Mogo Finance Technology Inc.
Unaudited Interim Condensed Consolidated Financial Statements
March 31, 2016

Mogo Finance Technology Inc.
Interim Condensed Consolidated Statement of Financial Position
(Unaudited)

	March 31, 2016	December 31, 2015
		(audited)
Assets		
Cash and cash equivalents	**28,622,175**	31,723,854
Loans receivable (Note 4)	**62,698,040**	61,768,366
Prepaid expenses, deposits and other assets	**987,323**	1,143,387
Deferred cost (Note 6)	**1,127,088**	-
Investment tax credits	**1,616,353**	1,616,353
Property and equipment (Note 7)	**4,324,274**	4,239,017
Intangible assets (Note 8)	**8,244,313**	6,851,448
	107,619,566	107,342,425
Liabilities		
Accounts payable and accruals	**7,381,990**	5,057,202
Other liabilities (Note 9)	**1,390,524**	1,419,614
Credit facilities (Note 10)	**42,749,056**	40,384,293
Debentures (Note 11)	**39,883,265**	40,326,022
Derivative financial liability (Note 18)	**67,251**	129,457
	91,472,086	87,316,588
Shareholders' Deficit		
Share capital (Note 12)	**45,654,988**	45,314,488
Contributed surplus	**2,952,622**	1,517,850
Deficit	**(32,460,130)**	(26,806,501)
	16,147,480	20,025,837
	107,619,566	107,342,425

Approved on Behalf of the Board

Signed by "Greg Feller", *Director*

Signed by "Minhas Mohamed", *Director*

Mogo Finance Technology Inc.
Interim Condensed Consolidated Statement of Comprehensive Loss
(Unaudited)

	Three Months Ended	
	March 31, 2016	March 31, 2015
Revenue		
Loan fees	**7,281,942**	7,296,658
Loan interest	**3,620,651**	972,047
Other revenues	**1,829,642**	876,203
	12,732,235	9,144,908
Cost of revenue		
Provision for loan losses, net of recoveries (Note 4)	**4,019,362**	2,920,156
Transaction costs	**901,684**	527,271
	4,921,046	3,447,427
Gross profit	**7,811,189**	5,697,481
Operating expenses		
Technology and development	**2,236,059**	1,531,550
Customer service and operations	**2,044,524**	1,846,977
Marketing	**2,385,030**	2,225,937
General and administration	**2,815,052**	1,628,929
Total operating expenses	**9,480,665**	7,233,393
Loss from operations	**(1,669,476)**	(1,535,912)
Other expenses		
Funding interest expense (Note 10)	**1,439,200**	625,953
Corporate interest expense (Note 11)	**1,583,118**	1,559,601
Unrealized foreign exchange (gain) loss	**(442,757)**	543,242
Unrealized (gain) loss on derivative liability	**(62,206)**	-
Store closure and related expenses (Note 14)	**1,463,839**	-
Other financing (income) expenses	**2,444**	(275)
	3,983,638	2,728,521
Loss before income taxes	**(5,653,114)**	(4,264,433)
Provision for income taxes	**515**	287
Loss and comprehensive loss	**(5,653,629)**	(4,264,720)
Loss per share (Note 14)		
Basic and fully diluted	**(0.311)**	(0.556)
Weighted average number of basic and fully diluted common shares	**18,163,726**	7,671,941

Mogo Finance Technology Inc.
Interim Condensed Consolidated Statement of Changes in Deficit
(Unaudited)

	Share capital	Contributed surplus	Deficit	Total
Balance, December 31, 2015	**45,314,488**	**1,517,850**	**(26,806,501)**	**20,025,837**
Loss and comprehensive loss	-	-	(5,653,629)	(5,653,629)
Stock based compensation	-	264,524	-	264,524
Options exercised	340,500	(93,166)	-	247,334
Issuance of warrants	-	1,263,414	-	1,263,414
Balance, March 31, 2016	**45,654,988**	**2,952,622**	**(32,460,130)**	**16,147,480**

