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GMP CAPITAL INC. FIRST QUARTER 2012 REPORT

GMP Capital Inc. Reports First Quarter 2012 Results

Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and have been taken from our First Quarter 2012 Financial Statements prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. The following contains forward-looking statements. Please also see the "Forward-Looking Information" section on page 2 of this report.

Financial Highlights

First Quarter 2012 versus First Quarter 2011

- Revenue of \$66.1 million compared with \$115.3 million
- Net income of \$0.2 million compared with \$26.3 million
- Adjusted net income¹ of \$1.2 million compared with \$30.2 million
- Net loss per basic share of \$0.04 compared with earnings per basic share of \$0.32
- Adjusted net loss per basic share¹ of \$0.02 compared with adjusted earnings per basic share¹ of \$0.38
- Annualized return on common shareholders' equity ("ROE")¹ was negative 3.7% compared with 28.4%
- Adjusted annualized ROE¹ was negative 2.1% compared with 33.1%

TORONTO, May 4, 2012 – GMP Capital Inc. ("GMP") (TSX: GMP) today reported revenue of \$66.1 million in first quarter 2012, representing a 43% decrease compared with the same period a year ago primarily due to weaker performance in our Capital Markets segment. GMP recorded net income of \$0.2 million and a net loss attributable to common shareholders of \$2.3 million (\$0.04 net loss per basic share) in first quarter 2012 compared with net income of \$26.3 million and net income attributable to common shareholders of \$22.5 million (\$0.32 per basic share) in first quarter 2011. This quarter's results continued to be affected by the unfavourable market environment and also reflect \$4.5 million (pre-tax) in restructuring charges incurred in connection with previously announced senior management changes and other initiatives.

"Adverse market conditions continue to affect the level of business activity, particularly in the Canadian mid-market resources sector, resulting in disappointing financial results this quarter," said Harris Fricker, Chief Executive Officer, GMP. "Investment banking and trading activity were the areas most impacted by the ongoing challenging market environment. Wealth Management's returns reflect lower results at Richardson GMP which were also impacted by the weaker capital markets activity."

Commenting further, Mr. Fricker said, "The recovery in global economic activity has proven to be slower than first anticipated. In the context of the current market environment, we remain focused on conservative capital management and ensuring our cost structure is aligned to the reality of the landscape before us. That said, we continue to aggressively seek opportunities to add to our global talent pool and position the firm for robust performance in more normalized market conditions."

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by generally accepted accounting principles ("GAAP") under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Non-GAAP Measures" section on page 3 of this report.

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Forward-Looking Information

This MD&A contains “forward-looking information” as defined under applicable Canadian securities laws. This information includes, but is not limited to, statements made in “Business Environment and Market Outlook”, “First Quarter 2012 Financial Highlights”, “Segment Results”, “Liquidity and Capital Resources” and other statements concerning our 2012 objectives, our strategies to achieve those objectives, as well as statements with respect to management’s beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plans” or “continue”, or similar expressions suggesting future outcomes or events. Such forward-looking information reflects management’s current beliefs and is based on information currently available to management. Forward-looking information is not a guarantee of future performance and is subject to numerous risks and uncertainties, including those described in this MD&A. GMP’s primary business activities are both competitive and subject to various risks. These risks include market, credit, liquidity, operational and legal and regulatory risks and other risk factors including, without limitation, variations in the market value of securities, the volatility and liquidity of equity and fixed income trading markets, the volume of new financings and mergers and acquisitions (“M&A”), dependence on key personnel and sustainability of fees. Other factors, such as general economic conditions, including interest rate and exchange rate fluctuations, may also have an effect on GMP’s results of operations. Many of these risks and uncertainties can affect GMP’s actual results and could cause its actual results to differ materially from

those expressed or implied in any forward-looking information disclosed by management or on its behalf. For a description of additional risks that could cause our actual results to materially differ from our current expectations, see “Risk Management” in this MD&A and “Risk Factors” in GMP’s AIF, dated March 13, 2012. These risks and uncertainties are not the only ones facing the GMP Group. Additional risks and uncertainties not currently known to us or that that we currently consider immaterial, may also impair the operations of the GMP Group. Material assumptions or factors underlying the forward-looking information contained in this document are set out in “Business Environment and Market Outlook” in this MD&A and include, without limitation: lingering uncertainty over European sovereign debt, the potential that economic expansion could be dampened by rising fuel prices, slower growth in China and expectations for continued negative pressure on capital markets in 2012. Although forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with this forward-looking information. Certain statements included in this MD&A may be considered a “financial outlook” for purposes of applicable Canadian securities laws, and as such the financial outlook may not be appropriate for purposes other than this MD&A. The forward-looking information contained in this MD&A is made as of the date of this MD&A, and should not be relied upon as representing GMP’s views as of any date subsequent to the date of this MD&A.

Except as required by applicable law, management and the Board of Directors undertake no obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

About this Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") relates to the first quarter ended March 31, 2012, which reflects the three-month period from January 1, 2012 to March 31, 2012 ("first quarter 2012"). All references to "first quarter 2011" refer to the three-month period from January 1, 2011 to March 31, 2011.

This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of GMP Capital Inc. ("GMP" or the "Corporation") as at and for the three months ended March 31, 2012 ("First Quarter 2012 Financial Statements"), GMP's MD&A for fiscal 2011 ("2011 Annual MD&A") and GMP's audited consolidated financial statements for the year ended December 31, 2011 ("2011 Annual Financial Statements"). These documents, as well as additional information about GMP, including our annual information form dated March 13, 2012 ("AIF"), can be accessed at gmpcapital.com and at sedar.com. Certain comparative amounts have been reclassified to conform to the current period's presentation.

This MD&A has been prepared with an effective date of May 3, 2012. Unless the context otherwise requires, all references to "GMP" and the "Corporation" refer to GMP Capital Inc. All references to "we", "our", "us" and "GMP Group" refer to the Corporation, together with its consolidated operations controlled by it and its predecessor. All references to "shareholders" refer collectively to holders of common shares of GMP (the "Common Shares") and holders of Cumulative 5-Year Rate Reset Preferred Shares, Series B of GMP (the "Series B Preferred Shares"). All references to "management" refer to the directors, senior officers and other officers of the GMP Group, unless otherwise stated.

The Corporation's audit committee has reviewed this document and prior to its release the GMP board of directors (the "Board of Directors") approved it, on the audit committee's recommendation.

Overview

Through its principal subsidiaries, GMP is a leading Canadian independent diversified financial services firm headquartered in Toronto, Canada, providing a wide range of financial products and services to a client base that includes corporate clients, institutional investors and high-net-worth individuals

through the following three business segments and the Corporate segment: Capital Markets, Wealth Management and Alternative Investments. For descriptions of our business segments and our Corporate segment, refer to "Segment Results" in our 2011 Annual MD&A and in this MD&A.

Presentation of Financial Information and Non-GAAP Measures

Presentation of Financial Information

Financial results, including related historical comparatives, contained in this MD&A, unless otherwise specified herein, are based on our First Quarter 2012 Financial Statements, which have been prepared by management in accordance with International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). The Canadian dollar is our functional and reporting currency for purposes of preparing the Corporation's consolidated financial statements, given that we conduct more of our operations in that currency than any other single currency. Accordingly, all dollar references in this MD&A are in Canadian dollars, unless otherwise specified herein.

Non-GAAP Measures

Consistent with our management framework, we use certain measures to assess our financial performance which are not generally accepted accounting principle measures ("GAAP") under International Financial Reporting Standards ("IFRS"). These measures do not have any standardized meaning prescribed by GAAP, and are therefore unlikely to be comparable to similar measures presented by other issuers. Non-GAAP measures should not be considered as alternatives to net income or comparable metrics determined in accordance with IFRS as indicators of GMP's performance, liquidity, cash flows and profitability.

Return on Common Equity

The GMP Group evaluates the performance of its consolidated operations using annualized return on common equity ("ROE"). Our ROE calculation is based on net income available to common shareholders divided by total average common shareholder equity for the period, which are measures derived from information contained in our First Quarter 2012 Financial Statements, which were prepared in accordance with IFRS.

Assets under Administration/Management

Assets under administration ("AUA") is a measure of the market value of client assets administered by Richardson GMP Limited ("Richardson GMP") and in respect of which Richardson GMP earns commissions or fees. AUA is used by management in assessing the performance of the Wealth Management segment because such commissions or fees earned by Richardson GMP impact the performance of GMP's Wealth Management segment through GMP's proportionate share of Richardson GMP's net income. Assets under management ("AUM") is a measure of the net asset value of funds (the "GMP IM Funds") managed by GMP Investment Management L.P. ("GMP Investment Management") and in respect of which GMP Investment Management earns management fees and may also earn performance fees. Up until November 30, 2011, AUM also included the amount of committed and/or invested capital in the funds managed by EdgeStone Capital Partners, L.P. ("EdgeStone") in respect of which EdgeStone earned management fee income or received general partner distributions. The amount of management fees earned by GMP is directly related to the level of AUM in the Alternative Investments segment. The amount of performance fees earned is related to both the investment performance and the level of AUM of the GMP IM Funds. AUM is used by management in assessing the performance of GMP's Alternative Investments segment because it is a key driver of revenues for the segment. AUA and AUM are not included in GMP's Consolidated Balance Sheets.

Adjusted Measures

Management believes that presenting certain results and measures on an adjusted basis which excludes the impacts of specified items may be more reflective of ongoing operating results and provides readers with an enhanced understanding of how management views GMP's core performance. Management assesses performance on both a reported and an adjusted basis and considers both bases to be useful in assessing underlying, ongoing business performance. Presenting results on both bases also permits readers to assess the impact of the specified items on the results for the periods presented. We exclude the following to arrive at our adjusted measures:

- (i) from first quarter 2012 financial results, the share-based compensation expense recorded in connection with the Common Shares issued to certain key employees of GMP Securities, LLC ("GMP USA", and formerly Miller Tabak Roberts Securities, LLC) in connection with our acquisition of GMP USA in third quarter 2011. Management regards these shares as part of the purchase price consideration, notwithstanding the accounting treatment which treats these shares as share-based compensation due to the obligations imposed on key employees to forfeit their unvested shares in the event they cease to be an employee of the GMP Group.
- (ii) from first quarter 2011 financial results, the impact of the one-time redemption costs (the "Redemption Costs") recorded in connection with the redemption of all of the outstanding senior unsecured notes (the "Notes") issued by Griffiths McBurney L.P. ("Griffiths McBurney"), an indirect, wholly-owned subsidiary of GMP, which was completed in first quarter 2011. Management has excluded the Redemption Costs as they are not expected to re-occur and therefore unlikely to be reflective of GMP's core performance.

