QUINSAM CAPITAL CORPORATION

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020

(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 condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

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

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

Quinsam Capital Corporation

Unaudited Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	As at June 30, 2021	As at December 31, 2020
	$	$
Assets		
Cash	**165,245**	1,115,647
Receivables (Note 4)	**2,294,589**	1,961,298
Investments (Note 5)	**35,539,352**	31,756,698
Total Assets	**37,999,186**	34,833,643
Liabilities		
Accounts payable and accrued liabilities (Notes 6 and 10)	**294,072**	236,178
Unearned revenue	**-**	108,466
Income tax payable	**843,568**	314,808
Total Liabilities	**1,137,640**	659,452
Shareholders' Equity		
Share capital (Note 7)	**20,228,875**	20,522,155
Deferred share units reserve (Note 8)	**616,976**	455,486
Share-based payments reserve (Note 9)	**1,071,392**	1,892,360
Retained earnings	**14,944,303**	11,304,190
Total Shareholders' Equity	**36,861,546**	34,174,191
Total Liabilities and Shareholders' Equity	**37,999,186**	34,833,643

Nature of operations (Note 1)
Subsequent event (Note 14)

Approved on behalf of the Board of Directors

"Roger Dent" (Director) **"Eric Szustak"** (Director)

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

Quinsam Capital Corporation

Unaudited Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)
For the Three and Six Months Ended June 30, 2021 and 2020
(Expressed in Canadian Dollars)

	Three months ended June 30, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
	$	$	**$**	$
Net Investment Revenue				
Net realized gains (loss) on disposals of investments (Note 5)	**(261,918)**	(421,286)	**2,015,808**	(985,108)
Net changes in unrealized gains (loss) on investments (Note 5)	**(539,567)**	2,609,146	**979,537**	(223,055)
	(801,485)	2,187,860	**2,995,345**	(1,208,163)
Other Income				
Interest, advisory services and other income	**383,111**	501,705	**1,163,668**	1,428,187
Expenses				
Salaries, bonus and other employment benefits (Note 10)	**54,159**	184,909	**320,264**	249,673
Stock-based compensation (Notes 8 and 9)	**231,226**	74,238	**275,892**	184,564
Professional fees (Note 10)	**120,031**	64,382	**167,151**	150,122
General and administrative	**9,778**	7,376	**18,178**	22,966
Transfer agent and filing fees	**12,484**	13,146	**19,004**	20,110
Travel and promotional	**-**	14,035	**-**	14,461
Recovery for expected credit loss, net	**-**	(84,417)	**-**	(84,417)
Foreign exchange gain	**(6,098)**	(2,459)	**(57,828)**	(90,810)
	(421,580)	(271,210)	**(742,661)**	(466,669)
Net Income (Loss) Before Tax	**(839,954)**	2,418,355	**3,416,352**	(246,645)
Income tax (expense) recovery	**62,500**	(44,500)	**(612,500)**	30,500
Net Income (Loss) and Comprehensive Income (Loss)	**(777,454)**	2,373,855	**2,803,852**	(216,145)
Net Income (Loss) per Share				
Basic and diluted (Note 7)	**(0.01)**	0.02	**0.03**	(0.00)
Weighted Average Number of Shares Outstanding				
Basic (Note 7)	**104,761,337**	110,945,062	**104,876,084**	111,058,877
Diluted (Note 7)	**104,919,319**	110,945,062	**105,034,066**	111,058,877

