QUINSAM CAPITAL CORPORATION

INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(UNAUDITED AND EXPRESSED IN CANADIAN DOLLARS)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

QUINSAM CAPITAL CORPORATION

STATEMENT OF FINANCIAL POSITION

(unaudited)

	March 31, 2016	December 31, 2015
ASSETS		
CURRENT		
Cash	$ 19,716	$ 1,980
Due from Brokers	24,498	135,792
Investments (Note 4)	2,271,928	2,235,218
Receivables (Note 3)	39,611	29,461
	$ 2,355,753	$ 2,402,451
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	$ 13,850	$ 16,042
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)	2,053,225	2,055,625
SHARE-BASED PAYMENT RESERVE	150,370	140,206
RETAINED EARNINGS	138,308	190,578
	2,341,903	2,386,409
	$ 2,355,753	$ 2,402,451

Approved on behalf of the Board

"Michael Newman"
Michael Newman – Director

"Eric Szustak"
Eric Szustak – Director

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

QUINSAM CAPITAL CORPORATION

INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(unaudited)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
NET INVESTMENT REVENUE		
Net realized gain/(loss) on sale of investments	$ 20,514	$ (128,193)
Net change in unrealized gains/(losses) on investments	(40,427)	300,826
	(19,913)	172,633
OTHER INCOME		
Dividend, interest and advisory services income	11,984	25,660
EXPENSES		
General and administrative (Note 8)	(17,934)	(31,243)
NET INCOME/(LOSS) AND COMPREHENSIVE INCOME	$ (25,863)	$ 167,050
NET INCOME PER SHARE – BASIC	$ (0.00)	$ 0.01
NET INCOME PER SHARE – DILUTED	$ (0.00)	$ 0.01
WEIGHTED AVERAGE SHARES OUTSTANDING- BASIC	26,392,231	26,407,660
- DILUTED	26,392,231	26,881,904

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

QUINSAM CAPITAL CORPORATION

INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited)

	Share Capital			Reserve		Retained Earnings/		
	Number of shares		Amount		Option reserve		(Deficit)		Total
Balance at January 1, 2015	26,407,660	$	2,055,625	$	73,689	$	546,673	$	2,675,987
Comprehensive income					-		167,050		167,050
Issuance of dividends					-		(26,407)		(26,407)
Issuance of options					15,092		-		15,092
Balance at March 31, 2015	26,407,660	$	2,055,625	$	88,781	$	687,316	$	2,831,722
Balance at January 1, 2016	**26,407,660**	**$**	**2,055,625**	**$**	**140,206**	**$**	**190,578**	**$**	**2,386,409**
Issuance of dividends							(26,407)		(26,407)
Repurchase of shares	30,000		(2,400)						(2,400)
Comprehensive loss							(25,863)		(25,863)
Issuance of options					10,164		-		10,164
Balance at March 31, 2016	**26,377,660**	**$**	**2,053,225**	**$**	**150,370**	**$**	**138,308**	**$**	**2,341,903**

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

QUINSAM CAPITAL CORPORATION

INTERIM STATEMENTS OF CASH FLOWS

(unaudited)

	3 Months ended March 31, 2016	3 Months ended March 31, 2015
Cash flows from/(used in) operating activities		
Net income (loss) from operations	$ (25,863)	$ 167,050
Items not affecting cash:		
Stock-based compensation	10,164	15,092
Unrealized (gains) losses on investments	40,427	(300,826)
Net realized loss (gain) on sale of investments	(20,514)	128,193
Changes in non-cash working capital:		
Due from brokers	111,294	(410,487)
Receivables	(10,150)	1,267
Accounts payable and accrued liabilities	(2,192)	3,175
Cash flows from (used in) operations	103,166	(396,536)
Cash flows from financing activities		
Repurchase of common shares	(2,400)	-
Cash flows used in financing activities	(2,400)	-
Cash flows from investing activities		
Purchase of investments	(262,689)	(464,697)
Proceeds on disposition of investments	206,066	893,401
Issuance of dividends	(26,407)	(26,407)
Cash flows from (used in) investing activities	(83,030)	402,297
Net increase in cash	17,736	5,761
Cash at beginning of period	1,980	45,991
Cash at end of period	$ 19,716	$ 51,752

SUPPLEMENTARY CASH FLOW INFORMATION

(a) There were no non cash investing activities during the 3 months ended March 31, 2016.

