

QUINSAM CAPITAL CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2013 and 2012

Expressed in Canadian Dollars

Independent Auditor's Report

To the Shareholders of Quinsam Capital Corporation

We have audited the accompanying financial statements of Quinsam Capital Corporation, which comprise the statement of financial position as at December 31, 2013, and the statements of comprehensive loss, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Quinsam Capital Corporation as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matters

The financial statements as at December 31, 2012 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their audit report dated March 18, 2013.

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Toronto, Canada

April 16, 2014

QUINSAM CAPITAL CORPORATION
STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	December 31, 2013	December 31, 2012
ASSETS		
Cash and cash equivalents (Note 3)	\$ 246,007	\$ 226,868
Due from brokers	29,850	-
Investments (Note 5)	549,140	-
Receivables (Note 4)	6,066	19,664
	\$ 831,063	\$ 246,532
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 24,016	\$ 11,506
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 7)	2,311,107	1,719,893
OPTION RESERVE (Note 7)	26,949	4,500
DEFICIT	(1,531,009)	(1,489,367)
	807,047	235,026
	\$ 831,063	\$ 246,532

The accompanying notes are an integral part of these financial statements

Nature of operations (Note 1)
Subsequent event (Note 15)

Approved on behalf of the Board:

“Eric Szustak”

– Director

“Roger Dent”

– Director

QUINSAM CAPITAL CORPORATION
STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

	Year ended December 31, 2013	Year ended December 31, 2012
NET INVESTMENT REVENUE		
Net realized gain on sale of investments	\$ 4,850	\$ -
Net change in unrealized gains on investments	18,856	-
	23,706	-
OTHER INCOME		
Interest income	2,634	3,105
	26,340	3,105
EXPENSES		
General and administrative (Note 10)	(67,982)	(36,867)
(Loss) on foreign exchange	-	(835)
	(67,982)	(37,702)
NET LOSS FROM CONTINUING OPERATIONS		
	(41,642)	(34,597)
Loss from discontinued operations (Notes 8 and 9)	-	(115,762)
COMPREHENSIVE LOSS		
	\$ (41,642)	\$ (150,359)
NET LOSS PER SHARE – BASIC AND DILUTED		
From continuing operations	\$ (0.01)	\$ (0.01)
From discontinued operations	\$ -	\$ (0.03)

The accompanying notes are an integral part of these financial statements

QUINSAM CAPITAL CORPORATION
STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars)

	Share Capital		Reserve		Deficit	Total
	Number of shares	Amount	Option reserve			
Balance at December 31, 2011	4,570,000	\$ 1,719,893	\$ 4,500	\$ (1,339,008)	\$	385,385
Comprehensive loss	-	-	-	(150,359)		(150,359)
Balance at December 31, 2012	4,570,000	1,719,893	4,500	(1,489,367)		235,026
Comprehensive loss	-	-	-	(41,642)		(41,642)
Issuance of options	-	-	22,449	-		22,449
Shares issued for cash	10,000,000	600,000	-	-		600,000
Share issue costs	-	(8,786)	-	-		(8,786)
Balance at December 31, 2013	14,570,000	\$ 2,311,107	\$ 26,949	\$ (1,531,009)	\$	807,047

The accompanying notes are an integral part of these financial statements

QUINSAM CAPITAL CORPORATION
STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

	Year ended December 31, 2013	Year ended December 31, 2012
Cash flows from operating activities		
Net loss from continuing operations	\$ (41,642)	\$ (34,597)
Items not affecting cash:		
Stock options granted	22,449	-
Unrealized gains on investments	(18,856)	-
Net realized gains on sale of investments	(4,850)	-
Changes in non-cash working capital:		
Due from Brokers	(29,850)	-
Receivables	13,598	1,640
Accounts payable and accrued liabilities	12,511	(1,000)
Cash flows from continuing operations	(46,640)	(33,957)
Net loss from discontinued operations		
Amortization	-	72
Gain on sale of discontinued operations	-	(8,788)
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	-	(13,407)
Cash flows from discontinued operations	-	(137,885)
Cash flows from financing activities		
Issuance of shares, net	591,214	-
Cash flows from investing activities		
Proceeds from sale of discontinued operations (Note 8)	-	1
Purchase of investments	(555,285)	-
Proceeds on disposition of investments	29,850	-
Cash flows from investing activities	(525,435)	1
Net increase (decrease) in cash	19,139	(171,841)
Cash at beginning of year	226,868	398,709
Cash at end of year	\$ 246,007	\$ 226,868