	Share capital	Contributed surplus	Deficit	Total
Balance, December 31, 2014	**38,917,810**	**460,939**	**(45,599,114)**	**(6,220,365)**
Loss and comprehensive loss	-	-	(4,264,720)	(4,264,720)
Issuance of Class B preferred shares	1,226,271	-	-	1,226,271
Stock based compensation	-	47,401	-	47,401
Balance, March 31, 2015	**40,144,081**	**508,340**	**(49,863,834)**	**(9,211,413)**

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

	Three Months Ended	
	March 31, 2016	March 31, 2015
Cash provided by (used for) the following activities		
Operating activities		
Loss and comprehensive loss	**(5,653,629)**	(4,264,720)
Depreciation and amortization	**444,833**	433,789
Amortization of deferred finance costs	**142,249**	-
Amortization of marketing setup fee	**102,462**	-
Non-cash store closure cost	**1,180,149**	-
Provision for loan losses	**4,295,191**	3,080,239
Stock based compensation expense	**264,524**	47,400
Derivative financial liability fair value adjustment	**(62,206)**	-
Non-cash warrant expense	**63,413**	-
Unrealized foreign exchange (gain) loss	**(442,757)**	543,242
	334,229	(160,050)
Changes in working capital accounts		
Increase in loans receivable	**(5,224,865)**	(9,305,562)
Investment tax credits	**-**	(157,500)
Prepaid expenses, deposits and other assets	**156,064**	(562,921)
Deferred cost	**(1,229,550)**	-
Accounts payable and accruals	**1,357,847**	102,075
Other liabilities	**(29,090)**	-
Net cash used in operating activities	**(4,635,365)**	(10,083,958)
Investing activities		
Purchases of property and equipment	**(539,034)**	(134,913)
Investment in software	**(1,597,128)**	(685,249)
Net cash used in investing activities	**(2,136,162)**	(820,162)
Financing activities		
Credit facility advanced	**2,222,514**	2,400,000
Credit facility financing costs	**-**	(17,988)
Options exercised	**247,334**	-
Issuance of warrants	**1,200,000**	-
Proceeds from issuance of Class B preferred shares, net of share issuance costs	**-**	1,226,271
Net cash provided by financing activities	**3,669,848**	3,608,283
Increase (decrease) in cash resources	**(3,101,679)**	(7,295,837)
Cash and cash equivalents, beginning of year	**31,723,854**	23,598,672
Cash and cash equivalents, end of period	**28,622,175**	16,302,835

1. Nature of operations

Mogo Finance Technology Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on August 26, 2003. The address of the Company's registered office is 680-375 Water Street, Vancouver, British Columbia, Canada, V6B 5C6. The Company's common shares are listed on the Toronto Stock Exchange under the symbol "GO".

Mogo is a financial technology company building a digital financial brand for the next generation of Canadians by leveraging technology and design to bring a new level of convenience, simplicity and value to consumer financial services. With a growing customer base, we are leading the shift in Canada as consumers begin to move away from traditional banking services towards a frictionless digital experience. Our technology platform provides consumers with quick and efficient access to responsible credit solutions across the entire credit spectrum as well as a free prepaid Visa card that helps consumers control their spending.

2. Basis of presentation

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards (IAS) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2015.

The Company presents its interim condensed consolidated statement of financial position on a non-classified basis in order of liquidity.

These interim condensed consolidated financial statements for the three months ended March 31, 2016 and March 31, 2015 were authorized for issue by the Board of Directors on May 12, 2016.

Going concern

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due in the normal course.

Management routinely plans future activities including forecasting future cash flows. Management has reviewed their plan with the Directors and has collectively formed a judgment that the Company has adequate resources to continue as a going concern for the foreseeable future, which Management and the Directors have defined as being at least the next 12 months. In arriving at this judgment, Management has prepared the cash flow projections of the Company, which incorporates a two year rolling forecast and detailed cash flow modeling through the current fiscal year. The expected cash flows have been modeled based on anticipated revenue and profit streams with debt and equity funding programmed into the model.

For these reasons, the Company continues to adopt a going concern basis in preparing the interim condensed consolidated financial statements.