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

Quinsam Capital Corporation
Unaudited Condensed Interim Statements of Changes in Shareholders' Equity
For the Six Months Ended June 30, 2021 and 2020
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Deferred Share Units	Share-Based Payments	Warrants	Retained Earnings	Total
	#	**$**	**$**	**$**	**$**	**$**	**$**
Balance, December 31, 2019	**111,172,693**	**21,773,113**	**442,521**	**2,387,201**	**4,154,857**	**4,000,881**	**32,758,573**
Issuance of dividends	-	-	-	-	-	(277,932)	(277,932)
Repurchase of common shares (Note 7)	(2,233,635)	(269,961)	-	-	-	-	(269,961)
Stock-based compensation (Notes 8 and 9)	-	-	6,413	178,151	-	-	184,564
Expiry of warrants	-	-	-	-	(2,895,457)	2,895,457	-
Net loss and comprehensive loss for the period	-	-	-	-	-	(216,145)	(216,145)
Balance, June 30, 2020	**108,939,058**	**21,503,152**	**448,934**	**2,565,352**	**1,259,400**	**6,402,261**	**32,179,099**
Balance, December 31, 2020	**104,992,106**	**20,522,155**	**455,486**	**1,892,360**	**-**	**11,304,190**	**34,174,191**
Issuance of dividends	-	-	-	-	-	(262,480)	(262,480)
Repurchase of common shares (Note 7)	(1,500,000)	(293,280)	-	-	-	8,570	(284,710)
Issuance of deferred share units (Note 8)	-	-	154,800	-	-	-	154,800
Stock-based compensation (Notes 8 and 9)	-	-	6,690	269,202	-	-	275,892
Forfeiture of stock options (Note 9)	-	-	-	(1,090,170)	-	1,090,170	-
Net income and comprehensive income for the period	-	-	-	-	-	2,803,853	2,803,853
Balance, June 30, 2021	**103,492,106**	**20,228,875**	**616,976**	**1,071,392**	**-**	**14,944,303**	**36,861,546**

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

Quinsam Capital Corporation

Unaudited Condensed Interim Statements of Cash Flows
For the Three and Six Months Ended June 30, 2021 and 2020
(Expressed in Canadian Dollars)

	Three months ended June 30, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
	$	$	**$**	$
Operating Activities				
Net income (loss) for the period	**(777,454)**	2,373,855	**2,803,852**	(216,145)
Adjustments for non-cash items:				
Stock-based compensation (Notes 8 and 9)	**231,226**	74,238	**275,892**	184,564
Net realized loss (gains) on disposals of investments (Note 5)	**261,918**	421,286	**(2,015,808)**	985,108
Unrealized loss (gains) on investments (Note 5)	**539,567**	(2,609,146)	**(979,537)**	223,055
Interest accrued on debenture investments	**(7,765)**	(169,998)	**(289,784)**	(411,350)
Interest and other income received in shares	**(174,722)**	(175,945)	**(632,575)**	(773,839)
Recovery for expected credit loss, net	**-**	(84,417)	**-**	(84,417)
Foreign exchange loss (gain)	**490,134**	(291,781)	**441,858**	(407,887)
Income tax expense (recovery)	**(62,500)**	44,500	**612,500**	(30,500)
	500,404	(417,408)	**216,398**	(531,411)
Changes in non-cash working capital:				
Receivable	**-**	267,501	**-**	267,501
Prepaid expenses	**-**	3,685	**-**	6,042
Accounts payable and accrued liabilities (Notes 6 & 10)	**1,902**	145,325	**212,695**	92,394
Income tax payable	**(83,740)**	-	**(83,740)**	-
	(81,838)	416,511	**128,955**	365,937
Net additions in investments				
Purchases of investments	**(2,594,934)**	(429,476)	**(10,940,781)**	(564,476)
Proceeds on disposition of investments	**2,447,168**	2,243,289	**10,192,216**	2,353,098
Repayments of funds on margin facility	**-**	(403,536)	**-**	(699,974)
	(147,766)	1,410,277	**(748,565)**	1,088,648
Cash Flows provided by (used in) Operating Activities	**270,800**	1,409,380	**(403,212)**	923,174
Financing Activities				
Issuance of dividends	**(131,240)**	(138,966)	**(262,480)**	(277,932)
Repurchase of common shares (Note 7)	**(284,710)**	(269,961)	**(284,710)**	(269,961)
Cash Flows (used in) Financing Activities	**(415,950)**	(408,927)	**(547,190)**	(547,893)
(Decrease) increase in cash	**(145,150)**	1,000,453	**(950,402)**	375,281
Cash, beginning of period	**310,395**	49,094	**1,115,647**	674,266
Cash, end of period	**165,245**	1,049,547	**165,245**	1,049,547

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

1. Nature of Operations

Quinsam Capital Corporation ("Quinsam" or the "Company") was incorporated under the Canada Business Corporations Act on March 18, 2004 in the Province of British Columbia. The Company is an investment and merchant banking firm focused on the technology, healthcare, e-sports, and cannabis markets. The Company's common shares are listed on the Canadian Securities Exchange (the "CSE") under the ticker symbol "QCA".