The accompanying notes are an integral part of these financial statements

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in Canadian dollars)

NOTE 1- NATURE OF OPERATIONS

Quinsam Capital Corporation (the “Company”) was incorporated under the Canada Business Corporations Act on March 18, 2004 in British Columbia. The Company entered into the merchant banking business during 2007 and in 2010, the Company entered into an online learning business which was sold in 2012. The Company was previously in the business of acquisition and development of mineral property interests and other assets or businesses related to the resource industry. The Company is domiciled in Canada and its registered and records office is at 390 Bay Street, Suite 806, Toronto, Ontario, M5H 2Y2, Canada.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance with International Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee (“IFRIC”).

The financial statements were authorized for issue by the Board of Directors on April 15, 2014.

Basis of Presentation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

Significant Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies.

The information about significant areas of judgement considered by management in preparing the consolidated financial statements are as follows:

Going concern:

The Company’s management has made an assessment of the Company’s ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

Revenue

Realized gains and losses on the disposal of investments and unrealized gains and losses on securities classified as fair value through profit and loss are reflected in profit or loss on the trade date and are calculated on an average cost basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reclassified to profit or loss so as to recognize the full realized gain or loss in the period of disposition. For all financial instruments measured at amortized cost and, interest bearing financial assets classified as available-for-sale, interest income or expenses are recorded using the effective interest rate method, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. The carrying amount of the Company’s financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to the impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Other investment income is recognized on the accrual basis and is considered operating income for cash flow purposes.

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in Canadian dollars)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Company considers cash equivalents to be short-term investments with a maturity of ninety days or less at the date of acquisition.

Financial Instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held-for-trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and which it is the Company's intention to hold to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or do not meet the criteria to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in Canadian dollars)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

The Company's financial instruments consist of the following:

Financial assets:

Cash and cash equivalents – classified as loans and receivables
Investments – classified at fair value through profit or loss
Due from brokers and receivables – classified as loans and receivables

Financial liabilities:

Accounts payable and accrued liabilities – classified as other financial liabilities

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Level 1 financial instruments include cash and cash equivalents and publicly traded equities.

Impairment of Assets

The carrying amount of the Company's assets is reviewed at the end of each reporting period to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Loss per Share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in Canadian dollars)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received, or at the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Income Taxes

Current income tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Changes in accounting policies

IFRS 13 Fair Value Measurements: This standard establishes a single source of guidance for all fair value measurements required by other IFRS, clarifies the definition of fair value, and enhances disclosures about fair value measurements. IFRS 13 applies when other IFRS require or permit fair value measurements or disclosures. IFRS 13 specifies how an entity should measure fair value and disclose fair value information. It does not specify when an entity should measure an asset, a liability, or its own equity instrument at fair value. The Company started the application of IFRS 13 in the financial statements effective from January 1, 2013. There were no significant impacts to the financial statements as a result of adopting this standard.

IAS 1 Presentation of Financial Statements: The standard provides guidance on the presentation of items of OCI and their classification within OCI. The Company started the application of this standard in the financial statements effective from January 1, 2013. There were no significant impacts to the financial statements as a result of adopting this standard.

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in Canadian dollars)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Accounting Policies

IFRS 9 Financial Instruments: This standard replaces the current IAS 39 Financial Instruments Recognition and Measurement. The standard introduces new requirements for classifying and measuring financial assets and liabilities. The effective date of IFRS 9 is January 1, 2018. The Company has not yet evaluated the impact on the financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012
Cash at bank	\$ 246,007	\$ 72,887
Money market mutual funds	-	153,981
	\$ 246,007	\$ 226,868

NOTE 4 – RECEIVABLES

	December 31, 2013	December 31, 2012
Sales tax receivable	\$ 6,066	\$ 19,664

NOTE 5 – INVESTMENTS

	December 31, 2013		December 31, 2012	
	Fair Value	Cost	Fair Value	Cost
Marketable Securities – publicly traded equities	\$ 545,890	\$ 530,284	\$ -	\$ -
Warrants	3,250	-	-	-
	\$ 549,140	\$ 530,284	\$ -	\$ -

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2013	December 31, 2012
Trade payables	\$ 16,516	\$ 806
Accrued liabilities	7,500	10,700
	\$ 24,016	\$ 11,506

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in Canadian dollars)

NOTE 7 - SHARE CAPITAL

Authorized:

Unlimited number of common shares without par value.