Functional and presentation currency

These interim condensed consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Basis of consolidation

The Company has consolidated the assets, liabilities, revenues and expenses of all its subsidiaries. The interim condensed consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries, Mogo Financial (Alberta) Inc., Mogo Financial (B.C.) Inc., Mogo Financial (Manitoba) Inc., Mogo Financial Inc., Mogo Finance Trust Inc., Mogo Financial (Ontario) Inc., Hornby Loan Brokers (Ottawa) Inc., Hornby Leasing Inc., Mogo Technology Inc. (a US subsidiary), Thurlow Management Inc., Thurlow Capital (Alberta) Inc., Thurlow Capital (B.C.) Inc., Thurlow Capital (Manitoba) Inc., Thurlow Capital (Ontario) Inc., and Thurlow Capital (Ottawa) Inc. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

2. Basis of presentation *(Continued from previous page)*

All inter-company balances, income and expenses and unrealized gains and losses resulting from inter-company transactions are eliminated in full.

Use of estimates and judgements

The preparation of the interim condensed consolidated financial statements requires management to make estimates, assumptions and judgements that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amount of revenues and expenses during the period. The critical accounting estimates and judgements have been set out in the notes to the Company's consolidated financial statements for the year ended December 31, 2015.

3. Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2015, except for the adoption of new standards and interpretations effective as of January 1, 2016.

The nature and the impact of each new standard or amendment is described below:

Recent IFRS standards and interpretations adopted in 2016

We adopted the following new accounting standards and amendments; they are effective for our interim and annual consolidated financial statements commencing January 1, 2016. These changes did not have a material impact on our financial results.

Amendments to IAS 1, Presentation of Financial Statements. In December 2014, the IASB issued an amendment to this standard to provide guidance on the application of professional judgement in determining what information to disclose and how to structure it in the financial statements.

Amendments to IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets. In May 2014, the IASB issued amendments to these standards to introduce a rebuttable presumption that the use of revenue-based amortization methods is inappropriate.

New IFRS standards and interpretations not yet applied

Certain new standards have been published that are mandatory for the Company's accounting periods beginning on or after January 1, 2017 or later periods that the Company has decided not to early adopt, and which management is currently assessing the impact of. The new IFRS standards not yet applied include:

IFRS 9, Financial Instruments, is part of the IASB's wider project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets, amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. IFRS 9 is effective for reporting periods beginning on or after January 1, 2018. The Company is currently assessing the impact of the amendment on its financial statements.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, a new standard that specifies the steps and timing for entities to recognize revenue as well as requiring them to provide more informative, relevant disclosures. IFRS 15 supersedes IAS 11, Construction Contracts, and IAS 18, Revenue, as well as various IFRIC and SIC interpretations regarding revenue. Adoption of IFRS 15 is mandatory and will be effective for the Company beginning on January 1, 2018, with earlier adoption permitted. The Company is assessing the impact of adopting this standard on its financial statements.

IFRS 16, Leases, replaces IAS 17 - Leases and requires lessees to account for leases on balance sheet by recognizing a right of use asset and a lease liability. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company is assessing the impact of adopting this standard on its financial statements.

4. Loans receivable

Loans receivable represent unsecured short-term loans, lines of credit, and installment loans advanced to customers in the normal course of business. The terms of the loans vary from 14-30 days typically for short-term loans, 1 year for lines of credit, and 1-5 years for installment loans. As the installment loans are issued with maturity dates beyond one year, they are considered non-current. The breakdown of the Company's gross loans receivable as at March 31, 2016 and December 31, 2015 is as follows:

	March 31, 2016	December 31, 2015
Current	**41,069,501**	40,486,984
Non-Current	**28,940,299**	27,848,144
	70,009,800	68,335,128

Age analysis of loans receivable

	March 31, 2016	December 31, 2015
Not past due	**60,748,393**	60,073,163
1-30 days past due	**1,867,971**	2,031,984
31-60 days past due	**1,680,498**	1,597,605
61-90 days past due	**1,573,878**	1,139,324
91-120 days past due	**1,361,362**	1,306,987
121-150 days past due	**1,484,000**	1,218,992
151-180 days past due	**1,293,698**	967,073
Gross loans receivable	**70,009,800**	68,335,128
Allowance for loan losses	**(7,311,760)**	(6,566,762)
	62,698,040	61,768,366

	March 31, 2016	December 31, 2015
Balance, beginning of period	**6,566,762**	3,085,265
Provision for loan losses	**4,295,191**	14,510,165
	10,861,953	17,595,430
Charge offs	**(3,550,193)**	(11,028,668)
Balance, end of period	**7,311,760**	6,566,762

The provision for loan losses expense in the interim condensed consolidated statements of comprehensive loss is recorded net of recoveries for the three months ended March 31, 2016 of $275,829 (three months ended March 31, 2015 - $160,083).