The Company is domiciled in Canada and its registered and records office is located at 77 King Street West, Suite 2905, Toronto, Ontario, M5K 1H1, Canada.

2. Basis of Preparation

(a) Statement of Compliance

The Company's unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting ("IAS 34").

These unaudited condensed interim financial statements have been prepared in accordance with the same accounting policies, critical estimates and methods described in the Company's annual financial statements. Given that certain information and footnote disclosures have been condensed or excluded in accordance with IAS 34, they do not include all of the information and disclosures required by IFRS for annual financial statements. As such, these unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements as at and for the year ended December 31, 2020, including the accompanying notes thereto.

These unaudited condensed interim financial statements were reviewed, approved and authorized for issuance by the Board of Directors (the "Board") of the Company on August 25, 2021.

(b) Basis of Presentation

These unaudited condensed interim financial statements have been prepared in accordance with IFRS accounting principles applicable to a going concern, using the historical cost basis except for the revaluation of investments.

In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting.

(c) Functional and Presentation Currency

These unaudited condensed interim financial statements have been prepared in Canadian dollars ($), which is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates.

(d) Significant Accounting Judgments and Estimates

The preparation of these unaudited condensed interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2. Basis of Preparation (continued)

(d) Significant Accounting Judgments and Estimates (continued)

Going concern

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations.

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

Where the fair values of financial assets recorded on the statements of financial position, including shares, options, warrants, convertible debentures and loans investments, 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, management's judgment is required to establish fair values.

Fair value of financial derivatives

Investments in options, warrants and conversion features of debentures that are not traded on a recognized securities exchange do not have readily available market values. When there are sufficient and reliable observable market inputs, a valuation technique is used.

Valuation of share-based compensation and share purchase warrants

Management determines the costs for share-based compensation and share purchase warrants using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment is used in applying the valuation techniques. These assumptions and judgments include estimating the future volatility of the share price, expected dividend yield, future employee turnover rates and future share option and share purchase warrant exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of share-based compensation and share purchase warrants.

Income taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Expected credit losses on financial assets

Determining an allowance for expected credit losses ("ECLs") for all debt financial assets not held at fair value through profit or loss requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

For accounts receivable, the Company applies the simplified approach as permitted by IFRS 9 – Financial Instruments, whereby lifetime ECL are recognized based on aging characteristics and credit worthiness of customers. Specific provisions may be used where there is information that a specific customer's ECL have increased.

(Expressed in Canadian Dollars)

3. Significant Accounting Policies

The accounting policies applied by the Company in these unaudited condensed interim financial statements are the same as those noted in the Company's audited financial statements for the year ended December 31, 2020, unless otherwise noted below.

(a) Changes in Accounting Policies

The Company adopted the following amendments, effective January 1, 2021. These changes were made in accordance with the applicable transitional provisions.

Amendments to IAS 1 – Presentation of Financial Statements ("IAS 1")

In January 2020, the IASB issued amendments to IAS 1 which clarify the requirements for classifying liabilities as either current or non-current by: (i) specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists; (ii) clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services; (iii) clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and (iv) clarifying the classification requirements for debt an entity may settle by converting it into equity.

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on an entity's financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice-versa, which could impact an entity's loan covenants. Because of this impact, the IASB has provided a longer effective date to allow entities to prepare for these amendments. In July 2020, the IASB issued an amendment to defer the effective date of the amendments by one year from its originally planned effective date to annual periods beginning on or after January 1, 2023 due to the impact of the novel coronavirus ("COVID-19") pandemic. The Company early-adopted these amendments as permitted. The Company had assessed that there was no material impact upon the adoption of the amendments on its unaudited condensed interim financial statements.

4. Receivables

	June 30, 2021	**December 31, 2020**
	$	**$**
Interest receivable (i)	**2,089,579**	**1,756,288**
Other receivables (ii)	**205,010**	**205,010**
Total receivables	**2,294,589**	**1,961,298**

(i) As at June 30, 2021, the Company has accrued interest income of $2,089,579 (December 31, 2020 – 1,756,288), from its convertible debentures and loan investments.