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

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. At the present time, the Company is an investment and merchant banking firm focused on the small-cap market, with early-stage investments in such areas as resources and technology.

The Company is domiciled in Canada and its registered and records office is located at 390 Bay Street, Suite 806, Toronto, Ontario, M5H 2Y2, Canada.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These interim financial statements are unaudited and have been prepared on a condensed basis in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, issued by the International Accounting Standards Board using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The same accounting policies and methods of computation were followed in the preparation of these interim statements as were followed in the preparation of the annual financial statements as at and for the year ended December 31, 2014. Accordingly, these interim statements for the three month period ended March 31, 2016 and 2015 should be read together with the annual consolidated financial statements as at and for the year ended December 31, 2015.

The financial statements were authorized for issue by the Board of Directors on May 20, 2016.

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 judgment considered by management in preparing the financial statements are as follows:

Fair value of investment in securities not quoted in an active market or private company investments:

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

Fair value of financial derivatives:

Investments in options and warrants that are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the warrants and options are valued at intrinsic value.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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. Advisory fees are earned on a fixed monthly basis.

Cash and Cash Equivalents
The Company considers cash and cash equivalents to include cash on hand, monies due from brokers and short-term investments with a maturity of ninety days or less at the date of acquisition.

Financial Instruments

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

Classification
All investments are classified upon initial recognition at fair value through profit or loss. The Company's equity component feature of debentures and warrants fall into this category of financial instruments. Assets in this category are measured at fair value with gains or losses recognized in profit (loss).

Recognition, derecognition and measurement
Purchases and sales of investments are recognized on the transaction date.

Investments at fair value through profit or loss are initially recognized at fair value plus transaction costs. Investments are derecognized when the rights to receive cash flows from the investments have expired.

When the Company holds debentures that are convertible into the issuer's equity shares at the Company's option, the equity conversion feature represents an embedded option written by the issuer on its equity shares. The Company records the combined instrument at fair value through profit and loss.

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented in the statements of comprehensive (loss) income within net change in unrealized gains or losses on investments in the period in which they arise.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Determination of fair values

The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements. The Company is also required to disclose details of its investments (and other financial assets and liabilities for which fair value is measured or disclosed in the financial statements) within three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring or disclosing the fair value, and to provide additional disclosure in connection therewith (Note 4).

1) Publicly-traded investments (i.e., securities of issuers that are public companies):

   a. Securities including shares, options and warrants which are traded in an active market, such as on a recognized securities exchange and for which no sales restrictions apply, are presented at fair value based on quoted closing trade prices at the end of the reporting period or the closing trade price on the last day the security traded if there were no trades at the end of the reporting period. These are included in Level 1 in Note 4.

   b. For warrants and options which are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available or reliable, the warrants and options are valued at intrinsic value, which is equal to the higher of the closing trade price at the end of the reporting period of the underlying security less the exercise price of the warrant or option, and zero. These are included in Level 2 in Note 4.

2) Private company investments (securities of issuers that are not public companies):

   All privately-held investments (other than warrants) are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may (depending upon the circumstances) be adjusted using one or more of the valuation indicators described below. These are included in Level 3 in Note 4. Warrants of private companies are carried at their intrinsic value.

   The determinations of fair value of the Company's privately-held investments at other than initial cost are subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable.

   Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

   Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

The fair value of a privately-held investment may be adjusted if:

a. there has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;

b. there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable;

c. the investee company is placed into receivership or bankruptcy;

d. based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;

e. release by the investee company of positive/negative exploration results; and

f. important positive/negative management changes by the investee company that the Company's management believes will have a very positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustments to the fair value of a privately-held investment will be based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed.