5. Related party transactions

Debenture balances include $2,174,771 (December 31, 2015 - $2,249,770) due to related parties, including shareholders, Company officers and management. Interest incurred on related party debenture balances during the three months ended March 31, 2016 totalled $97,119 (three months ended March 31, 2015 - $93,405).

Included in loans receivable is $31,225 (December 31, 2015 – $35,000) due from a related party.

All transactions were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6. Deferred cost

The Company and Postmedia Network Inc. ("Postmedia") have entered into a three year Marketing Collaboration Agreement ("the Agreement") effective January 25, 2016, where Postmedia will provide Mogo with a minimum value of $50 million of promotional commitments in exchange for entering a revenue share agreement with Mogo. The agreement can be terminated under certain circumstances by either party after the first anniversary. The initial term may be extend a further two years by mutual consent.

Mogo will be able to use the promotional commitments to market and advertise its products and services across more than 200 of Postmedia's print, media, and online properties across Canada. During this agreement Mogo will pay Postmedia a performance based revenue share equal to 4% of its annual revenue up to $50 million and 11% of incremental revenues above $50 million per annual subject to certain adjustments in accordance with the terms and conditions of the Agreement. Mogo paid Postmedia a one-time program setup fee of $1,171,000 plus tax, which is being amortized over the life of the agreement. The remaining balance as at March 31, 2016 is $1,127,088.

7. Property and equipment

	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Cost				
Balance at December 31, 2014	1,010,440	641,090	348,901	2,000,431
Additions	893,550	1,158,242	2,037,064	4,088,856
Balance at December 31, 2015	1,903,990	1,799,332	2,385,965	6,089,287
Additions	156,830	3,987	378,217	539,034
Disposals	(259,991)	(235,486)	(284,508)	(779,985)
Balance at March 31, 2016	**1,800,829**	**1,567,833**	**2,479,674**	**5,848,336**
Accumulated depreciation				
Balance at December 31, 2014	641,166	475,535	285,407	1,402,108
Additions	224,507	94,030	129,625	448,162
Balance at December 31, 2015	865,673	569,565	415,032	1,850,270
Additions	79,687	60,900	100,629	241,216
Disposals	(200,566)	(199,566)	(167,292)	(567,424)
Balance at March 31, 2016	**744,794**	**430,899**	**348,369**	**1,524,062**
Net book value				
At December 31, 2015	**1,038,317**	**1,229,767**	**1,970,933**	**4,239,017**
At March 31, 2016	**1,056,035**	**1,136,934**	**2,131,305**	**4,324,274**

Depreciation of Leasehold improvements are included in general and administration expenses. Depreciation expense for all other property and equipment are included in technology and development costs. The carrying value of assets not being depreciated is $429,264 (December 31, 2015 - 101,305).

8. Intangible assets

	Internally generated - Completed	Internally generated - In Process	Vendor Purchases	Total
Cost				
Balance at December 31, 2014	2,300,598	1,946,505	2,983,214	7,230,317
Additions	-	4,364,431	276,148	4,640,579
Balance at December 31,2015	2,300,598	6,310,936	3,259,362	11,870,896
Additions	-	1,515,878	81,250	1,597,128
Disposals	-	-	(6,805)	(6,805)
Transfers	3,180,655	(3,180,655)	-	-
Balance at March 31, 2016	**5,481,253**	**4,646,159**	**3,333,807**	**13,461,219**
Accumulated depreciation				
Balance at December 31, 2014	1,227,033	-	2,547,384	3,774,417
Additions	1,073,565	-	171,466	1,245,031
Balance at December 31,2015	2,300,598	-	2,718,850	5,019,448
Additions	159,032	-	44,585	203,617
Disposals	-	-	(6,159)	(6,159)
Balance at March 31, 2016	**2,459,630**	**-**	**2,757,276**	**5,216,906**
Net book value				
At December 31, 2015	**-**	**6,310,936**	**540,512**	**6,851,448**
At March 31, 2016	**3,021,623**	**4,646,159**	**576,531**	**8,244,313**

Intangible assets include both internally generated and acquired software with finite useful lives. Amortization of intangible assets is included in technology and development costs.