(ii) As at June 30, 2021, the Company held certain debt private placements of an investee company which had matured. An amount of $110,000 was due from such investee company. As the proceeds were more than 30 days past due maturity, an allowance for ECL of $55,000 was recorded by the Company on the investment. Also included in other receivables as at June 30, 2021, is an amount of $150,000 (December 31, 2020 – $150,000) of consulting fees from another investee company. The Company fully expects to be paid on this amount.

(Expressed in Canadian Dollars)

5. Investments

The Company's investments portfolio consisted of the following securities as at June 30, 2021:

		Fair Value			
Investments	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
	$	**$**	**$**	**$**	**$**
Equities	18,283,677	8,121,408	-	12,901,497	21,022,905
Warrants	1,536,487	123,250	1,426,609	937,115	2,486,974
Convertible debentures	5,673,074	1,149,052	1,559,007	3,296,393	6,004,452
Loans	5,862,676	-	225,000	5,800,064	6,025,064
Total investments	**31,355,914**	**9,393,710**	**3,210,616**	**22,935,069**	**35,539,395**

The Company's investments portfolio consisted of the following securities as at December 31, 2020:

		Fair Value			
Investments	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
	$	**$**	**$**	**$**	**$**
Equities	14,566,206	6,608,858	-	10,786,074	17,394,932
Warrants	1,463,671	584	1,066,339	573,183	1,640,106
Convertible debentures	6,919,232	-	4,058,635	2,894,324	6,952,959
Loans	5,802,676	-	-	5,768,701	5,768,701
Total investments	**28,751,785**	**6,609,442**	**5,124,974**	**20,022,282**	**31,756,698**

Level 3 fair value hierarchy

The following table presents the changes in fair value measurements classified at Level 3 of the fair value hierarchy. The financial instruments are measured at fair value utilizing non-observable market inputs. The net realized gains (loss) on disposals of investments and the net change in unrealized gains (loss) on investments are recognized in the statements of income (loss) and comprehensive income (loss).

	Opening balance	**Purchases / loans**	**Transfers / (conversion)**	**Proceeds**	**Net realized gains (loss)**	**Net unrealized gains (loss)**	**Ending balance**
	$	**$**	**$**	**$**	**$**	**$**	**$**
June 30, 2021	20,022,282	4,284,739	(1,451,972)	-	(547,407)	461,293	22,768,935
December 31, 2020	22,205,835	1,522,000	(587,156)	(10)	(1,222,500)	(1,895,887)	20,022,282

Within Level 3, the Company included private company investments and other investment instruments such as convertible debentures and loans which are not quoted on a recognized securities exchange. The key assumptions used in the valuation of these instruments include, but are not limited to, the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly traded companies. When a private company investment changes its status to a publicly-listed investment which meets Level 1 or Level 2 criteria, the investment is transferred out of the Level 3 fair value hierarchy. A transfer is recorded upon the occurrence of a liquidity transaction for an investee company, which includes, but is not limited to, a business combination between the entity and a public corporation pursuant to a reverse takeover, merger, amalgamation, arrangement, take-over bid, or an initial public offering of the entity. The transfers are recorded on the date that such a liquidity transaction is completed.

(Expressed in Canadian Dollars)

5. Investments (continued)

Level 3 fair value hierarchy (continued)

The following table presents the valuation techniques and the nature of significant inputs used to determine the fair values of the Level 3 investments as at June 30, 2021:

Investments	Total fair value	Method	Unobservable inputs	Range of inputs
	$			
Equities	12,901,497	Transaction price	Recent purchase price	N/A
Warrants	937,115	Black-Scholes	Market prices, volatility, discount rate	100% – 125% volatility
Convertible debentures	3,296,393	Black-Scholes	Market prices, volatility, discount rate	100% – 125% volatility, 20.5% discount rate
Loans	5,800,064	Discounted cash flows	Discount rate	8% – 12%
	22,935,069			

Within Level 3 of the fair value hierarchy, for those investments valued based on recent financings, management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at June 30, 2021 and December 31, 2020. For those investments valued based on trends in comparable publicly traded companies and general market conditions, the inputs can be highly judgmental. A 10% change in the fair value of these investments would result in a corresponding +/- $2,293,507 (December 31, 2020 +/- $2,002,228) change to the fair value of the investments. The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments.