For details relating to the Common Shares issued to certain key employees of GMP USA, refer to "Outstanding Share Data and Dividends – Common Shares Issued in Connection with the MTR Acquisition" in the 2011 Annual MD&A. For information regarding the redemption of the Notes, refer to "Liquidity and Capital Resources – Redemption of Long-Term Debt" in the 2011 Annual MD&A.

The following table provides a reconciliation of GMP's reported results to its adjusted measures:

(\$000s, except as otherwise noted)	Q1 2012	Q1 2011
Reported Results		
(Loss) income before income taxes	(133)	34,594
Income tax (benefit) expense	(344)	8,343
Net income	211	26,251
Net (loss) income attributable to common shareholders	(2,288)	22,455
Reported Measures		
Net (loss) income per common share		
Basic	\$(0.04)	\$0.32
Diluted ¹	\$(0.04)	\$0.29
Average common equity	247,327	316,314
Return on common equity ²	(3.7%)	28.4%
Pre-tax Impact of Adjusting Items		
<i>Corporate Segment</i>		
Charges to Interest expense – Redemption of senior unsecured notes	-	5,466
<i>Capital Markets Segment</i>		
Charges to Employee compensation and benefits – Deferred share-based awards	1,744	-
Impact of adjusting items on income before income taxes	1,744	5,466
After-Tax Impact of Adjusting Items		
Redemption costs associated with senior unsecured notes	-	3,908
Cost of deferred share-based awards	975	-
Impact of adjusting items on:		
Net income	975	3,908
Net income attributable to common shareholders	975	3,908
Net income per common share:		
Basic	\$0.02	\$0.06
Diluted	\$0.01	\$0.05
Adjusted Results²		
Income before income taxes	1,611	40,060
Income tax expense	425	9,901
Net income	1,186	30,159
Net (loss) income attributable to common shareholders	(1,313)	26,363
Adjusted Measures²		
Net (loss) income per common share		
Basic	\$(0.02)	\$0.38
Diluted ¹	\$(0.02)	\$0.34
Average common equity	247,814	318,268
Return on common equity	(2.1%)	33.1%

1. In the case of a net loss, the effect of common share options and warrants potentially exercisable and the impact of shares pledge on share purchase loans and other common shares subject to vesting conditions under stock-based compensation programs on diluted net loss per common share will be anti-dilutive; therefore, basic and diluted net loss per common share will be the same.

2. Adjusted results and measures are considered to be non-GAAP financial measures. These measures do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. The table above outlines such measures with their closest GAAP counterparts.

Business Environment and Market Outlook

Business Environment

North American economic conditions generally improved during first quarter 2012, however sustained growth remains at risk amid lingering uncertainty over European sovereign debt and the potential that economic expansion could be dampened by rising fuel prices and slower growth in China. As a result, we believe that Canadian economic and business conditions continue to face considerable risks. In April 2012, the Bank of Canada announced that it would maintain its target for the overnight rate at 1%. The benchmark S&P/TSX Composite Index finished up 3.7% at March 31, 2012 compared with its close on December 31, 2011. The dollar value of Canadian merger and acquisition ("M&A") transactions announced in Canada increased 73%¹ in first quarter 2012 compared with first quarter 2011, while the dollar value of common equity underwriting transactions completed in Canada increased three percent² over this time. Mining activity however has decreased significantly compared with first quarter 2011 as evidenced by the 63%¹ decline in the dollar value of mining M&A transactions

announced in Canada during first quarter 2012 compared with first quarter 2011. Similarly, the aggregate dollar value of mining common equity underwriting transactions completed in Canada decreased 66%² in first quarter 2012 compared with first quarter 2011. Historically, investment banking revenue from mining sector transactions has been a key revenue driver of GMP's Capital Markets segment. Trading activity also slowed as equity volumes on the Toronto Stock Exchange ("TSX") and TSX Venture Exchange ("TSXV") decreased 23%³ in first quarter 2012 compared with first quarter 2011.

Market Outlook

While financial conditions have generally improved in many key markets since late 2011, the timing, magnitude and sustainability of economic growth and capital market activity are difficult to forecast as Canadian and global economies continue to face a number of challenges. We expect economic growth to likely remain modest and the health of capital markets to remain fragile for the balance of fiscal 2012.

1. Source: Mergermarket as at April 9, 2012.

2. Source: FPinformart as at April 9, 2012.

3. Source: CanadaEquity.com as at April 9, 2012.

First Quarter 2012 Financial Highlights

Selected Financial Information

(\$000, except as otherwise noted)	Three months ended March 31		% increase/ (decrease)
	2012	2011	
Revenue	66,086	115,340	(43)
Investment banking	40,378	63,486	(36)
Commissions	18,863	31,206	(40)
Investment management and fee income	2,509	5,527	(55)
Client facilitation and principal activities	(1,603)	5,839	(127)
Interest	1,798	3,555	(49)
Other	4,141	5,727	(28)
Expenses	66,092	81,878	(19)
(Loss) income before income taxes	(133)	34,594	(100)
Net income	211	26,251	(99)
Net (loss) income per common share:			
Basic	\$(0.04)	\$0.32	(113)
Diluted ¹	\$(0.04)	\$0.29	(114)
Cash dividends declared per common share	\$0.10	\$0.08	25
Return on common equity²	(3.7%)	28.4%	n.m.
Total assets	1,611,636	1,896,182	(15)
Total headcount (#)	462	362	28
Adjusted Measures²			
Income before income taxes	1,611	40,060	(96)
Net income	1,186	30,159	(96)
Net (loss) income per common share:			
Basic	\$(0.02)	\$0.38	(105)
Diluted ¹	\$(0.02)	\$0.34	(106)
Return on common equity	(2.1%)	33.1%	n.m.

n.m. = not meaningful

- In the case of a net loss, the effect of common share options and warrants potentially exercisable and the impact of shares pledged on share purchase loans and other common shares subject to vesting conditions under stock-based compensation programs on diluted net loss per common share will be anti-dilutive; therefore, basic and diluted net loss per common share will be the same.
- Considered to be non-GAAP financial measures. These measures do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" section in this MD&A.

First Quarter 2012 vs. First Quarter 2011

Total revenue declined \$49.3 million in first quarter 2012 compared with first quarter 2011 largely reflecting lower revenues generated in the Capital Markets segment primarily due to a significant decrease in investment banking revenue, which declined \$23.1 million or 36%. Commission revenue also decreased considerably in first quarter 2012 compared with first quarter 2011 as Canadian equity trading volumes declined over this time. We recorded lower investment management and fee income compared with first quarter 2011 due to the arrangements reached with the principals of EdgeStone in fourth quarter 2011, which resulted in them assuming responsibility for all aspects of the EdgeStone business. Losses on client facilitation and principal activities were recorded in first quarter 2012 compared with gains recorded in first quarter 2011 primarily due to losses recorded

on certain security positions acquired in connection with investment banking mandates and lower returns on broker warrant inventories held, compared with notable gains recorded on broker warrant positions held in the prior period. Wealth Management reported a loss before income taxes of \$0.1 million in first quarter 2012 compared with income before income taxes of \$1.1 million in first quarter 2011 as the challenging market environment and lower client trading volumes adversely impacted Richardson GMP's financial performance in first quarter 2012.

Total expenses decreased \$15.8 million in first quarter 2012 compared with first quarter 2011 primarily due to lower variable compensation expense which declined \$17.0 million commensurate with lower revenue generation in first quarter 2012. Total employee compensation and benefits expense decreased \$9.4 million in first quarter 2012 and includes

\$4.5 million (pre-tax) in charges incurred in connection with the previously announced management changes and costs incurred in connection with our exchange-traded funds business which we exited in first quarter 2012 due to the ongoing difficult market conditions. Fixed salaries and benefits also reflect the incremental costs associated with GMP USA which we acquired in third quarter 2011 and GMP Securities Australia Pty Limited ("GMP Australia") which we launched in second quarter 2011. Non-compensation expenses decreased \$6.4 million in first quarter 2012 largely due to lower interest expense as first quarter 2011 included the \$5.5 million in Redemption Costs.

GMP recorded net income of \$0.2 million and a net loss attributable to common shareholders of \$2.3 million (\$0.04 net loss per basic share) in first quarter 2012 compared with net income of \$26.3 million and net income attributable to common shareholders of \$22.5 million (\$0.32 per basic share) in first quarter 2011. ROE⁴ in first quarter 2012 was negative 3.7%⁴ compared with a ROE⁴ of 28.4% in first quarter 2011. GMP's first quarter 2012 adjusted net income⁴ was \$1.2 million, adjusted net loss per basic share⁴ was \$0.02, and adjusted ROE⁴ was negative 2.1%. GMP's adjusted net income⁴ for first quarter 2011 was \$30.2 million, adjusted earnings per basic share⁴ was \$0.38, and adjusted ROE⁴ was 33.1%.

Segment Results

The following section highlights the results of our three business segments and the Corporate segment for first quarter 2012 compared with first quarter 2011. These segments are based upon the products and services provided and the types of customer served, and reflect the manner in which financial information is currently evaluated by management. The key methodologies and assumptions used in our management reporting framework remain unchanged from December 31, 2011.

Capital Markets

The Capital Markets segment consists of GMP's investment banking, including advisory and underwriting services, institutional research and sales and trading capabilities, which are conducted through the Corporation's subsidiaries: GMP Securities L.P. ("GMP Securities"), GMP USA, Griffiths McBurney Corp., GMP Securities Europe LLP ("GMP Europe") and GMP Australia.

First Quarter 2012 vs. First Quarter 2011

The following table sets forth an overview of the financial results of the Capital Markets segment.

	Three months ended March 31		
(\$000, except as otherwise noted)	2012	2011	% increase/ (decrease)
Revenue	58,885	103,605	(43)
Investment banking	40,378	63,782	(37)
Commissions	18,863	31,206	(40)
Client facilitation and principal activities	(2,187)	5,139	(143)
Interest	1,613	3,302	(51)
Other	218	176	24
Expenses	57,011	62,947	(9)
Employee compensation and benefits	42,790	50,929	(16)
Selling, general and administrative	12,852	9,608	34
Interest	646	1,591	(59)
Depreciation and amortization	723	819	(12)
Income before income taxes – reported	1,874	40,658	(95)
Income before income taxes – adjusted¹	3,618	40,658	(91)
Total headcount (#)	352	248	42

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" section of this MD&A.

4. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" in this MD&A.

Total revenue by geographic distribution:

(\$000)	Three months ended March 31		% increase/ (decrease)
	2012	2011	
Canada	36,306	88,396	(59)
United States	11,900	3,916	204
Europe and Australia	10,679	11,293	(5)
Total Revenue	58,885	103,605	(43)

The following tables set forth investment banking revenue by sector and type of revenue generated.