9. Other liabilities

	March 31, 2016	December 31, 2015
Deferred lease incentive	**543,024**	572,114
Marketing incentive	**847,500**	847,500
	1,390,524	1,419,614

Deferred lease inducement relates to incentive provided by landlord for our corporate office in Vancouver. Marketing incentive relates to the funds provided by one of our business partners for joint marketing efforts.

10. Credit facilities

The Company currently has two credit facilities, the “Credit Facility - ST”, which is used to finance the Company’s Zip and Mini loan products, and the “Credit Facility - Liquid”, which is used to finance the Company’s Liquid loan products.

The Credit Facility - ST consists of a term loan that authorizes an operating line for a maximum of $30 million and matures on February 24, 2017. The amount drawn on the facility as at March 31, 2016 was $21,982,629 (December 31, 2015 – $19,982,629) with unamortized deferred financing costs of $375,563 (December 31, 2015 – $462,230) netted against the amount owing. The term loan bears interest at a variable rate of LIBOR plus 13.00% (with a LIBOR floor of 2.00%), with an additional 0.50% charged on the unused portion of the facility. As at March 31 2016, LIBOR was 0.437% (December 31, 2015 – 0.430%).

On September 1, 2015 the Company entered into the Credit Facility – Liquid through a special purpose entity called Mogo Finance Trust. The Credit Facility – Liquid consists of a term loan that authorizes an operating line for a maximum of $50 million and matures on August 31, 2020. Under the terms of the agreement, the facility may be increased up to $200 million upon certain conditions. The amount drawn on the facility as at March 31, 2016 was $21,874,521 (December 31, 2015 – $21,652,007) with unamortized deferred financing costs of $732,531 (December 31, 2015 – $788,113) netted against the amount owing. The term loan bears interest at a variable rate of LIBOR plus 8.00% (with a LIBOR floor of 1.50%). As at March 31 2016, LIBOR was 0.437% (December 31, 2015 – 0.430%).

As of March 31, 2016 and December 31, 2015, the Company is in compliance with all covenants for each credit facility.

11. Debentures

Debentures require interest only payments bearing interest at monthly rates ranging between 1.00% and 1.52% (December 31, 2015 – 1.00% and 1.52%) with principal amounts of $16,831,812, $8,623,943 and $14,427,510 due during the years ended 2017, 2018 and 2019 respectively. Interest expense on the debentures is included in corporate interest expense in the interim condensed consolidated statement of comprehensive loss. Debentures are subordinated to the credit facilities and are secured by the assets of the Company and subject to renewal at the option of the lender.

12. Share capital

On June 25, 2015, the Company completed an initial public offering of 5,000,000 common shares at a price of $10.00 per share for gross proceeds of $50,000,000 (the "Offering"). The net proceeds received by the Company were $45.2 million after deducting underwriters' fees and other fees and expenses associated with the Offering.

The Company's common shares have no par value and the authorized share capital is comprised of an unlimited number of common shares, an unlimited number of Class A preferred shares and an unlimited number of Class B preferred shares.

Issued and outstanding share capital:

	Number of shares	Dollar Amount
Common shares		
Balance, December 31, 2014	23,015,824	4,838,973
Class A preferred shares conversion (ii)	2,910,231	5,687,050
Class B preferred shares conversion (iii)	13,250,936	29,618,058
Share consolidation (iv)	(26,117,994)	-
Shares issued through initial public offering	5,000,000	50,000,000
Share issue costs associated with initial public offering	-	(4,816,915)
Reduction of stated capital (v)	-	(40,144,080)
Shares issued on exercise of warrants (Note 18b)	103,435	131,402
Balance, December 31, 2015	18,162,432	45,314,488
Shares issued on exercise of options	117,778	340,500
Balance, March 31, 2016	18,280,210	45,654,988
Class A preferred shares		
Balance, December 31, 2014	568,705	5,687,050
Conversion to common shares (ii)	(568,705)	(5,687,050)
Balance, December 31, 2015	-	-
Balance, March 31, 2016	-	-
Class B preferred shares		
Balance, December 31, 2014	11,589,085	28,391,787
Shares issued by private placement (i)	402,056	1,226,271
Conversion to common shares (iii)	(11,991,141)	(29,618,058)
Balance, December 31, 2015	-	-
Balance, March 31, 2016	-	-
Total	18,280,210	**45,654,988**