3) Other investment instruments:

Convertible debentures and convertible notes are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, eat each reporting period, the combined instrument is adjusted to fair value based on the higher of the fair value of the debt or the equity instruments that would be received if converted.

In addition, the amounts at which the Company's privately-held investments could be disposed of currently may differ from the carrying value assigned.

Financial liabilities:
Accounts payable and accrued liabilities – classified as other financial liabilities.

The fair value of the Company's financial assets and liabilities measured at amortized cost 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.

The classification of financial instruments is detailed in Note 4 to the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings (loss) per Share

Basic earnings (loss) per share is calculated by dividing the comprehensive income or loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the earnings (loss) attributable to common shareholders equals the reported earnings attributable to owners of the Company. Diluted earnings (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 earnings (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.

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

<u>Current income tax:</u>

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.

<u>Deferred tax:</u>

Deferred 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 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 tax asset to be utilized.

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

(Expressed in Canadian dollars)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies

There have been no changes in accounting policies for the quarter ended March 31, 2016.

Future Accounting Policies

IFRS 9 – Financial Instruments was issued by the IASB to establish principles for the financial reporting of financial assets and financial liabilities, including requirements for classification and measurement, impairment, and hedge accounting. This standard is mandatorily effective from January 1, 2018, with earlier application permitted.

IFRS 15 - Revenue from Contracts with Customers, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, specifies how and when to recognize revenue and enhances relevant disclosures to be applied to all contracts with customers.

The Company is currently assessing the effects of these new standards and intends to adopt them on their effective dates.

NOTE 3 – RECEIVABLES

	March 31, 2016	December 31, 2015
Sales tax receivable	$ 4,538	$ 3,104
Trade receivables	35,073	26,357
	$ 39,611	$ 29,461

NOTE 4 – INVESTMENTS

Investments consist of the following as at March 31, 2016:

Investments	Cost	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Total Fair Value
Equities	$ 2,180,730	$ 1,364,179	$ -	$ 416,686	$ 1,780,865
Warrants	-	-	-	-	-
Convertible Debentures	496,672	88,233	-	402,830	491,063
Total Investments	$ 2,677,402	$ 1,452,412	$ -	$ 819,516	$ 2,271,928

Investments consist of the following as at December 31, 2015:

Investments	Cost	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Total Fair Value
Equities	$ 2,220,537	$ 1,355,452	$ -	$ 496,936	$ 1,852,388
Warrants	52,710	-	-	-	-
Convertible Debentures	382,830	-	-	382,830	382,830
Total Investments	$ 2,656,077	$ 1,355,452	$ -	$ 879,766	$ 2,235,218

(Expressed in Canadian dollars)

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILTIES

	March 31, 2016	December 31, 2015
Trade payables	$ 4,270	$ 3,042
Accrued liabilities	9,580	13,000
	$ 13,850	$ 16,042

NOTE 6 - SHARE CAPITAL

Authorized:
Unlimited number of common shares without par value.
Unlimited number of preferred shares without par value.

Issued:
At March 31, 2016 there were 26,377,660 issued and fully paid common shares (December 31, 2015 – 26,407,660).

	Number of Common Shares	Amount
Balance as at December 31, 2015	26,407,660	$ 2,055,625
Cancelled on repurchase under normal course issuer bid	(30,000)	(2,400)
Balance as at March 31, 2016	26,377,660	$ 2,053,225

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.

Normal course issuer bid

In Fiscal 2016, the Company proceeded with the commencement of a normal course issuer bid to acquire up to 1,320,383 common shares representing 5% of the Company's outstanding shares. The bid will be terminated on November 22, 2016 or on an earlier date in the event that the number of common shares sought in the bid has been repurchased. As at and for the quarter ended March 31, 2016, 30,000 shares have been repurchased under the normal course issuer bid.