Revenue by sector:

(\$000)	Three months ended March 31		% increase/ (decrease)
	2012	2011	
Mining	21,987	30,078	(27)
Oil and gas	12,519	14,380	(13)
Industrials and special situations	1,672	1,256	33
Technology and healthcare	41	3,278	(99)
Non-bank financial services	4,156	14,790	(72)
Telecommunications, cable and media	3	–	n.m.
Total Investment Banking Revenue	40,378	63,782	(37)

n.m. = not meaningful

Revenue by type:

(\$000)	Three months ended March 31		% increase/ (decrease)
	2012	2011	
Total Investment Banking Revenue	40,378	63,782	(37)
Underwriting	26,962	46,835	(42)
M&A advisory	13,416	16,947	(21)

The Capital Markets segment reported a 43% decrease in total revenue in first quarter 2012 compared with first quarter 2011, led by sharp declines in investment banking and commission revenues.

The decline in investment banking revenue reflects a slowdown in activity in first quarter 2012, particularly in the mining sector where the aggregate dollar value of common equity underwriting transactions completed in Canada decreased 66% compared with first quarter 2011⁵ and also reflects first quarter 2011 revenues which were bolstered by a large non-bank financial services advisory transaction recorded in the period. As a result, investment banking revenues related to the mining and non-bank financial services sectors declined \$8.1 million and \$10.6 million, respectively, in first quarter 2012 compared with first quarter 2011. GMP Securities participated in 74 underwriting transactions completed in Canada in first quarter 2012, having an

aggregate dollar value of approximately \$6.9 billion, which compares favourably with first quarter 2011, during which we participated in 57 such transactions helping raise \$3.8 billion on behalf of clients.⁶ However, during first quarter 2012, GMP led or co-led 16 underwriting transactions completed in Canada valued at \$0.9 billion, which was significantly less than the 37 transactions valued at \$1.8 billion which we led or co-led in first quarter 2011.⁶ According to FPinformart, GMP Securities ranked sixth in the dollar value of common equity underwriting transactions completed in Canada during first quarter 2012 for which we were lead or co-lead compared with a first place ranking in first quarter 2011. GMP advised on five M&A transactions announced in Canada during first quarter 2012, having an aggregate value of US\$2.2 billion, compared with four such transactions announced in Canada in first quarter 2011 valued at US\$4.8 billion.⁷

5. Source: FPinformart as at April 9, 2012.

6. Source: GMP Capital Inc. internal reports as at April 9, 2012.

7. Source: Mergermarket as at April 9, 2012.

Sales and trading commissions decreased 40% in first quarter 2012 compared with first quarter 2011, due to lower client trading volumes. Total aggregate trading volumes on the TSX and TSXV decreased 23%⁸ in first quarter 2012 compared with first quarter 2011. GMP Securities ranked seventh in Canada in equity block trading volumes in first quarter 2012, trading approximately 1.0 billion shares on the TSX and TSXV, achieving a market share of 4.9%.⁸ This represents a 55% decrease in equity block trading volumes for GMP Securities relative to first quarter 2011 in which we ranked third in Canada and captured an 8.5% market share.⁸

Client facilitation and principal activities generated a net loss of \$2.2 million in first quarter 2012, compared with \$5.1 million in net gains recorded in first quarter 2011. First quarter 2012 results reflect losses recorded on certain security positions acquired in connection with investment banking mandates and lower returns on broker warrants held, compared with significant gains on broker warrant inventories recorded in the prior period. First quarter 2012 also includes \$8.4 million in net gains recorded by GMP USA in connection with its fixed income trading activities with clients.

The following table sets forth employee compensation and benefits expenses for the Capital Markets segment.

(\$000, except as otherwise noted)	Three months ended March 31		% increase/ (decrease)
	2012	2011	
Fixed salaries and benefits	12,798	5,748	123
Variable incentive-based compensation	25,193	42,189	(40)
Share-based compensation	4,799	2,992	60
Total Employee Compensation and Benefits	42,790	50,929	(16)
Adjusting item: Retention shares	1,744	–	–
Total Employee Compensation and Benefits, adjusted	41,046	50,929	(19)
Ratio of Total Compensation and Benefits to Revenue	72.7%	49.2%	n.m.
Ratio of Total Compensation and Benefits to Revenue, Adjusted¹	69.7%	49.2%	n.m.

n.m. = not meaningful

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" section of this MD&A.

Total expenses decreased in first quarter 2012 compared with first quarter 2011 due to lower variable compensation expense recorded commensurate with lower revenue generation in first quarter 2012. Fixed salaries and benefits expense increased in first quarter 2012 primarily due to \$4.5 million (pre-tax) in restructuring charges incurred in connection with the previously announced management changes and costs incurred in connection with our exchange-traded funds business which we exited in first quarter 2012 due to the ongoing difficult market conditions. Fixed salaries and benefits also reflect the incremental costs associated with GMP USA and GMP Australia, which resulted in the addition of 83 and 13 staff members, respectively, in the Capital Markets segment. Excluding the restructuring charges and the share-based compensation expense recorded in connection with the Common Shares issued to certain key employees of GMP USA, our ratio of total compensation and benefits to revenue was 62.0% in first quarter 2012.

Selling, general and administrative costs increased in first quarter 2012 primarily due to an increase in promotional initiatives at GMP Europe as well as the inclusion of incremental costs associated with GMP USA and GMP Australia.

Capital Markets' income before income taxes of \$1.9 million decreased \$38.8 million or 95% in first quarter 2012 compared with first quarter 2011, largely driven by lower revenue generation. Adjusted income before income taxes⁴ was \$3.6 million in first quarter 2012 and excludes the share-based compensation expense recorded in connection with the Common Shares issued to certain key employees of GMP USA.

Wealth Management

The Wealth Management segment consists of GMP's non-controlling ownership interest in Richardson GMP, a full-service wealth management firm with offices located in 15 cities across Canada. Also included within the Wealth Management segment is dividend revenue recognized by GMP on its investment in Richardson GMP Class A and Class B preference shares following dividend declarations made by Richardson GMP from time to time.

8. Source: CanadaEquity.com as at April 9, 2012.

First Quarter 2012 vs. First Quarter 2011

The following table sets forth the financial results of the Wealth Management segment. GMP's non-controlling ownership interest as at March 31, 2012 was 32.7%, compared with 33.9% as at December 31, 2011, which reflects an increase in equity ownership by investment advisors over this time. Richardson GMP is considered an associate of GMP under IFRS, and, accordingly, GMP's share of Richardson GMP's results is recorded as an equity accounted investment.

(\$000)	Three months ended March 31		% increase/ (decrease)
	2012	2011	
Share of (loss) income of associate	(127)	1,132	(111)

Wealth Management reported a loss before income taxes of \$0.1 million in first quarter 2012 comprised of GMP's share of (loss) income of associate, compared with income before income taxes of \$1.1 million in first quarter 2011. Results for first quarter 2012 reflect lower operating performance by Richardson GMP compared with first quarter 2011.

The following is supplemental financial information and discussion regarding Richardson GMP's operating results.

Supplemental Financial Information – Richardson GMP

The following table sets forth an overview of the financial results of Richardson GMP for the periods indicated, on a 100% basis; noting, however that, as at March 31, 2012, GMP owns only a 32.7% non-controlling interest of Richardson GMP.

(\$000, except as otherwise noted)	Three months ended March 31		% increase/ (decrease)
	2012	2011	
Revenue	38,864	43,044	(10)
Commissions and investment management and fee income	33,935	38,516	(12)
Other	4,929	4,528	9
Expenses	38,609	39,205	(2)
Employee compensation and benefits	25,141	26,209	(4)
Selling, general and administrative	12,004	11,848	1
Depreciation and amortization	1,064	704	51
Interest	400	444	(10)
Net income	255	3,839	(93)
Cumulative preferred share dividends	628	621	1
Net (loss) income attributable to common shareholders	(373)	3,218	(112)
Total headcount (#)	427	425	-
Number of investment advisors	152	154	(1)
Number of advisory teams	108	108	-
AUA at period-end (\$ millions) ¹	13,922	14,431	(4)

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" section of this MD&A.

First Quarter 2012 vs. First Quarter 2011 – 100% basis

Total revenue decreased in first quarter 2012, compared with first quarter 2011 primarily due to lower commission revenues, which have been negatively impacted by lower client trading volumes as a result of continued challenging market conditions. Fee income in first quarter 2012 continues to remain consistent with levels noted in first quarter 2011.

Total expenses reflect lower variable compensation commensurate with the weaker revenue generation in first quarter 2012. Non-compensation expenses increased in first

quarter 2012 compared with first quarter 2011 primarily due to higher depreciation expense due to additional office space assumed in Toronto and Calgary in first quarter 2012.

Richardson GMP continued its disciplined path to growth with the addition of an established advisory team to its Calgary office during first quarter 2012. This new advisory team brings qualifying attributes that fit Richardson GMP's business model designed to recruit seasoned professionals with high net worth wealth management practices.

Richardson GMP reported net income of \$0.3 million and a net loss attributable to common shareholders of \$0.4 million in first quarter 2012 compared with net income of \$3.8 million and net income attributable to common shareholders of \$3.2 million recorded in first quarter 2011.

Alternative Investments

The Alternative Investments segment provides investment management and advisory services and offers alternative investment products primarily through private funds managed

by GMP Investment Management. Until November 30, 2011, this segment also included the results of EdgeStone. On December 12, 2011, we entered into arrangements pursuant to which a corporation jointly owned by certain former senior officers of EdgeStone assumed responsibility for all aspects of the management and operations of the EdgeStone business, subject to such former senior officers' right to terminate such arrangements (the "EdgeStone Arrangements"). For more information refer to "Segment Results – Alternative Investments – Developments at EdgeStone" in our 2011 Annual MD&A.

First Quarter 2012 vs. First Quarter 2011

The following table sets forth an overview of the financial results of the Alternative Investments segment for the periods indicated.

(\$000, except as otherwise noted)	Three months ended March 31		
	2012	2011	% increase/ (decrease)
Revenue	3,071	7,758	(60)
Investment management and fee income	2,536	5,549	(54)
Principal activities	533	703	(24)
Interest	2	3	(33)
Other	-	1,503	(100)
Expenses	2,958	4,105	(28)
Employee compensation and benefits	2,145	3,043	(30)
Selling, general and administrative	770	971	(21)
Interest	-	6	(100)
Depreciation and amortization	43	85	(49)
Income before income taxes	113	3,653	(97)
AUM GMP Investment Management (\$ millions) ¹	582.3	529.5	10
AUM EdgeStone (\$ millions) ¹	-	959.9	(100)
Headcount – GMP Investment Management (#)	20	19	5
Headcount – EdgeStone (#)	-	14	(100)

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" section of this MD&A.