(i) In February and March, 2015, the Company issued a total of 402,056 Class B preferred shares for gross proceeds of $1,226,271.

(ii) Immediately prior to the closing of the Offering, cumulative dividends of $1,103,489 were settled via the issuance of 472,924 Class A preferred shares of the Company. Subsequent to the dividend settlement the Class A preferred shares of the Company were converted to common shares at a 30% discount to the Offering share price.

(iii) Immediately prior to the closing of the Offering, the Class B preferred shares were converted to common shares at a ratio of 1:1, adjusted in accordance with the anti-dilution provisions outlined in the Company's articles.

12. Share capital *(Continued from previous page)*

(iv) On June 1, 2015, the shareholders of the Company approved a resolution such that immediately prior to the completion of the Offering, the Common shares of the company will be consolidated on a 3 to 1 basis. The number of issued and outstanding shares, options and warrants has been retrospectively restated for all periods presented unless otherwise stated.

(v) On June 23, 2015, the Board of Directors voted to reduce the Company's stated capital and retained deficit by $40,144,080.

13. Expenses by nature

	For the three months ended	
	March 31, 2016	March 31, 2015
Personnel expense	**6,192,836**	4,050,781
Depreciation and amortization	**444,833**	347,121
Premises	**416,629**	303,390

14. Store closure and related expense

Effective March 8, 2016, the Company closed all eight legacy retail stores to align operations with Mogo's strategic goal of building the leading digital financial brand in Canada.

As a result of these closures, the Company will incur an estimated $283,690 in one-time cash closure costs. The Company recorded a liability associated with the terminated lease agreements in the amount of $966,941 and $213,208 of related property and equipment was written-off.

15. Loss per share

Loss per share is based on the consolidated loss for the quarter divided by the weighted average number of shares outstanding during the quarter. Diluted loss per share is computed in accordance with the treasury stock method and based on the weighted average number of shares and dilutive share equivalents.

The calculated weighted average number of common shares issued and outstanding are based on the post share consolidation common shares for all periods presented.

The following reflects the loss and share data used in the basic and diluted loss per share computations:

	For the three months ended	
	March 31, 2016	March 31, 2015
Loss attributed to shareholders	**(5,653,629)**	(4,264,720)
Basic weighted average number of shares	**18,163,726**	7,671,941
Basic and diluted loss per share	**(0.311)**	(0.556)

The outstanding stock options and warrants were excluded from the calculation of the above diluted loss per share because their effect is anti-dilutive.

16. Fair value of financial instruments

The fair value of cash and cash equivalents, current loans receivable, accounts payable and accruals, is approximated by their carrying amount due to their short-term nature.

The fair value of the Company's non-current loans is determined by discounting expected future contractual cash flows, taking into account expected prepayments and using management's best estimate of average market interest rates with similar remaining terms, which are classified as Level 3 input within the fair value hierarchy.

The fair values of the Company's debentures are estimated using discounted cash flows based upon the Company's current borrowing rates for similar borrowing arrangements, which are classified as Level 2 inputs within the fair value hierarchy. The carrying values of debentures approximates its fair value as new debt granted with similar risk profiles bear similar rates of return.

16. Fair value of financial instruments *(Continued from previous page)*

The fair values of the Company's derivative financial liability is determined using the Black Scholes fair value methodology using Level 2 inputs.

Management has determined that the fair values of the credit facilities do not materially differ from its carrying values as the facilities are subject to a floating interest rate, affecting current market conditions, and there have been no significant changes in the Company's risk profile since issuance of the credit facilities.