Unlimited number of preferred shares without par value.

Issued:

At December 31, 2013 there were 14,570,000 issued and fully paid common shares (December 31, 2012 – 4,570,000).

	Number of Common Shares	Amount
Balance as at December 31, 2012	4,570,000	\$ 1,719,893
Shares issued for cash	10,000,000	600,000
Share issue costs	-	(8,786)
Balance as at December 31, 2013	14,570,000	\$ 2,311,107

On August 1, 2012, the Company effected a consolidation of its share capital on the basis of five (5) existing common shares for one (1) new common share. All share and per share amounts for all periods are stated on a post-consolidation basis.

Preferred Shares

The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. The Company has not issued any preferred shares to date.

Share Issuances

During the year ended December 31, 2013, the Company issued 10,000,000 common shares via a non-brokered private placement at \$0.06 per share.

Basic and diluted loss per share

The calculations of basic and diluted loss per share for the year ended December 31, 2013 was based on the loss from continuing operations attributable to common shareholders of \$41,642 (2012 - \$34,597), the loss from discontinued operations attributable to common shareholders of \$nil (2012 - \$115,762) and the weighted average number of common shares outstanding of 5,857,671 (2012 – 4,570,000).

Stock Options

The Company has a stock option plan to grant options to employees, directors and consultants to acquire common shares, up to an amount equivalent to 10% of the outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less an applicable discount. The options can be granted for a maximum term of 5 years and vesting periods are determined by the Board of Directors.

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in Canadian dollars)

NOTE 7 - SHARE CAPITAL (CONTINUED)

The changes in options during the year ended December 31, 2013 and the year ended December 31, 2012 are as follows:

	Year ended December 31, 2013		Year ended December 31, 2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of year	-	\$ -	-	\$ -
Options issued	450,000	\$ 0.10	-	\$ -
Options expired	-	\$ -	-	\$ -
Options outstanding, end of year	450,000	\$ 0.10	-	\$ -
Options exercisable, end of year	450,000	\$ 0.10	-	\$ -

Option Reserve

Option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

On October 29, 2013, 450,000 options vesting immediately were issued to directors, officers and consultants of the Company. The options were valued using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 132%, risk free return of 1.70% and an expected remaining life of 5 years. The Company has recorded a total of \$22,449 of expense in connection with the issuance of the options.

The following are the options outstanding as at December 31, 2013:

Security Type	Number of Options Issued	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Expiry Date
Options	450,000	\$ 0.10	4.83	October 29, 2018
Total	450,000	\$ 0.10	4.83	

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in Canadian dollars)

NOTE 8 – DISCONTINUED OPERATIONS

On August 31, 2012, the Company completed the sale of its online learning business and related tangible and intangible assets, excluding cash and receivables, in return for \$1 and the assumption of the Company's future obligations related to the business, including future obligations to customers, to its content providers under the Company's licensing agreements and to other suppliers. The purpose of the sale was to preserve the Company's limited capital and avoid insolvency. The sale of the online learning business resulted in a gain of \$8,788. The purchaser was a company controlled by a director of the Company.

The results of the discontinued operations for the years ending December 31, 2013 and December 31, 2012 are as follows:

	Year ending December 31, 2013	Year ending December 31, 2012
Subscription Revenues	\$ -	\$ 24,396
General and administrative expenses	-	(148,874)
Amortization and depreciation	-	(72)
Impairment of intangible assets	-	-
	-	(124,550)
Proceeds on disposition, net of costs	-	1
Carrying value of net assets disposed	-	(8,787)
Gain on sale of discontinued operations	-	8,788
Net loss from discontinued operations	\$ -	\$ (115,762)

NOTE 9 – RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations.

Type of Service	Nature of Relationship	December 31, 2013	December 31, 2012
Salaries, consulting fees and other benefits	Officers	\$ -	\$ -
Director fees	Directors	500	-
Stock-based compensation expense	Directors and officers	22,449	-
		\$ 22,949	\$ -

During the fiscal year ended December 31, 2012 the Company also sold its online learning business to a company controlled by a director of the Company (Note 8).