Total revenues decreased in first quarter 2012 compared with first quarter 2011 primarily due to the EdgeStone Arrangements which resulted in the deconsolidation of EdgeStone from our results. GMP Investment Management reported lower revenues primarily due to \$1.5 million in performance fees recorded in other revenue in first quarter 2011 following a distribution by the Genesis Partners Fund L.P. GMP Investment Management reported increased investment management and fee income in first quarter 2012 compared with first quarter 2011 due to higher AUM levels.

The following table sets forth the employee compensation and benefits expenses for the Alternative Investments segment.

(\$000)	Three months ended March 31		
	2012	2011	% increase/ (decrease)
Fixed salaries and benefits	1,418	2,457	(42)
Variable incentive-based compensation	722	557	30
Share-based compensation	5	29	(83)
Total Employee Compensation and Benefits	2,145	3,043	(30)

Total expenses decreased in first quarter 2012 compared with first quarter 2011 primarily due to the EdgeStone Arrangements. GMP Investment Management reported higher expenses in first quarter 2012 compared with first quarter 2011 driven primarily by increased variable compensation.

Alternative Investments reported income before income taxes of \$0.1 million in first quarter 2012 compared with income before income taxes of \$3.7 million in first quarter 2011.

First Quarter 2012 vs. First Quarter 2011

The following table sets forth the financial results for the Corporate segment for the periods indicated.

(\$000, except as otherwise noted)	Three months ended March 31		% increase/ (decrease)
	2012	2011	
Revenue	4,130	3,977	4
Expenses	6,123	14,826	(59)
Employee compensation and benefits	3,351	3,679	(9)
Selling, general and administrative	2,624	3,901	(33)
Interest	44	6,590	(99)
Depreciation and amortization	104	656	(84)
Loss before income taxes – reported	(1,993)	(10,849)	82
Loss before income taxes – adjusted¹	(1,993)	(5,383)	63
Total headcount (#)	90	81	11

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" section of this MD&A.

Revenue is comprised primarily of revenue received in support of carrying broker and other administrative support services provided to Richardson GMP, the dollar value of which is largely unchanged from first quarter 2011. Total expenses decreased in first quarter 2012 compared with first quarter 2011 largely due to lower interest costs as the prior year period included the Redemption Costs of \$5.5 million. In addition,

Corporate

The Corporate segment includes enterprise-wide items and the impact of consolidating certain private funds over which GMP has determined it has control. The Corporate segment also includes third-party revenue received in relation to carrying broker and other administrative support services provided by GMP Securities to Richardson GMP. Additionally, related employee compensation and benefits, clearing and execution costs and other expenses associated with providing such services to Richardson GMP are included in this segment.

first quarter 2011 included \$0.9 million in professional fees incurred in connection with the acquisition of GMP USA and our activities related to establishing GMP Australia.

The loss before income taxes was \$2.0 million in first quarter 2012 compared \$10.8 million in first quarter 2011. Adjusted loss before income taxes was \$5.4 million in first quarter 2011 and excludes the Redemption Costs.

Historical Quarterly Information

The following table sets forth selected quarterly financial information for the eight most recently completed fiscal quarters.

(\$000, except as otherwise noted)	Fiscal 2012		Fiscal 2011			Fiscal 2010		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	66,086	72,654	46,282	67,567	115,340	153,448	102,831	114,729
Investment banking	40,378	43,862	19,024	41,095	63,486	69,384	55,917	77,658
Commissions	18,863	15,604	19,211	23,059	31,206	32,108	22,854	25,071
Investment management and fee income	2,509	3,030	3,952	3,869	5,527	5,555	5,200	6,342
Client facilitation and principal activities	(1,603)	2,994	(5,289)	(8,285)	5,839	27,751	11,655	(1,801)
Interest	1,798	2,008	3,126	3,586	3,555	3,701	2,934	2,510
Other	4,141	5,156	6,258	4,243	5,727	14,949	4,271	4,949
Share of (loss) income of associate	(127)	(689)	99	540	1,132	852	(108)	(1,605)
(Loss) income before income taxes	(133)	3,773	(5,773)	7,821	34,594	61,149	33,280	35,303
Net income (loss)	211	2,390	(4,594)	5,072	26,251	45,992	23,056	24,104
Net (loss) income per common share:								
Basic	\$(0.04)	\$0.02	\$(0.09)	\$0.04	\$0.32	\$0.55	\$0.32	\$0.32
Diluted ¹	\$(0.04)	\$0.02	\$(0.09)	\$0.04	\$0.29	\$0.50	\$0.30	\$0.29

1. In the case of a net loss, the effect of common share options and warrants potentially exercisable and the impact of common shares pledged on share purchase loans and other common shares subject to vesting conditions under stock-based compensation programs on diluted net loss per common share will be anti-dilutive; therefore, basic and diluted net loss per common share will be the same.

The following table sets forth certain quarterly results and measures adjusted to exclude the impacts of specified items. Such measures are considered Non-GAAP under IFRS and do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" section in this MD&A.

(\$000, except as otherwise noted)	Q1 2012	Q4 2011	Q3 2011	Q1 2011	Q4 2010
(Loss) Income before income taxes – reported	(133)	3,773	(5,773)	34,594	61,149
Pre-tax Impact of Adjusting Items					
<i>Corporate Segment</i>					
Redemption costs associated with senior unsecured notes	-	-	-	5,466	-
Goodwill and intangible asset impairment charges	-	1,317	-	-	481
<i>Capital Markets Segment</i>					
Cost of deferred share-based awards	1,744	1,749	78	-	-
Income (Loss) before income taxes – adjusted	1,611	6,839	(5,695)	40,060	61,630
Net income (loss) – reported	211	2,390	(4,594)	26,251	45,992
After-Tax Impact of Adjusting Items					
Redemption costs associated with senior unsecured notes	-	-	-	3,908	-
Goodwill and intangible asset impairment charges	-	974	-	-	481
Cost of deferred share-based awards	975	976	44	-	-
Net income (loss) – adjusted	1,186	4,340	(4,550)	30,159	46,473
Net (loss) income available to common shareholders – reported	(2,288)	1,435	(6,010)	22,455	38,417
Net (loss) income available to common shareholders – adjusted	(1,313)	3,385	(5,966)	26,363	38,898
Net (loss) income per common share:					
Basic – adjusted	\$(0.02)	\$0.05	\$(0.09)	\$0.38	\$0.55
Diluted – adjusted¹	\$(0.02)	\$0.05	\$(0.09)	\$0.34	\$0.51

1. In the case of a net loss, the effect of common share options and warrants potentially exercisable and the impact of shares pledge on share purchase loans and other common shares subject to vesting conditions under stock-based compensation programs on diluted net loss per common share will be anti-dilutive; therefore, basic and diluted net loss per common share will be the same.

Quarterly Earnings Trends and Analysis

Our quarterly results are moderately affected by seasonal factors. The third quarter months of July and August typically experience lower levels of capital markets activity, which may affect the results in the Capital Markets and Wealth Management segments.

GMP's results over the last several quarters reflect general deterioration in business conditions for our Capital Markets segment, which has consistently represented the bulk of our revenues and contribution to net income (loss). Investment banking and commission revenues have generally trended lower over the past eight quarters reflecting challenging conditions in our key market sectors. First quarter 2012 and fourth quarter 2011 include the revenues and expenses of GMP USA, which we acquired in fiscal 2011. GMP Australia was launched in second quarter 2011.

Investment management and fee income has trended lower over the last several quarters primarily due to declines

in EdgeStone's contributions during fiscal 2011 as a result of restructuring activities. The Alternative Investments segment included EdgeStone up until November 30, 2011. Investment management and fee income at GMP Investment Management has increased over the last eight quarters driven primarily by growth in AUM. GMP's investments in the GMP IM Funds are marked-to-market which adds volatility to the Alternative Investment segment's revenue stream as reported under principal activities. Other revenue includes performance fees recorded by GMP Investment Management and its affiliates and the fourth quarter of 2010 includes notable performance fees earned of \$9.6 million.

Our share of (loss) income of associate reflects quarterly net losses in recent quarters at Richardson GMP primarily driven by lower commission revenue. In third quarter 2011, other revenue includes \$1.5 million in dividend revenue recognized on our preferred share investments in Richardson GMP.

Financial Condition

The table below sets forth select consolidated balance sheet items as at the dates presented and is followed by a discussion of the change in these balances from December 31, 2011 to March 31, 2012:

(\$000)	March 31, 2012	December 31, 2011	\$ increase/ (decrease)	% increase/ (decrease)
Cash and cash equivalents	278,086	384,212	(106,126)	(28)
Trading assets	183,871	95,840	88,031	92
Receivable from clients	632,326	352,689	279,637	79
Payable to clients	856,808	689,643	167,165	24
Receivable from brokers	142,546	77,868	64,678	83
Payable to brokers	170,377	68,770	101,607	148
Payable to issuers	59,333	11,343	47,990	423
Total equity	362,189	370,210	(8,021)	(2)

Cash and Cash Equivalents

During first quarter 2012, cash and cash equivalents decreased \$106.1 million or 28%. For details relating to cash and cash equivalents, refer to GMP's consolidated statements of cash flows in the First Quarter 2012 Financial Statements.

Trading Assets

Outstanding balances associated with trading assets may fluctuate significantly on a day-to-day basis based on client-driven and proprietary activities. The increase in trading assets primarily reflects an increase in outstanding underwriting commitments and securities held in connection with our underwriting and client facilitation activities at March 31, 2012 compared with December 31, 2011.

Receivable from Brokers and Payable to Brokers

The receivable from brokers and the payable to brokers reflect the level of open securities transactions with brokers, including cash received or delivered as collateral in conjunction with securities lending and borrowing activity. As at March 31, 2012, the amounts receivable/payable to brokers are higher than amounts at December 31, 2011 due to higher levels of open security transactions at March 31, 2012 compared with levels at December 31, 2011.

Receivable from Clients and Payable to Clients

As at March 31, 2012, the receivable from clients included loans receivable from clients of \$284.2 million (December 31, 2011 – \$279.3 million) and open security transactions of \$348.1 million (December 31, 2011 – \$73.4 million).

Amounts payable to clients included client deposits of \$571.5 million (December 31, 2011 – \$645.7 million) and open security transactions of \$285.3 million (December 31, 2011 – \$43.9 million). The level of open security transactions pending settlement with clients may fluctuate significantly on a day-to-day basis based on client trading activity and the balance represents the level of unsettled transactions outstanding. At March 31, 2012, the level of open security transactions was higher than at December 31, 2011.

Payable to Issuers

The increase in payable to issuers reflects a higher level of commitments to issuers relating to underwriting proceeds outstanding as at March 31, 2012, compared with December 31, 2011.