6. Accounts Payable and Accrued Liabilities

	June 30, 2021	December 31, 2020
	$	$
Trade payables	**28,507**	**11,178**
Accrued liabilities (Note 10)	**265,565**	**225,000**
Total accounts payable and accrued liabilities	**294,072**	**236,178**

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding incurred in the normal course of business.

7. Share Capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares and preferred shares without par value. 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.

(Expressed in Canadian Dollars)

7. Share Capital (continued)

Authorized share capital (continued)

Common shares issued and outstanding as at June 30, 2021 are as follows:

	Number of common shares	Amount
	#	$
Balance, December 31, 2020	**104,992,106**	**20,522,155**
Repurchase of common shares	(1,500,000)	(293,280)
Balance, June 30, 2021	**103,492,106**	**20,228,875**

Share capital transactions for the six months ended June 30, 2020

During the six months ended June 30, 2020, a total of 2,233,635 common shares of the Company repurchased for $269,961 under the normal course issuer bid (the "Bid") which began on August 28, 2019, were cancelled and returned to the Treasury. Under the Bid, all common shares were purchased on the open market through the facilities of the CSE, and payment for the common shares was made in accordance with CSE policies. The price paid for the common shares was the prevailing market price at the time of purchase.

Share capital transactions for the six months ended June 30, 2021

During the six months ended June 30, 2020, a total of 1,500,000 common shares of the Company repurchased for $284,710 under a new Bid, were cancelled and returned to the Treasury.

Basic and diluted income per share

The calculations of basic and diluted EPS for the six months ended June 30, 2021 were based on the net income from operations attributable to common shareholders of $2,803,852 (2020 – net loss of $216,145) and the weighted average number of basic common shares outstanding of 104,876,084 (2020 – 111,058,877) and diluted common shares of 105,034,066 (2020 – 111,058,877).

8. Deferred Share Units Reserve

On April 29, 2019, the Company established a deferred share unit plan (the "DSU Plan"), under which, one DSU is equivalent in value to one common share of the Company. The maximum number of shares that are issuable under the DSU Plan, and in combination with all other equity incentive plans at any time, shall not exceed 10% of the issued and outstanding common shares of the Company. The maximum number of shares issuable to insiders under the DSU Plan, at any time, shall not exceed 10% of the issued common shares, and the maximum number of DSUs which may be granted to any one person under the DSU Plan, in any 12-month period, shall not exceed 5% of the issued common shares calculated on the grant date of such DSU.

Any vesting conditions for DSUs are determined by the Compensation and Corporate Governance Committee of the Board of the Company. Notwithstanding any other provision of the DSU Plan, the Board may in its sole discretion accelerate and/or waive any vesting or other conditions for all or any DSUs for any participant at any time.

All DSUs credited under the DSU Plan shall remain in the DSU accounts and shall be settled or forfeited in accordance with the terms of the DSU Plan. Whenever cash dividends or distributions are paid on the common shares of the Company, additional DSUs will be credited to a participant's DSU account. The number of such additional DSUs will be calculated by multiplying the per share dividend rate by the number of DSUs held at that time in the participant's DSU account.

8. Deferred Share Units Reserve (continued)

DSU issuances for the six months ended June 30, 2020

On February 25, 2020, the Company paid a quarterly dividend of $0.00125 per common share to shareholders of record on February 4, 2020. On distribution of the cash dividends, the Company granted 33,530.96 DSUs at a price of $0.095 to certain of its officers. These DSUs were valued at $3,185 and recorded as stock-based compensation.

On May 29, 2020, the Company paid a quarterly dividend of $0.00125 per common share to shareholders of record on May 8, 2020. On distribution of the cash dividends, the Company granted an additional 25,818.84 DSUs at a price of $0.125 to certain of its officers. These DSUs were valued at $3,228 and recorded as stock-based compensation during the six months ended June 30, 2020.