Share Issuances

There were no share issuances in the current period.

Basic and diluted earnings (loss) per share

The calculations of basic and diluted earnings (loss) per share for the period ended March 31, 2016 was based on the loss from operations attributable to common shareholders of $25,863 (2014 - $167,050) and the weighted average number of basic common shares outstanding of 26,392,331 (2015 – 26,407,660) and diluted of 26,392,331 (2015- 26,881,904).

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.

NOTE 6 - SHARE CAPITAL (CONTINUED)

(Expressed in Canadian dollars)

The changes in options during the three months ended March 31 are as follows:

	3 months ended March 31, 2016			3 months ended March 31, 2015		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Options outstanding, beginning of year	2,576,000	$	0.10	2,376,000	$	0.10
Options issued	-	$	-	-	$	-
Options expired	-	$	-	-	$	-
Options outstanding, end of period	2,576,000	$	0.10	2,376,000	$	0.10
Options exercisable, end of period	1,047,800	$	0.10	642,600	$	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 July 27, 2014, 1,926,000 options, vesting equally over a period of five years, 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 141%, risk free return of 1.50% and an expected remaining life of 5 years. The Company has recorded a $15,092 expense in the three month period ended March 31, 2015 in connection with the issuance of the options.

The following are the options outstanding as at March 31,2016:

Security Type	Number of Options Issued		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Expiry Date
Options	450,000	$	0.10	2.58	October 29, 2018
Options	1,926,000	$	0.10	3.32	July 26, 2019
Options	200,000	$	0.13	4.25	July 1, 2020
Total	2,576,000	$	0.10	3.27	

The following are the options outstanding as at March 31,2015:

Security Type	Number of Options Issued		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Expiry Date
Options	450,000	$	0.10	3.58	October 29, 2018
Options	1,926,000	$	0.10	4.32	July 26, 2019
Total	2,376,000	$	0.10	3.95	

NOTE 7 – RELATED PARTY TRANSACTIONS

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

Type of Service	Nature of Relationship		March 31, 2016		March 31, 2015
Salaries, consulting fees and other benefits	Officers	$	1,500	$	-
Director fees	Directors		-		-
Stock-based compensation expense	Directors and officers		10,164		15,092
		$	11,664	$	15,092

NOTE 8 - EXPENSES BY NATURE

Included in general and administrative expenses for the three months ended March 31:

		2016		2015
Salaries, bonuses, and other employment benefits	$	1,500	$	-
Stock-based compensation expense		10,164		15,092
Consulting and directors' fees		-		-
Professional fees		3,000		3,485
Transfer agent, filing fees		2,391		3,212
Travel and promotion		182		4,380
Other office and administrative		697		5,074
	$	17,934	$	31,243

NOTE 9 – 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 $110 per quarter based upon balances as at March 31, 2016.

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

(Expressed in Canadian dollars)

at any point in time. The Company achieves this by maintaining sufficient cash and investments. As at March 31, 2016, the Company was holding cash and monies at deposit in brokers' accounts of $ 44,214.

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as of March 31, 2016:

	Carrying Amount	Within 1 year	1 year to 3 years	3 years to 5 years
Accounts payable and accrued liabilities	$ 13,850	$ 13,850	$ -	$ -

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as of March 31, 2015:

	Carrying Amount	Within 1 year	1 year to 3 years	3 years to 5 years
Accounts payable and accrued liabilities	$ 19,397	$ 19,397	$ -	$ -

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 1% change in closing trade price of the Company's investments would impact net income by $5,680 per quarter based upon balances as at March 31, 2016.

NOTE 10 – 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 period ended March 31, 2016.

NOTE 11 – 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 period ended March 31, 2016. As at March 31, 2015 the Company has a diversified portfolio of investments where no single investment accounts for more than 10% of the portfolio.

NOTE 12- APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements of the Corporation for the three months ended March 31, 2016 and 2015 were approved by the Board of Directors and authorized for issue on May XXX, 2016.