Total Equity

The decrease in total equity reflects net income of \$0.2 million in first quarter 2012 and aggregate common and preferred share dividends declared in first quarter 2012 of \$8.6 million. Total equity also reflects a \$2.0 million net increase in share purchase loans arising primarily from loans advanced to participating executives to fund purchases of Common Shares under the GMP Securities 2011 executive common share loan plan, net of repayments during the quarter. Total equity also reflects a \$2.1 million increase in contributed surplus relating to the GMP common share option plan and the share-based awards issued in connection with the acquisition of GMP USA.

Liquidity and Capital Resources

GMP requires capital and liquidity to fund existing and future operations, future cash payments to our shareholders and to satisfy regulatory requirements. GMP's policy is to maintain sufficient and appropriate levels of capital and liquidity through a variety of sources under normal market conditions and through periods of financial stress. Capital and balance sheet strength remain a key priority in light of continued uncertain market conditions.

Capital Resources

The following table sets forth GMP's capital resources for the periods indicated. GMP's capital resources also include a committed standby subordinated loan facility.

(\$000)	Carrying amount as at March 31, 2012	Carrying amount as at December 31, 2011
Share capital:		
Preferred shares	112,263	112,263
Common shares	291,817	291,961
Treasury shares ¹	-	(144)
Deferred share-based awards	(13,970)	(13,970)
Contributed surplus	28,131	26,054
Accumulated deficit	(27,928)	(18,894)
Total	390,313	397,270

1. As at December 31, 2011, 0.02 million Common Shares had been purchased by the Corporation under its normal course issuer bid but had not yet been cancelled.

Subordinated Loans

Subordinated loans are used to provide additional regulatory capital to support business activities in GMP Securities. GMP has in place a committed standby facility in the amount of \$17.5 million. During first quarter 2012, there were no changes to the terms or covenants associated with the facility and the facility remains undrawn as at March 31, 2012. For information regarding the terms of the standby subordinated loan facility, refer to the "Liquidity and Capital Resources – Subordinated Loans" section of the 2011 Annual MD&A.

Liquidity

GMP currently derives liquidity from its working capital and its credit facilities. With respect to GMP's credit facilities, there have been no changes to these facilities during first quarter 2012 and no amounts were outstanding under these facilities as at March 31, 2012.

There were no significant changes made to GMP's cash management practices during first quarter 2012.

Management believes the GMP Group's working capital provides it with an appropriate level of cash for existing operating and regulatory purposes for the reasonably foreseeable future assuming no significant adverse changes in the markets in which we operate. If capital market conditions deteriorate further or if the anticipated market recovery takes longer than expected, negatively impacting our ability to generate cash flow and net income, we will need to further assess the impact on our dividend policy, consider scaling back initiatives and make adjustments to our expense structure. We may also seek borrowings and/or equity financing to maintain or increase our productive capacity. There can be no assurance that such borrowings and/or equity financing will be available to GMP or available on terms and in an amount sufficient to meet our needs.

Subsidiary Capital Requirements

Certain of GMP's subsidiaries are subject to regulatory capital requirements designed to provide notice to the relevant regulatory authority of possible liquidity concerns. During first quarter 2012, GMP's subsidiaries were subject to regulatory capital requirements as described in the "Liquidity and Capital Resources – Subsidiary Capital Requirements" section in the 2011 Annual MD&A; and, throughout first quarter 2012 and as at March 31, 2012, GMP's subsidiaries were in compliance with all minimum regulatory capital requirements.

Operating Activities

Cash used in operating activities was \$87.7 million and \$35.7 million in first quarter 2012 and first quarter 2011, respectively. Excluding non-cash operating items, cash used in operations was \$0.7 million in first quarter 2012 compared with cash provided by operations of \$11.1 million in first

quarter 2011. The decrease in cash provided by operating activities was primarily due to weaker earnings generation in the Capital Markets segment in first quarter 2012 compared with first quarter 2011.

Financing Activities

Financing activities consumed \$10.2 million of cash in first quarter 2012 compared with cash provided by financing activities of \$15.5 million in first quarter 2011. Aggregate cash dividends paid on outstanding share capital in first quarter 2012 and first quarter 2011 were \$8.6 million and \$6.5 million, respectively. Financing activities in first quarter 2011 included the issuance of the Series B Preferred Shares, the redemption of the Notes, distributions made to partners of GMP Investment Management and GMP Europe and Common Shares purchased and cancelled under our normal course issuer bid.

Investing Activities

Investing activities used cash of \$7.6 million in first quarter 2012 compared with cash provided by investing activities of \$2.9 million in first quarter 2011. Cash used by investing activities in first quarter 2012 was primarily related to restricted cash on deposit pursuant to a cash collateral security agreement entered into in first quarter 2012 in connection with a standby letter of credit. First quarter 2011 includes cash received of \$3.0 million from Richardson GMP in respect of subordinated loan amounts repaid by Richardson GMP.

Contractual Obligations

In the normal course of business, the GMP Group enters into contracts that give rise to commitments that affect our liquidity. The following is a summary of significant changes at the date hereof to our contractual obligations as specified in the "Liquidity and Capital Resources – Contractual Obligations" section of our 2011 Annual MD&A and in Note 23 to the 2011 Annual Financial Statements:

TMX Group Inc. ("TMX") and Maple Group Acquisition Corporation ("Maple") are parties to a support agreement in respect of Maple's proposed acquisition of all of the outstanding TMX shares by way of a take-over offer to TMX shareholders (the "TMX Offer"). The TMX Offer is conditional upon the receipt of all required regulatory approvals, including approvals relating to the proposed acquisition by Maple of The Canadian Depository for Securities Limited ("CDS") and Alpha Trading Systems Inc. and Alpha Trading Limited Partnership (collectively, "Alpha"). On April 30, 2012, Maple and TMX agreed to extend the outside date under the support agreement for completing the TMX Offer and related acquisitions to July 31, 2012 and, consistent with that, have announced an extension of the TMX Offer initially to May 31, 2012. Maple also announced that it has reached agreements for the

acquisition of CDS and Alpha, which are conditional upon the successful completion of the TMX Offer. On May 3, 2012 the Ontario Securities Commission published a draft recognition order for comment setting out the terms and conditions on which it would approve the TMX Offer and CDS acquisition. The Autorité des marchés financiers ("AMF") also published a final order approving the TMX Offer and Alpha and CDS acquisitions, which reflects the AMF's terms and conditions the AMF has determined address the public interest issues relating to the proposed transactions. In connection with the completion of the TMX

Offer, and the related CDS and Alpha acquisitions by Maple, GMP continues to be committed to contribute up to \$19.3 million by way of a subscription for common shares of Maple.

During first quarter 2012, the following changes were made to the guarantees which GMP provides to certain European banks in connection with GMP Europe's operations: a) the guarantees in favour of European banks were reduced from £15.0 million to £3.3 million; and b) the Corporation arranged for a £5.0 million irrevocable standby letter of credit in favour of GMP Europe's trade and settlement service provider.

Outstanding Share Data and Dividends

GMP is authorized to issue an unlimited number of Common Shares. GMP is also authorized to issue an unlimited number of preferred shares, issuable in series: (i) the first series of which consists of up to 6,923,050 Series A preferred shares; (ii) the second series of which consists of up to 4,600,000 Series B Preferred Shares; and (iii) the third series of which consists of up to 4,600,000, Cumulative Floating Rate Preferred Shares, Series C. The following table sets forth GMP's outstanding equity and securities convertible into equity as of March 31, 2012 and December 31, 2011:

(000)	March 31, 2012 (#)	December 31, 2011 (#)
Common Shares	70,020	70,020
Share options – vested	2,523	2,511
Share options – non-vested	3,060	1,147
Warrants	5,795	5,795
Series B Preferred Shares	4,600	4,600

During first quarter 2012, 2.0 million options to acquire Common Shares were issued under GMP's common share option plan and GMP advanced \$4.6 million in loans to participating executives under the GMP Securities 2011 executive common share loan plan. For information on certain of our Common Shares which are subject to escrow and/or contractual restrictions on transfer as well as our share-based compensation arrangements, refer to "Outstanding Share Data and Dividends" in our 2011 Annual MD&A. As of the date hereof, there have been no changes to the number of Common Shares, Series B Preferred Shares, options and warrants outstanding since March 31, 2012.

GMP believes that the purchase of outstanding Common Shares may at certain times enhance value to shareholders and in these circumstances, represents an appropriate use of funds. On March 13, 2012, the Board of Directors approved the renewal, for a 12-month period, of GMP's normal course issuer bid, which has been accepted by the TSX (the "2012 NCIB"). Refer to "Outstanding Share Data and Dividends – Normal Course Issuer Bid" in the 2011 Annual MD&A for information on our 2012 NCIB. During first quarter 2012, we have not purchased any Common Shares under the 2012 NCIB.

On March 13, 2012, the Board of Directors declared cash dividends of \$0.10 per Common Share and \$0.3438 per Series B Preferred Share, which were paid on March 31, 2012 to shareholders of record on March 22, 2012. The declaration and payment of dividends is subject to the discretion of the Board of Directors and may vary depending on, among other things, the Corporation's earnings, financial requirements, dividends on the issued and outstanding Series B Preferred Shares being paid preferentially and cumulatively and other relevant conditions and factors. On May 3, 2012, in response to the ongoing difficult market conditions, the Board of Directors approved a 50% reduction in our quarterly Common Share dividend from \$0.10 to \$0.05 per share. We believe conservative capital management is a prudent response to the continued difficult market conditions in Canada and globally. Concurrently, the Board of Directors approved a quarterly cash dividend of \$0.3438 per Series B Preferred Share. Both dividends are payable on June 30, 2012 to shareholders of record on June 8, 2012. Dividends declared on the common shares and the preferred shares are designated as "eligible dividends" for purposes of the *Income Tax Act* (Canada) and any similar provincial and territorial legislation unless indicated otherwise. For more information on dividends, refer to Note 8 to the First Quarter 2012 Financial Statements.

Off-Balance Sheet Arrangements

In the normal course of business, the GMP Group engages in certain financial transactions and carries out certain business activities with entities that, under IFRS, are not recorded on the consolidated balance sheet. During first quarter 2012, we exited our trading activities in connection with exchange-traded funds and as a result no longer utilize futures contracts. There have been no further material changes to the nature of our off-balance sheet arrangements from December 31, 2011, as described under "Off-Balance Sheet Arrangements" in our 2011 Annual MD&A. As at March 31, 2012, the GMP Group's off-balance sheet transactions continue to include

certain business activities conducted with private funds, forward foreign exchange contracts, forward purchase and sale agreements utilized by the GMP IM Funds, in addition to guarantees provided to support the ongoing operations of GMP Europe. Refer to "Market Risk" under Note 13 to the First Quarter 2012 Financial Statements for notional amounts and fair values associated with these contracts at March 31, 2012.

GMP also receives broker warrants as consideration, or partial consideration, for services it provides in connection with certain investment banking mandates. At March 31, 2012, the fair value of broker warrants outstanding was \$4.9 million.