DSU issuances for the six months ended June 30, 2021

On February 25, 2021, the Company paid a quarterly dividend of $0.00125 per common share to shareholders of record on February 4, 2021. On distribution of the cash dividends, the Company granted 18,518.77 DSUs at a price of $0.18 to certain of its officers. These DSUs were valued at $3,333 and recorded as stock-based compensation.

On May 27, 2021, the Company paid a quarterly dividend of $0.00125 per common share to shareholders of record on May 7, 2021. On distribution of the cash dividends, the Company granted 18,143.38 DSUs at a price of $0.185 to certain of its officers. These DSUs were valued at $3,537 and recorded as stock-based compensation.

On May 31, 2021, the Company granted 774,000 DSUs to an officer, as payment of the management bonus related to the Company's portfolio performance, that was accrued for the year ended December 31, 2020. The DSUs vested immediately on grant and were valued at $154,800.

As at June 30, 2021, the Company had granted a total of 3,477,364.27 DSUs (December 31, 2020 – 2,666,702.12 units) under the DSU Plan.

9. Share-Based Payments Reserve

The Company maintains a stock option plan (the "Option Plan"), whereby certain key employees, officers, directors and consultants may be granted stock options for common shares of the Company. The maximum number of common shares that are issuable under the Option Plan is limited to 10% of the number of outstanding common shares. As at June 30, 2021, the Company had 3,609,210 common shares that are issuable under the Option Plan.

Under the Option 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. Options can be granted for a maximum term of five years and vesting periods are determined by the Board.

Option grants for the six months ended June 30, 2020

There were no options activities during the six months ended June 30, 2020.

Option grants for the six months ended June 30, 2021

On May 31, 2021, the Company granted 2,240,000 stock options to various officers and directors. The options are exercisable at $0.19 per share and vest immediately on grant. The options were valued using Black-Scholes, with the following assumptions: 2.70%, risk-free interest rate of 0.90%, estimated forfeiture rate of 20%, and an expected life of five years. The grant date fair value attributable to these vested options of $208,766 was recorded as stock-based compensation during the six months ended June 30, 2021.

(Expressed in Canadian Dollars)

9. Share-Based Payments Reserve (continued)

The following table summarizes information of stock options outstanding and exercisable as at June 30, 2021:

Date of expiry	Number of options outstanding	Weighted average exercise price	Number of options exercisable	Weighted average exercise price	Weighted average remaining contractual life
	#	$	#	$	Years
December 22, 2022	1,500,000	0.48	1,500,000	0.48	1.48
March 19, 2023	500,000	0.60	500,000	0.60	1.72
August 25, 2025	2,500,000	0.13	625,000	0.13	4.16
May 31, 2026	2,240,000	0.19	2,240,000	0.19	4.92
	6,740,000	**0.26**	**4,865,000**	**0.31**	**3.63**

10. Related Party Transactions and Balances

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly.

Key management personnel compensation

The remuneration of directors and other members of key management personnel during the six months ended June 30, 2021 and 2020 were as follows:

	2021	2020
	$	$
Salaries, bonus and other benefits	**333,220**	249,673
Professional fees	**54,240**	59,890
Stock-based compensation (Notes 8 and 9)	**275,892**	173,937
	663,352	483,500

During the six months ended June 30, 2021, officers and directors of the Company were paid compensation benefits of $333,220 (2020 – $249,673) for services rendered, including a provision for management bonus of $215,000 (2020 – $130,000), based on 5% of net investment income on a quarterly basis), which was charged to salaries, bonus and other benefits. As at June 30, 2021, accrued management bonus of $215,000 (December 31, 2020 – $150,000) was included in accounts payable and accrued liabilities.

During the six months ended June 30, 2021, the Chief Executive Officer (the "CEO") and the Chairman of the Company, were issued 34,829.04 and 1,833.11 DSUs (2020 – 56,382.31 and 2,967.49 DSUs), respectively, upon distribution of the cash dividends paid (see Note 8), as adjustments in accordance with the terms of the DSU Plan. These DSUs were valued at $6,690 (2020 – $6,413) and recorded as stock-based compensation.

During the six months ended June 30, 2021, the CEO of the Company also received 774,000 DSUs as payment of the management bonus related to the Company's portfolio performance, that was accrued for the year ended December 31, 2020.

