

As of March 31, 2017, the Company had repurchased and cancelled 94,500 of its common shares on the open market under this June 27, 2016 NCIB at an average price of $17.94 per share for a total cost of $1.7 million.

Dividends

During the quarter ended March 31, 2017, the Company paid a $0.125 per share quarterly dividend on outstanding common shares.

The Company reviews its dividend distribution policy on a regular basis, evaluating its financial position, profitability, cash flow and other factors the Board of Directors considers relevant. However, no dividends can be declared in the event there is a default of the loan facility, or where such payment would lead to a default. On February 15, 2017, the Company increased the dividend rate by 44% and declared a dividend of $0.18 per share to shareholders of record on March 31, 2017, payable on April 13, 2017.

The following table sets forth the quarterly dividends paid by the Company in the first quarter of the years indicated:

	2017	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Dividend per share	**$ 0.125**	$ 0.100	$ 0.085	$ 0.085	$ 0.085	$ 0.085	$ 0.085
Percentage increase	**25.0%**	17.6%	0.0%	0.0%	0.0%	0.0%	0.0%

Commitments, Guarantees and Contingencies

The Company's commitments, guarantees and contingencies remain as described in its December 31, 2016 MD&A.

Risk Factors

The Company's activities are exposed to a variety of commercial, operational, financial and regulatory risks. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee of the Board of Directors reviews the Company's risk management policies on an annual basis.

The Company’s risk factors remain as described in its December 31, 2016 MD&A.

Critical Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual amounts could differ from these estimates.

Significant changes in assumptions, including those with respect to future business plans and cash flows, could change the recorded amounts by a material amount.

The Company’s critical accounting estimates are fully described in the Company’s December 31, 2016 Notes to the Financial Statements.

Adoption of New Accounting Standards and Standards Issued But Not Yet Effective

On June 20, 2016, the IASB issued amendments to IFRS 2, *Share-based Payment* (“IFRS 2”), which provided clarifications to the classification and measurement of share-based payment transactions. Under the previous requirements of IFRS 2, where a Company issued equity instruments to employees and intended to settle such instruments by withholding a certain number of those equity instruments equal to the monetary value of the employee’s tax obligation, such a transaction would be divided into an equity-settled component and a cash-settled component. These amendments permitted the settlement of such instruments to be entirely classified as equity settled, if certain conditions are met.

The effective date of the amendments was January 1, 2018, with early adoption permitted. On January 1, 2017, the Company early-adopted and applied, for the first time, the amendments to IFRS 2.

New accounting standards that have been issued but are not yet effective are fully described in the Company’s March 31, 2017 Notes to the Financial Statements.

Internal Controls

Disclosure Controls and Procedures [“DC&P”]

DC&P are designed to provide reasonable assurance that information required to be disclosed by the Company in reports filed with or submitted to various securities regulators is recorded, processed, summarized and reported within the time periods specified in the Canadian Securities Law and include controls and procedures designed to ensure that information required to be disclosed in the Company’s filings or other reports is accumulated and communicated to the Company’s management, including the Chief Executive Officer [“CEO”] and Chief Financial Officer [“CFO”], so that timely decisions can be made regarding required disclosure.

The Company’s management, under supervision of, and with the participation of, the CEO and CFO, have designed and evaluated the Company’s DC&P, as required in Canada by National Instrument 52-109, “*Certification of Disclosure in Issuers’ Annual and Interim Filings*”. Based on this evaluation, the CEO and CFO have concluded that the design of the system of the Company’s disclosure controls and procedures were effective as at March 31, 2017.

Internal Controls over Financial Reporting ["ICFR"]

ICFR is a process designed by, or under the supervision of, senior management, and effected by the Board of Directors, management and other personnel, to provide reasonable assurances regarding the reliability of financial reporting and preparation of the Company's consolidated financial statements in accordance with IFRS.

The Company's internal control over financial reporting framework includes those policies and procedures that:

(i) Pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
(ii) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
(iii) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

Management is responsible for establishing and maintaining ICFR and designs such controls to attempt to ensure that the required objectives of these internal controls have been met. Management uses the Internal Control – Integrated Framework (2013) to evaluate the effectiveness of internal control over financial reporting, which is a recognized and suitable framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ["COSO"].

In designing and evaluating such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance and may not prevent or detect all misstatements as a result of, among other things, error or fraud. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and/or procedures may deteriorate.

As at March 31, 2017, under the direction and supervision of the CEO and CFO, the Company has evaluated that the design of the Company's internal controls over financial reporting were effective. In addition, there were no changes in the ICFR during the interim period ended March 31, 2017 that materially affected, or were reasonably likely to materially affect, the Company's ICFR.