Related-Party Transactions

The Corporation's related parties include the following persons and/or entities: (a) associates, or entities which are controlled or significantly influenced by GMP, which currently include Richardson GMP; (b) private funds managed by the Corporation's subsidiaries; and (c) key management personnel, which are comprised of directors and/or officers of the Corporation and those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation. Other than as described below, our policies and procedures and the nature of our related party transactions have not changed materially from December 31, 2011, as described under "Related-Party Transactions" in our 2011 Annual MD&A.

During first quarter 2012, GMP announced a series of senior management changes aimed at enhancing the strategic linkages among GMP's global product offerings, business and clients. Concurrent with these announcements, GMP also expanded the mandate and membership of its Executive Committee to ensure the tactical decision-making and implementation of the Corporation's strategic objectives is vested more broadly in the leadership of the firm. These changes resulted in an increase in the number of executives designated as key management personnel.

Critical Accounting Policies and Estimates

The preparation of the First Quarter 2012 Financial Statements in accordance with IFRS required management to make estimates and exercise judgment that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and judgments are made based on information available as at the

date of issuance of financial statements. Accordingly, actual results may differ from these amounts. Accounting policies that require management's estimates and judgments have not changed during first quarter 2012 and are discussed under "Critical Accounting Policies and Estimates" in our 2011 Annual MD&A.

Financial Instruments

A significant portion of the GMP Group's assets and liabilities are composed of financial instruments. During first quarter 2012 we exited our trading activities in exchange-traded funds and as a result no longer utilize futures contracts. There were no futures contracts outstanding at March 31, 2012 and December 31, 2011. There have been no other significant changes in GMP's use of financial instruments, or types of

financial instruments employed in its trading and non-trading activities during first quarter 2012. Refer to "Financial Instruments" in the 2011 Annual MD&A and Note 13 to the First Quarter 2012 Financial Statements for more information. For significant assumptions made in determining the valuation of financial and other instruments, refer to the "Critical Accounting Policies and Estimates" section in the 2011 Annual MD&A.

Future Changes in Accounting Policies or Estimates

Future changes in accounting policies or estimates which may affect GMP have not changed significantly during first quarter 2012 and are discussed under "Future Changes in Accounting Policies or Estimates" in our 2011 Annual

MD&A. The Corporation is currently evaluating the impact that these standards will have on its consolidated financial statements and assessing whether to early adopt any of the new requirements.

Controls and Procedures

Disclosure Controls and Procedures

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to GMP is accumulated and communicated to GMP's Chief Executive Officer and Chief Financial Officer to allow for timely decisions regarding required disclosure and to ensure that information required to be disclosed in GMP's annual and interim filings and other reports filed or submitted under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified therein.

As of March 31, 2012, management evaluated the effectiveness of our disclosure controls and procedures as defined under the Canadian Securities Administrators' National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. This evaluation

was performed under the supervision of, and with the participation of, GMP's Chief Executive Officer and Chief Financial Officer. Based on the evaluation conducted as at March 31, 2012, the Chief Executive Officer and Chief Financial Officer concluded that GMP's disclosure controls and procedures were effective as of March 31, 2012.

Changes in Internal Control over Financial Reporting

To the best of the knowledge of GMP's Chief Executive Officer and Chief Financial Officer, no changes were made in GMP's internal control over financial reporting in first quarter 2012 that have materially affected, or are reasonably likely to materially affect, GMP's internal control over financial reporting.

Risk Management

The securities business is, by its nature, subject to numerous and substantial risks, particularly in volatile or illiquid markets. Management believes that effective risk management is of primary importance to the ongoing success of the GMP Group. We have risk management processes in place to monitor, evaluate and manage the principal risks

we assume in conducting our activities. These risks include market, credit, liquidity, operational, legal and regulatory risk. GMP's approach to the management of risk has not changed significantly from that described in the "Risk Management" section of the 2011 Annual MD&A and Note 27 to the 2011 Annual Financial Statements.

Market Risk

Market risk represents the risk of loss from changes in interest rates, equity and fixed income security prices, currency exchange rates and commodity prices. GMP segregates market risk into three categories: fair value risk, interest rate risk and currency risk.

Fair Value Risk

The following table includes GMP's significant financial instruments recorded on the interim consolidated balance sheet as at March 31, 2012, at fair value and demonstrates the sensitivity of GMP's net income and other comprehensive income to reasonable changes in the fair value of those instruments.

(\$000)	Carrying value	Effect of a 10% increase in fair value on net income	Effect of a 10% decrease in fair value on net income
Trading assets, net of obligations related to securities sold short	139,084	10,279	(10,279)
Available-for-sale investments ¹	24,468	n/a	(1,808)
Interest of others in private funds	11,105	(1,111)	1,111

1. Changes in the fair value of investments are recorded through other comprehensive income. Impairment charges are recognized in net income, and the table indicates the impact on net income as a result of a 10% impairment of the investments.

Interest Rate Risk

The table below provides the potential impact of an immediate and sustained 100 basis point ("bp") increase or 50 bp decrease in interest rates on net income applied to the balances outstanding at March 31, 2012. This analysis assumes that all other variables remain constant.

(\$000)	Carrying value	Effect of a 100bp increase in market interest rates on net income	Effect of a 50bp decrease in market interest rates on net income
Cash and cash equivalents	278,086	2,055	(1,028)
Restricted cash	8,000	59	(30)
Available-for-sale investments	20,500	152	(76)
Employee and other loans receivable	6,118	45	(23)
Loans and other receivables	5,000	37	(19)
Payable to clients, net	224,482	(1,659)	830
Securities borrowing and lending, net	9,617	71	(36)

Currency Risk

The table below summarizes the effects on net income and other comprehensive income as a result of a 10% change in the value of foreign currencies against the Canadian dollar where GMP has significant exposure as at March 31, 2012. The analysis assumes that all other variables remain constant.

(\$000)	Effect of a 10% strengthening in foreign exchange rates on net income	Effect of a 10% weakening in foreign exchange rates on net income	Effect of a 10% increase in foreign exchange rates on other comprehensive income	Effect of a 10% decrease in foreign exchange rates on other comprehensive income
British pound sterling	(42)	42	947	(947)
United States dollar	1,811	(1,811)	392	(392)
Australian dollar	52	(52)	292	(292)

Other Risks

For additional details regarding our policies and processes to monitor, evaluate and manage GMP's other principal risks, including, credit, liquidity, operational, legal and regulatory risks, see the "Risk Management" section of the 2011 Annual MD&A and Note 27 to the 2011 Annual Financial Statements.

Unaudited Interim Consolidated Balance Sheets

As at, (thousands of Canadian dollars)	March 31, 2012	December 31, 2011
Assets		
Cash and cash equivalents	278,086	384,212
Trading assets (NOTE 3)	183,871	95,840
Receivable from		
Clients	632,326	352,689
Brokers	142,546	77,868
Employee and other loans receivable	12,143	10,303
Other financial assets (NOTE 4)	272,446	254,794
Investment in associate	19,606	19,734
Equipment and leasehold improvements	14,240	15,460
Goodwill and intangible assets	46,729	46,733
Deferred tax assets	9,643	10,120
Total assets	1,611,636	1,267,753
Liabilities		
Obligations related to securities sold short (NOTE 3)	44,787	9,814
Payable to		
Clients	856,808	689,643
Brokers	170,377	68,770
Issuers	59,333	11,343
Accounts payable and accrued liabilities	93,479	90,097
Other liabilities (NOTE 7)	24,663	27,876
Total liabilities	1,249,447	897,543
Equity		
Shareholders' equity	355,204	363,975
Non-controlling interests	6,985	6,235
Total equity	362,189	370,210
Total liabilities and equity	1,611,636	1,267,753

Commitments (NOTE 10)

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

Unaudited Interim Consolidated Statements of Income (Loss)

Three months ended March 31,

(thousands of Canadian dollars, except for per share amounts)

	2012	2011
Revenue		
Investment banking	40,378	63,486
Commissions	18,863	31,206
Investment management and fee income	2,509	5,527
Client facilitation and principal activities	(1,603)	5,839
Interest	1,798	3,555
Other	4,141	5,727
	66,086	115,340
Expenses		
Employee compensation and benefits	48,286	57,651
Selling, general and administrative	16,246	14,480
Interest	690	8,187
Depreciation and amortization	870	1,560
	66,092	81,878
Share of net (loss) income of associate	(127)	1,132
(Loss) income before income taxes	(133)	34,594
Income tax (benefit) expense		
Current	(744)	10,352
Deferred	400	(2,009)
	(344)	8,343
Net income	211	26,251
Net (loss) income attributable to:		
GMP Capital Inc. shareholders	(707)	23,096
Non-controlling interests	918	3,155
Weighted average number of common shares outstanding in thousands (NOTE 12)		
Basic	64,983	69,629
Diluted	71,267	76,779
Net (loss) income per common share (NOTE 12)		
Basic	\$(0.04)	\$0.32
Diluted	\$(0.04)	\$0.29
Dividends per common share	\$0.10	\$0.08

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

Unaudited Interim Consolidated Statements of Comprehensive (Loss) Income

Three months ended March 31,
(thousands of Canadian dollars)

	2012	2011
Net income	211	26,251
Other comprehensive income:		
Net foreign currency translation gain	101	51
Net unrealized gain on available-for-sale investments, before tax	64	77
Deferred tax expense relating to available-for-sale investments	(7)	(11)
Other comprehensive income	158	117
Comprehensive income	369	26,368
Comprehensive (loss) income attributable to:		
GMP Capital Inc. shareholders	(549)	23,213
Non-controlling interests	918	3,155