	March 31, 2016			December 31, 2015		
	Total Fair Value	Total Carrying Value	Favorable /(Unfavorable)	Total Fair Value	Total Carrying Value	Favorable /(Unfavorable)
Loans Receivable – Non-Current (Level 3)	30,496,806	28,940,299	1,556,507	29,204,562	27,848,144	1,356,418

Fair value hierarchy

Assets and liabilities recorded at fair value in the statement of financial position are measured and classified in a hierarchy consisting of three levels for disclosure purposes. The three levels are based on the priority of the inputs to the respective valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An asset or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The input levels are defined as follows:

- Level 1: Unadjusted quoted prices in an active market for identical assets and liabilities.
- Level 2: Quoted prices in markets that are not active or inputs that are observable either directly (i.e., as prices) or indirectly (i.e. derived from prices). Level 2 inputs include quoted prices for assets in markets that are considered less active.
- Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the estimated fair value of the assets or liabilities.

17. Nature and extent of risk arising from financial instruments

Risk management policy

In the normal course of business, the Company is exposed to financial risk that arises from a number of sources. Management's involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the Company, Management takes steps to avoid undue concentrations of risk. The Company manages the risks, as follows:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans receivable. The maximum amount of credit risk exposure is limited to the gross carrying amount of the loans receivable disclosed in these financial statements.

The Company acts as a lender of unsecured consumer loans and lines of credit and has little concentration of credit risk with any particular individual, company or other entity, relating to these services.

However, the credit risk relates to the possibility of default of payment on the Company's loans receivable. The Company performs on-going credit evaluations, aging of loans receivable, payment history, and allows for uncollectible amounts when determinable to mitigate this risk.

17. Nature and extent of risk arising from financial instruments *(Continued from previous page)*

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due or will not receive sufficient funds from its third party lenders to advance to the Company's customers. The Company manages all liquidity risk through maintaining a sufficient working capital amount through daily monitoring of controls, cash balances and operating results. The Company's principal sources of cash are funds from operations, which the Company believes will be sufficient to cover its normal operating and capital expenditures.

The maximum exposure to liquidity risk is represented by the carrying amount of accounts payable and accruals, credit facilities and debentures which at March 31, 2016 total $91,122,405 (December 31, 2015 – $87,017,860).

The following table summarizes the Company's financial liabilities with corresponding maturity:

	Less than 1 year	**1-3 years**	**3-5 years**	**Total**
Accounts payable and accruals	7,381,990	-	-	7,381,990
Credit facilities	-	21,982,629	21,874,521	43,857,150
Debentures	-	25,455,755	14,427,510	39,883,265
Total	7,381,990	47,438,384	36,302,031	91,122,405

Foreign currency risk

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Company is exposed to foreign currency risk on the following financial instruments denominated in United States dollars:

	March 31, 2016	December 31, 2015
Cash	**$101,662**	$49,448
Debentures	**$5,095,000**	$5,095,000

Interest rate risk

Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Company is exposed to interest rate risk primarily relating to its credit facilities that bears interest that fluctuates with LIBOR. As LIBOR is currently at 0.437% at March 31, 2016 (December 31, 2015 – 0.430%) and the credit facilities have LIBOR floors of 2% and 1.5% respectively, a 0.70 basis point change in LIBOR would not increase or decrease funding interest expense. The debentures have fixed rates of interest.

Other price risk

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with financial instruments of the Company are not exposed to other price risk.

18. Share-based compensation

(a) Options

The Company has a stock option plan that provides for the granting of options to directors, officers, employees and consultants. The maximum number of common shares reserved for issuance under the stock option plan is 1,700,000. The directors shall set an exercise price at the time that an option is granted under the plan.

Each employee share option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends or voting rights. Options may be exercised at any time from the date of vesting to the date of expiry, based on a maximum term of eight years.

Total share-based compensation costs for the period ended March 31, 2016 were $264,524 (December 31, 2015 - $1,188,313).