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in Canadian dollars)

NOTE 10 - EXPENSES BY NATURE

Included in general and administrative expenses for the years ended December 31:

	December 31, 2013	December 31, 2012
Salaries, bonuses, and other employment benefits	\$ -	\$ -
Stock-based compensation expense	22,449	-
Consulting and directors' fees	500	2,000
Professional fees	24,506	18,745
Transfer agent, filing fees	17,588	15,487
Travel and promotion	354	-
Other office and administrative	2,585	635
	\$ 67,982	\$ 36,867

NOTE 11 – INCOME TAXES

Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 25% to the effective tax rate for the years ended December 31 is as follows:

	December 31, 2013	December 31, 2012
Net loss before recovery of income taxes	\$ 41,642	\$ 150,359
Expected income tax recovery	(10,410)	(37,590)
Tax rate changes and other adjustments	(5,510)	67
Non-deductible expense	5,040	-
Change in tax benefits not recognized	10,880	37,523
Income tax recovery	\$ -	\$ -

Deferred Tax

The following table summarizes the components of deferred income tax:

	December 31, 2013	December 31, 2012
Deferred Tax Assets		
Non-capital losses carried forward	\$ 2,360	\$ -
Deferred Tax Liabilities		
Marketable Securities	\$ (2,360)	\$ -

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in Canadian dollars)

NOTE 11 – INCOME TAXES (CONTINUED)

Unrecognized Deferred Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2013	December 31, 2012
Non-capital losses carried forward	\$ 1,672,020	\$ 1,639,796
Capital losses carried forward	\$ 7,250	\$ -
Share issuance costs	\$ 7,030	\$ -
Mineral properties	\$ 102,050	\$ 102,050

The Canadian non-capital loss carry forwards expire as noted in the table below.

The net capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains.

Share issue costs will be fully amortized in 2017.

The remaining deductible temporary differences may be carried forward indefinitely.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

Year of Expiry	Amount
2014	\$ 6,890
2015	355,180
2026	141,890
2027	165,500
2028	167,810
2029	116,450
2030	142,630
2031	185,880
2032	366,450
2033	42,090
	\$ 1,690,770

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in Canadian dollars)

NOTE 12 – RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents. The risk in cash and cash equivalents is managed through the use of major financial institutions which have high credit qualities as determined by rating agencies. The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government tax credits.

Foreign Exchange Risk

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Company operates only in Canada and in Canadian dollars and therefore is not exposed to foreign exchange risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash at variable rates. The fair value of the Company's cash and investments affected by changes in short term interest rates will be minimal. A 1% change in interest rates impacts net income by \$615 per quarter based upon balances as at December 31, 2013.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and investments. As at December 31, 2013, the Company was holding cash of \$246,007 and monies at brokers of \$29,850.

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. A 2% change in closing trade price of the Company's investments would impact net income by \$2,745 per quarter based upon balances as at December 31, 2013.

NOTE 13 – CAPITAL MANAGEMENT

The Company manages its capital, consisting of shareholders' equity, in a manner consistent with the risk characteristics of the assets it holds.

The Company's objectives when managing capital are:

- a) to maintain a high degree of liquidity to allow the Company to pursue business opportunities expeditiously; and
- b) to earn investment returns while managing risk.

The Company is meeting its objective of managing capital through its detailed review and performance of due diligence on all potential investments and acquisitions. Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no changes in its approach to capital management during the year ended December 31, 2013.

QUINSAM CAPITAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in Canadian dollars)

NOTE 14 – OPERATING SEGMENT INFORMATION

The management of the Company is responsible for the Company's entire portfolio and considers the business to have a single operating segment. The management's investment decisions are based on a single, integrated investment strategy, and the performance is evaluated on an overall basis.

The Company has a single reportable geographic segment, Canada, and all of the Company's management are located in Canada.

The internal reporting provided to management of the Company's assets, liabilities, and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS. There were no changes in the reportable segments during the year ended December 31, 2013. As at December 31, 2013, the Company has a diversified portfolio of investments where no single investment accounts for more than 20% of the portfolio.

NOTE 15 - SUBSEQUENT EVENT

On March 21, 2014, the Company completed a non-brokered private placement financing for gross proceeds of \$920,766 through the sale of 9,207,660 common shares of the Company at a price of \$0.10 per share. The proceeds of the Offering will be used to make strategic investments in emerging growth companies and for general working capital purposes.