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

Unaudited Interim Consolidated Statements of Changes in Equity

	#	\$	Preferred shares	#	\$	Common shares	#	\$	Treasury shares	Share purchase loans	Deferred share-based awards	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Shareholders' equity	Non-controlling interests	Total equity
Balance, December 31, 2010	-	-	73,050	294,135	-	-	-	(24,868)	-	22,774	(705)	36,594	327,930	3,701	331,631		
Net foreign currency translation gain	-	-	-	-	-	-	-	-	-	51	-	-	51	-	51		
Common shares issued under share option plan	-	-	157	2,168	-	-	-	(517)	-	-	-	1,651	1,651	-	1,651		
Issuance of preferred shares	4,600	115,000	-	-	-	-	-	-	-	-	-	115,000	115,000	-	115,000		
Preferred share issue costs, net of taxes	-	(2,743)	-	-	-	-	-	-	-	-	-	(2,743)	(2,743)	-	(2,743)		
Exercise of warrants	-	-	209	1,419	-	-	-	(60)	-	-	-	1,359	1,359	-	1,359		
Share-based compensation	-	-	-	-	-	-	-	714	-	-	-	1,129	1,129	-	1,129		
Share incentive arrangements	-	-	-	-	-	-	-	(10,112)	-	-	-	211	(9,901)	-	(9,901)		
Common shares repurchased and cancelled	-	-	(1,657)	(6,678)	-	-	-	-	-	-	-	(18,034)	(24,712)	-	(24,712)		
Common share repurchased, not yet cancelled	-	-	-	-	(604)	(9,508)	-	-	-	-	-	-	(9,508)	-	(9,508)		
Unrealized gain on available-for-sale investments, net of tax	-	-	-	-	-	-	-	-	-	-	66	-	66	-	66		
Common share dividends declared and paid	-	-	-	-	-	-	-	-	-	-	-	(5,870)	(5,870)	-	(5,870)		
Preferred share dividends declared and paid	-	-	-	-	-	-	-	-	-	-	-	(641)	(641)	-	(641)		
Issuance of subsidiary equity	-	-	-	-	-	-	-	-	-	-	-	-	-	19	19		
Net income	-	-	-	-	-	-	-	-	-	-	-	23,096	23,096	3,155	26,251		
Balance, March 31, 2011	4,600	112,257	71,759	291,044	(604)	(9,508)	(34,565)	22,911	(588)	35,356	416,907	6,875	423,782				
Balance, December 31, 2011	4,600	112,263	70,040	291,961	(20)	(144)	(32,969)	(13,970)	(326)	(18,894)	363,975	6,235	370,210				
Net foreign currency translation gain	-	-	-	-	-	-	-	-	-	-	101	-	101	-	101		
Share-based compensation	-	-	-	-	-	-	-	526	-	-	-	2,077	2,603	-	2,603		
Share incentive arrangements (NOTE 6)	-	-	-	-	-	-	-	(2,498)	-	-	-	256	(2,242)	-	(2,242)		
Common shares repurchased and cancelled	-	-	(20)	(144)	20	144	-	-	-	-	-	-	-	-	-		
Unrealized gain on available-for-sale investments, net of tax	-	-	-	-	-	-	-	-	-	-	57	-	57	-	57		
Common share dividends declared and paid (NOTE 8)	-	-	-	-	-	-	-	-	-	-	-	(7,002)	(7,002)	-	(7,002)		
Preferred share dividends declared and paid (NOTE 8)	-	-	-	-	-	-	-	-	-	-	-	(1,581)	(1,581)	-	(1,581)		
Return of capital on subsidiary equity	-	-	-	-	-	-	-	-	-	-	-	-	-	(168)	(168)		
Net (loss) income	-	-	-	-	-	-	-	-	-	-	-	(707)	(707)	918	211		
Balance, March 31, 2012	4,600	112,263	70,020	291,817	-	-	(34,941)	(13,970)	(168)	(27,928)	355,204	6,985	362,189				

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

Unaudited Interim Consolidated Statements of Cash Flows

Three months ended March 31,
(thousands of Canadian dollars)

	2012	2011
Operating Activities		
Net income	211	26,251
Add (deduct) items not involving cash		
Depreciation and amortization	870	1,560
Amortization of private placement costs	-	115
Amortization of lease inducements	(54)	(69)
Deferred tax expense (benefit)	400	(2,009)
Share-based compensation expense	2,603	1,129
Loan amortization	814	531
Share of net loss (income) of associate	127	(1,132)
Effect of foreign exchange on cash balances	513	80
Income taxes paid, net of refunds received	(6,222)	(15,401)
	(738)	11,055
Net change in non-cash operating items (NOTE 15)	(87,009)	(46,780)
Cash used in operating activities	(87,747)	(35,725)
Financing Activities		
Repayment of long-term debt	-	(60,000)
Proceeds from share option and warrant exercises	-	3,010
Proceeds from issuance of preferred shares	-	115,000
Preferred share issue costs	-	(3,820)
Dividends paid on common shares	(7,002)	(5,870)
Dividends paid on preferred shares	(1,581)	(641)
Distributions and return of capital on subsidiary equity	(1,637)	(7,489)
Proceeds from subsidiary equity issued	-	19
Common shares repurchased and cancelled	-	(24,712)
Cash (used in) provided by financing activities	(10,220)	15,497
Investing Activities		
Loan repayment from associate	-	3,000
Increase in restricted cash	(8,000)	-
Proceeds from disposals of equipment and leasehold improvements	1,123	-
Purchase of equipment and leasehold improvements	(716)	(71)
Purchase of application software	(53)	(4)
Cash (used in) provided by investing activities	(7,646)	2,925
Effect of foreign exchange on cash balances	(513)	(80)
Net decrease in cash and cash equivalents during the period	(106,126)	(17,383)
Cash and cash equivalents, beginning of period	384,212	375,792
Cash and cash equivalents, end of period	278,086	358,409
Supplemental cash flow information		
Interest paid	690	7,603
Interest received	1,865	3,153

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

(thousands of Canadian dollars, except where noted and per share information)

Note 1. Basis Of Preparation

(a) Statement of Compliance

These unaudited interim condensed consolidated financial statements of GMP Capital Inc. (“GMP”) have been prepared by management in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). Certain information and disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the IASB, have been omitted or condensed.

GMP’s interim financial statements should be read in conjunction with GMP’s audited annual financial statements as at and for the year ended December 31, 2011 (“2011 Annual Financial Statements”). All defined terms used herein are consistent with those terms as defined in the 2011 Annual Financial Statements.

These interim financial statements were authorized for issuance by GMP’s Board of Directors on May 3, 2012.

(b) Basis of Presentation

GMP’s unaudited interim condensed consolidated financial statements have been prepared on a basis consistent with the accounting policies and methods used and as disclosed in the 2011 Annual Financial Statements.

Certain comparative amounts have been reclassified to conform to the current period’s presentation. The reclassification affected the presentation of the net change in non-cash operating items and cash provided by operating activities on the consolidated statements of cash flows and had no impact on (loss) income before income taxes, net income, total assets and total liabilities, the statements of comprehensive (loss) income and statements of changes in equity.

These interim financial statements are presented in thousands of Canadian dollars and all financial information presented has been rounded to the nearest thousand.

Note 2. Significant Accounting Policies

Significant Changes in Accounting Policies

There were no significant changes in accounting policies during the three months ended March 31, 2012.

Note 3. Trading Assets And Obligations Related To Securities Sold Short

As at,	March 31, 2012		December 31, 2011	
	Trading assets	Securities sold short	Trading assets	Securities sold short
Equity securities	132,015	32,905	53,820	6,563
Debt securities				
Canadian government debt				
Federal	30,017	1,035	29,936	1,048
Provincial and municipal	140	21	444	–
Non-Canadian government debt	–	–	159	159
Corporate debt	15,372	10,826	7,026	2,044
Derivative financial assets	6,327	–	4,455	–
	183,871	44,787	95,840	9,814

Canadian government, corporate and other debt maturities range from 2012 to 2044 and bear interest ranging from 1.5% to 12.0%. Certain securities owned have been pledged as collateral for securities borrowing transactions.

(thousands of Canadian dollars, except where noted and per share information)

Note 4. Other Financial Assets

As at,	March 31, 2012	December 31, 2011
Accounts receivable and other	32,884	23,624
Loans and other receivables	5,084	5,037
Income taxes recoverable	4,230	459
Funds deposited in trust	193,728	197,531
Available-for-sale investments	24,468	24,086
Prepaid deposits and other	4,052	4,057
Restricted cash	8,000	–
	272,446	254,794

Restricted cash represents cash on deposit pursuant to a cash collateral security agreement entered into in connection with a standby letter of credit arrangement as discussed further in note 11.

Note 5. Securities Borrowing And Lending

	Cash		Securities	
	Loaned or delivered as collateral	Borrowed or received as collateral	Loaned or delivered as collateral	Borrowed or received as collateral
As at March 31, 2012	43,655	34,038	89,603	103,466
As at December 31, 2011	43,932	27,629	84,496	102,416

Note 6. Share Purchase Loans

During March 2012, GMP advanced \$4,624 in share purchase loans to certain employees under the GMP Securities 2011 executive common share loan plan (the “2011 Plan”). The terms of the 2011 Plan are described in note 12 to the 2011 Annual Financial Statements.

Note 7. Other Liabilities

As at,	March 31, 2012	December 31, 2011
Income taxes payable	1,475	4,404
Deferred lease inducements	1,473	1,590
Earn-out obligation	8,533	8,723
Interest of others in private funds ¹	11,105	10,439
Other	2,077	2,720
	24,663	27,876

1. Interest of others in private funds represents financial liabilities designated at fair value through income or loss.

(thousands of Canadian dollars, except where noted and per share information)

Interest of Others in Private Funds

As at March 31, 2012, the total net asset value of the GMPIM Equity Funds is \$19,338 and the non-controlling interest reported as Interest of others in private funds within Other liabilities is \$11,105. GMP's investment in the GMPIM Equity Funds represents 46.72% and 39.27% of the Class A units and Class F units, respectively.

During the three months ended March 31, 2012, GMP recognized an unrealized loss on financial liabilities designated at fair value through income or loss of \$697 (three months ended March 31, 2011 – unrealized gain on financial liabilities designated at fair value through income or loss of \$80), which is included in Client facilitation and principal activities revenue on the consolidated statements of income (loss).

Note 8. Share Capital

Normal Course Issuer Bid (“NCIB”)

On March 13, 2012, the Toronto Stock Exchange and the Board of Directors approved the renewal of GMP's NCIB to purchase for cancellation up to 4,863 common shares, representing 10% of the public float of 48,626 common shares on February 29, 2012. The NCIB commenced on March 16, 2012 and expires on March 15, 2013.

During the three months ended March 31, 2012, GMP did not purchase for cancellation any of its common shares under its NCIB.

Dividends

Common Share Dividends

GMP declared the following common share dividends during the three months ended March 31, 2012:

Record date	Payment date ¹	Cash dividend per common share	Total dividend amount
March 22, 2012	March 31, 2012	\$0.10	7,002

1. In the event that the payment date is not a business day, such dividend shall be paid on the next succeeding day that is a business day.

On May 3, 2012, the Board of Directors approved a cash dividend of \$0.05 per common share payable on June 30, 2012 to common shareholders of record on June 8, 2012.

Preferred Share Dividends

GMP declared the following preferred share dividends during the three months ended March 31, 2012:

Record date	Payment date ²	Cash dividend per common share	Total dividend amount
March 22, 2012	March 31, 2012	\$0.3438	1,581

2. In the event that the payment date is not a business day, such dividend shall be paid on the next succeeding day that is a business day.

On May 3, 2012, the Board of Directors approved a cash dividend of \$0.3438 per preferred share payable on June 30, 2012 to preferred shareholders of record on June 8, 2012.