During the six months ended June 30, 2021, Branson Corporate Services Ltd. ("Branson"), where the Chief Financial Officer ("CFO") of the Company is employed, was paid professional fees of $54,240 (2020 – $54,240), for CFO services provided to the Company, as well as other accounting and administrative services, which are included in professional fees. As at June 30, 2021, a balance of $9,040 was owed to Branson (December 31, 2020 – $nil and $nil).

During the six months ended June 30, 2020, a former officer and director of the Company, was paid $5,650 for consulting services provided to the Company, which are included in professional fees.

10. Related Party Transactions and Balances (continued)

Key management personnel compensation (continued)

During the six months ended June 30, 2021, officers and directors of the Company received stock-based compensation of $269,202 (2020 – $167,524) on vesting of options granted.

Investments on companies with common management personnel

As at June 30, 2021, the Company held investment positions in the following issuers with common officers and directors:

	Investments	Holdings	Fair Value
		#	**$**
California Nanotechnologies Inc. (1)	Common shares	1,112,000 shares	77,840
Deveron Corp. (1)	Common shares	500,000 shares	390,000
New Hope Medical Group of Companies Inc. (formerly Peak Health Ontario Inc.) (1)	Common shares	900,000 shares	720,000
Pharmadrug Inc. (2)	Warrants	375,000 units	19,515
Vitalhub Corp. (1)	Common shares	84,000 shares	264,600
			1,471,955

(1) Roger Dent is also a Director of California Nanotechnologies Inc., Deveron Corp. Peak Health Ontario Inc., and Vitalhub Corp.
(2) Keith Li is also the CFO of Pharmadrug Inc.

11. 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. The risk in cash 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 other receivables.

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 invests from time to time into securities, debentures and loan investments issued and denominated in foreign currencies, notably in United States dollars. The Company's primary exposure to foreign exchange risk is that investments in foreign securities may expose the Company to the risk of exchange rate fluctuations. Due to the low number of investments issued and denominated in foreign currencies, management believes that the foreign exchange risk with respect to investments is low.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from 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 convertible debentures and loan investments affected by changes in short-term interest rates will be minimal. The Company does not use any derivative instruments to reduce its exposure to interest rate risk.

(Expressed in Canadian Dollars)

11. Risk Management (continued)

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 with reputable Canadian financial institutions.

In December 2019, COVID-19 surfaced in Wuhan, China. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak then characterized it as a pandemic on March 11, 2020. The outbreak has spread throughout Europe and the Middle East and there have been cases of COVID-19 in Canada and the United States, and has continued to cause companies and various international jurisdictions to impose restrictions, such as quarantines, closures, cancellations and travel restrictions. The duration of the business disruptions internationally and related financial impact to the global economy remains highly uncertain at this time, as COVID-19 continues to evolve.

To date, the outbreak has not had a material adverse impact on the Company's operations. As Quinsam has operated on a "virtual basis" for a number of years, restrictions and the general closure of non-essential businesses in response to the COVID-19 outbreak has not significantly impacted the Company's day-to-day operations. However, the future impact of the outbreak remains potentially and highly uncertain for certain of Quinsam's investee companies, and may not be predicted. Until economies stabilize and that the vaccine rollout will be complete, there is no assurance that the outbreak will not have a material adverse impact on the future results of the Company. The extent of the impact, if any, will depend on future developments, including actions taken to contain COVID-19.

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at June 30, 2021:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	$	$	$	$
Accounts payable and accrued liabilities	294,072	294,072	-	-

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 unfavorable market conditions could result in dispositions of investments at less than favorable prices. A 1% change in closing trade price of the Company's investments portfolio would impact net income by $355,394 based upon balances as at June 30, 2021.

12. 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 sufficient 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.

12. Capital Management (continued)

There were no changes in its approach to capital management during the six months ended June 30, 2021 and the year ended December 31, 2020.

The Company is not subject to externally imposed capital requirements.

13. Operating Segment Information

Management is responsible for the Company's entire investments 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 based 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 six months ended June 30, 2021 and the year ended December 31, 2020.

14. Subsequent Event

On July 29, 2021, the Board also approved a quarterly dividend of $0.00125 per share. The dividend distribution will be paid on August 27, 2021, to shareholders of record on August 9, 2021.