A summary of the status of the stock options and changes in the period is as follows:

	Options Outstanding	Weighted Average Grant Date Fair Value $	Weighted Average Exercise Price $ Outstanding	Options Exercisable	Weighted Average Exercise Price $ Exercisable
As at December 31, 2014	**898,632**		**2.89**	**327,146**	**2.14**
Options granted	629,610	2.81	8.42		
Forfeited	(22,333)	2.08	5.38		
As at December 31, 2015	**1,505,909**		**5.17**	**567,343**	**2.44**
Options granted	47,133	1.03	3.21		
Exercised	(117,778)	0.79	2.10		
Forfeited	(56,326)	1.17	3.21		
As at March 31, 2016	**1,378,938**		**5.45**	**538,817**	**3.12**

The above noted options have maturity dates ranging from November 2021 to March 2023.

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

	For the three months ended March 31, 2016	Cumulative to March 31, 2016
Exercise price	$3.21	$3.21 - 10.00
Grant date fair value	$1.03	
Risk-free interest rate	0.89%	
Expected life	5 years	
Remaining contractual life		5.5 – 7 years
Expected volatility in market price of shares	40%	
Expected dividend yield	0%	
Expected forfeiture rate	15%	

Certain of these options vest immediately while the others vest over a three to four year period. Volatility is estimated using historical data of comparable publicly traded companies operating in a similar segment.

18. Share-based compensation *(Continued from previous page)*

(b) Warrants

	Warrants Outstanding	Weighted Average Grant Date Fair Value $	Weighted Average Exercise Price $
As at December 31, 2014	**269,095**		**5.64**
Anti-dilution protection	12,590		**5.39**
Warrants granted	83,333	0.65	5.87
Warrants exercised	(183,362)		(4.36)
As at December 31, 2015	**181,656**		**6.66**
Warrants granted	1,196,120	1.39	2.96
As at March 31, 2016	**1,377,776**		**3.45**

The 1,377,776 warrants noted above have maturity dates ranging from February, 2021 to September, 2025. Of the warrants outstanding at March 31, 2016, 181,656 are exercisable.

In connection with the Agreement the Company and Postmedia entered into, Mogo has issued Postmedia five year warrants to acquire 1,196,120 common shares of Mogo at an exercise price of $2.96. 50% of the warrants vest in equal instalments over three years while the remaining 50% vest in three equal instalments based on Mogo achieving certain quarterly revenue targets. The initial fair value of these warrants is recognized as contributed surplus over the vesting period. Mogo received $1.2 million for the warrants.

On September 1, 2015, the Company entered into the Credit Facility - Liquid authorizing an operating line for a maximum of $50 million. In connection with this credit facility, the Company issued warrants to purchase 83,333 common shares. Each warrant entitles the holder to purchase one common share of the Company at a price of $5.87 until the earlier of a Liquidation Event or September 1, 2025. A net equity settlement option based on share prices on the open market at the time of the transaction and the exercise price attached to the outstanding warrants is treated, per IFRS Fair Value Measurement requirements, as a derivative financial liability and the fair value movement during the period is recognized in the consolidated statement of loss.

The fair value of the warrants outstanding was estimated using the Black-Scholes option pricing model with the following assumptions:

	For three months period ended March 31, 2016	Cumulative to March 31, 2016
Exercise price	$2.96	$2.96 - $9.15
Risk-free interest rate	0.64%	
Expected life	5 years	
Remaining contractual life		5 – 9.5 years
Expected volatility in market price of shares	40%	
Expected dividend yield	0%	
Expected forfeiture rate	0%	

18. Share-based compensation *(Continued from previous page)*

(c) Restricted share units

RSUs are granted to executives and other key employees. The value of an RSU at the grant date is equal to the value of one of the Company's common shares. Dividends in the form of additional RSUs are credited to the participant's account on each dividend payment date and are equivalent in value to the dividend paid on the Company's common shares. Executives and other key employees are granted a specific number of RSUs for a given performance period based on their position and level of contribution. RSUs vest fully after three years of continuous employment from the date of grant and, in certain cases, if performance objectives are met as determined by the Board of Directors. The maximum aggregate number of common shares issuable from treasury by the Company pursuant to the RSU Plan is 200,000.

Details of outstanding RSUs as at March 31, 2016 are as follows:

Number of RSUs	
Outstanding, January 1, 2015	**-**
Granted	100,000
Outstanding, December 31, 2015	**100,000**
Expired	(25,000)
Outstanding, March 31, 2016	**75,000**