(thousands of Canadian dollars, except where noted and per share information)

Note 9. Share Options

During March 2012, GMP granted 2,000 share options under the common share option plan (the “Share Option Plan”) to certain employees. The terms of the Share Option Plan are described in note 22 to the 2011 Annual Financial Statements. The weighted average fair value of the options granted and principal assumptions applied for options granted during March 2012 are as follows:

Weighted average fair value	\$1.87
Weighted average of key assumptions:	
Common share price on grant date	\$7.45
Exercise price	\$7.45
Risk-free interest rate ¹	1.55%
Dividend yield ²	5.37%
Expected volatility ³	47.10%
Expected option life (years) ⁴	4

1. Determined using the yield on Government of Canada benchmark bonds with a remaining term equal to the expected option life.

2. Based on the annual dividend yield on the date of grant.

3. Estimated by considering historic average share price volatility.

4. Estimated based upon historical data for the holding period of options between the grant and exercise dates, together with the assumption that a certain percentage of options will lapse due to forfeitures.

As at March 31, 2012, the number of outstanding options under the Share Option Plan as a percentage of common shares outstanding was 7.97% (December 31, 2011 – 5.22%).

Note 10. Commitments

TMX Group Inc. (“TMX”) and Maple Group Acquisition Corporation (“Maple”) are parties to a support agreement in respect of Maple’s proposed acquisition of all of the outstanding TMX shares by way of a take-over offer to the TMX shareholders (the “TMX Offer”). In connection with this proposed transaction, GMP continues to be committed to contribute up to \$19,300 by way of a subscription for common shares of Maple. On April 30, 2012, Maple announced the extension of the TMX Offer to May 31, 2012, and the outside date for completion of the acquisition of all of the TMX shares and related transactions to July 31, 2012.

Note 11. Financial Guarantees

During the three months ended March 31, 2012, the following changes to GMP’s guarantee arrangements were implemented in support of GMP Securities Europe LLP’s (“GMP Europe”) operations: a) the guarantees in favour of European banks were reduced from £15,000 to £3,300; and b) GMP arranged for a £5,000 irrevocable standby letter of credit in favour of GMP Europe’s trade and settlement service provider. The letter of credit is secured by \$8,000 of cash on deposit pursuant to a cash collateral security agreement entered into in connection with this arrangement.

(thousands of Canadian dollars, except where noted and per share information)

Note 12. Net (Loss) Income Per Common Share

Net (loss) income per common share is calculated as follows:

Three months ended March 31,	2012	2011
Net (loss) income attributable to shareholders of GMP Capital Inc.	(707)	23,096
Less: Dividends declared on Series B preferred shares	(1,581)	(641)
Net (loss) income attributable to common shareholders	(2,288)	22,455
Weighted average number of common shares outstanding		
Basic		
Common shares	70,020	72,776
Common shares pledged on share purchase loans	(3,184)	(3,147)
Contingently returnable common shares awarded to employees	(1,853)	-
Basic	64,983	69,629
Diluted		
Dilutive effect of common share options and warrants ¹	1,247	4,003
Dilutive effect of shares pledged on share purchase loans	3,184	3,147
Dilutive effect of contingently returnable common shares awarded to employees	1,853	-
Diluted	71,267	76,779
Net (loss) income per common share		
Basic	\$(0.04)	\$0.32
Diluted ²	\$(0.04)	\$0.29

1. For the three months ended March 31, 2012, the calculation of the weighted average number of common shares outstanding on a diluted basis excluded 2,931 (three months ended March 31, 2011 – 657) weighted average options outstanding with a weighted average exercise price of \$13.26 (three months ended March 31, 2011 – \$17.82) as the exercise price of these options was greater than the average market price of GMP's common shares.

2. In the case of a net loss, the effect of common share options and warrants potentially exercisable and the impact of shares pledged on share purchase loans and other common shares subject to vesting conditions under stock-based compensation programs on diluted net loss per common share will be anti-dilutive; therefore, basic and diluted net loss per common share will be the same.

(thousands of Canadian dollars, except where noted and per share information)

Note 13. Financial Risk Management

Fair Value Estimation

IFRS 7, “*Financial Instruments: Disclosures*”, as issued by the IASB requires disclosure of a three-level hierarchy for fair value measurement based upon transparency of inputs to the valuation of an asset or liability as of the measurement date.

The following tables present the level within the fair value hierarchy for GMP’s financial assets and liabilities carried at fair value:

As at March 31, 2012	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trading assets				
Equity securities	129,247	2,768	-	132,015
Debt securities				
Canadian government debt				
Federal	30,010	7	-	30,017
Provincial and municipal	-	140	-	140
Corporate debt	7	15,365	-	15,372
Derivative financial assets	-	-	6,327	6,327
Total trading assets	159,264	18,280	6,327	183,871
Available-for-sale investments	-	-	24,468	24,468
Financial assets carried at fair value	159,264	18,280	30,795	208,339
Financial liabilities				
Obligations related to securities sold short				
Equity securities	16,917	15,988	-	32,905
Debt securities				
Canadian government debt				
Federal	-	1,035	-	1,035
Provincial and municipal	-	21	-	21
Corporate debt	6	10,820	-	10,826
Total obligations related to securities sold short	16,923	27,864	-	44,787
Interest of others in private funds	-	11,105	-	11,105
Financial liabilities carried at fair value	16,923	38,969	-	55,892

The following table presents the changes in fair value measurements for financial assets included in Level 3 of the fair value hierarchy:

Balance, December 31, 2011	28,526
Net unrealized gains during the period	3,436
Sales during the period	(1,231)
Net unrealized gain in other comprehensive income	64
Balance, March 31, 2012	30,795

(thousands of Canadian dollars, except where noted and per share information)

Market Risk

GMP and its subsidiaries selectively utilize derivative financial instruments to manage financial risks, including foreign exchange and fair value risks, and to meet client needs. As at March 31, 2012, there were no futures contracts outstanding. The notional amount of foreign exchange forward contracts outstanding was \$11,632 (December 31, 2011 – \$2,047). The fair value of the foreign exchange forward contract assets and liabilities were \$6 (December 31, 2011 – \$4) and \$4 (December 31, 2011 – \$6), respectively, as at March 31, 2012.

In addition, the GMPIM Equity Funds have invested the net subscription proceeds from the sale of their units in a portfolio of common shares of Canadian public companies and have entered into forward purchase and sale agreements with a Schedule I bank, as part of their investment objective to provide exposure to the return of the GMPIM Equity Opportunities Master Fund (the “Forward Agreements”). The Forward Agreements have a maturity date of January 14, 2016, an aggregate notional value of \$16,209 and a positive fair value of \$1,380 as at March 31, 2012.

Capital Management

GMP requires capital to fund existing and future operations, future dividends and regulatory capital requirements. The liquidity of GMP’s main operating subsidiaries is continually evaluated, factoring in business requirements, market conditions and regulatory capital requirements. GMP’s policy is to maintain sufficient and appropriate levels of capital through a variety of sources.

The following table sets forth GMP’s capital resources at the dates indicated:

Type of capital	Carrying value	
	March 31, 2012	December 31, 2011
Preferred shares	112,263	112,263
Common shares	291,817	291,961
Treasury shares	–	(144)
Deferred share-based awards	(13,970)	(13,970)
Contributed surplus	28,131	26,054
Accumulated deficit	(27,928)	(18,894)
	390,313	397,270

Certain of GMP’s subsidiaries are subject to regulatory capital requirements designed to provide notice to the regulatory authorities of possible liquidity concerns. As at and during the three months ended March 31, 2012, GMP’s subsidiaries were in compliance with their respective capital requirements.

(thousands of Canadian dollars, except where noted and per share information)

Note 14. Segmented Information

GMP's operating results are categorized into three business segments and a Corporate segment. The three business segments are as follows: Capital Markets, Wealth Management and Alternative Investments. The business segments are based upon the products and services provided and the types of clients served. The financial reporting of GMP's three business segments is consistent with the manner in which management currently evaluates the operating segment performance.

The following table presents selected financial results for the three business segments and the Corporate segment for the three months ended March 31, 2012 and 2011:

	Capital Markets		Wealth Management		Alternative Investments		Corporate		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue	58,885	103,605	-	-	3,071	7,758	4,130	3,977	66,086	115,340
Employee compensation and benefits	42,790	50,929	-	-	2,145	3,043	3,351	3,679	48,286	57,651
Selling, general and administrative	12,852	9,608	-	-	770	971	2,624	3,901	16,246	14,480
Interest	646	1,591	-	-	-	6	44	6,590	690	8,187
Depreciation and amortization	723	819	-	-	43	85	104	656	870	1,560
	1,874	40,658	-	-	113	3,653	(1,993)	(10,849)	(6)	33,462
Share of net (loss) income of associate	-	-	(127)	1,132	-	-	-	-	(127)	1,132
Income (loss) before income taxes	1,874	40,658	(127)	1,132	113	3,653	(1,993)	(10,849)	(133)	34,594

Revenue by Geographic Location

For geographic reporting purposes, GMP's segments are grouped into Canada, the United States and Europe and Australia. Transactions are primarily recorded in the location that corresponds with the geographic location of the client. The following table presents the revenue of GMP by geographic location:

Three months ended March 31,	2012	2011
Canada	43,507	100,131
United States	11,900	3,916
Europe and Australia	10,679	11,293
	66,086	115,340

Note 15. Net Change In Non-Cash Operating Items

Three months ended March 31,	2012	2011
Trading assets	(88,031)	(24,711)
Receivable from clients	(279,637)	(347,562)
Receivable from brokers	(64,678)	(89,716)
Employee and other loans receivable	(4,896)	(12,381)
Other financial assets	(9,595)	(6,937)
Deferred tax assets	77	11
Obligations related to securities sold short	34,973	20,591
Payable to clients	167,165	208,332
Payable to brokers	101,607	66,940
Payable to issuers	47,990	124,035
Accounts payable and accrued liabilities	11,175	14,727
Other liabilities	(3,159)	(109)
	(87,009)	(46,780)

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 Toll Free: (800) 387-0825

Auditors: Ernst & Young LLP

Legal Counsel: Goodmans LLP

Listing: Toronto Stock Exchange

Stock Symbols:

Stock	Ticker	CUSIP No.
Common Shares	GMP	380134106
Preferred Shares, Series B	GMP.PR.B	380134205

Fiscal Year End: December 31

Operating Subsidiaries:

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 GMP Securities, LLC
 Griffiths McBurney Corp.
 GMP Securities Europe LLP
 GMP Securities Australia Pty Limited
 GMP Investment Management L.P.

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*Effective November 2010, shareholder records are maintained by Canadian Stock Transfer Company Inc. as administrative agent for CIBC Mellon Trust Company.

**GMP has a non-controlling ownership interest in Richardson GMP Limited.

