QUINSAM CAPITAL CORPORATION

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(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 the Company.

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 September 30, 2022	As at December 31, 2021
	$	$
Assets		
Cash	**1,084,813**	58,385
Receivables (Note 4)	**2,164,090**	1,821,589
Investments (Note 5)	**19,209,454**	30,050,279
Total Assets	**22,458,357**	31,930,253
Liabilities		
Margin facility	**-**	86,284
Accounts payable and accrued liabilities (Note 6)	**110,712**	109,125
Income tax payable	**748,674**	982,015
Total Liabilities	**859,386**	1,177,424
Shareholders' Equity		
Share capital (Note 7)	**19,153,908**	19,554,528
Deferred share units reserve (Note 8)	**639,078**	625,700
Share-based payments reserve (Note 9)	**385,539**	353,169
Retained earnings	**1,420,446**	10,219,432
Total Shareholders' Equity	**21,598,971**	30,752,829
Total Liabilities and Shareholders' Equity	**22,458,357**	31,930,253

Nature of operations (Note 1)
Subsequent events (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 (Loss) Income and Comprehensive (Loss) Income
For the Three and Nine Months ended September 30, 2022 and 2021
(Expressed in Canadian Dollars)

	Three Months ended September 30,		Nine Months ended September 30,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Net Investment Revenue				
Net realized (loss) gains on disposals of investments (Note 5)	**(423,405)**	(371,076)	**(1,545,692)**	1,644,732
Net changes in unrealized loss on investments (Note 5)	**(2,202,825)**	(1,101,041)	**(8,154,213)**	(121,504)
	(2,626,230)	(1,472,117)	**(9,699,905)**	1,523,228
Other Income				
Dividend, interest, advisory services, and other income	**402,204**	409,311	**1,442,838**	1,572,979
Expenses				
Professional fees (Note 10)	**61,055**	63,863	**191,483**	231,014
Salaries, bonus and other employment benefits (Note 10)	**58,654**	(5,577)	**179,115**	314,687
Stock-based compensation (Notes 8,9 and 10)	**10,566**	19,719	**45,748**	295,611
Transfer agent and filing fees	**6,884**	6,258	**26,889**	25,262
General and administrative	**1,076**	4,523	**20,672**	22,701
Travel and promotional	**7,445**	2,962	**7,445**	2,962
Foreign exchange gain	**(26,187)**	(7,514)	**(21,295)**	(65,342)
	(119,493)	(84,234)	**(450,057)**	(826,895)
Net (Loss) Income Before Tax	**(2,343,519)**	(1,147,040)	**(8,707,124)**	2,269,312
Income tax recovery (expense)	**-**	425,490	**85,800**	(187,010)
Net (Loss) Income and Comprehensive (Loss) Income	**(2,343,519)**	(721,550)	**(8,621,324)**	2,082,302
Net (Loss) Income per Share				
Basic and diluted (Note 7)	**(0.02)**	(0.01)	**(0.09)**	0.02
Weighted Average Number of Shares Outstanding				
Basic (Note 7)	**98,425,095**	103,626,052	**99,497,842**	104,400,130
Diluted (Note 7)	**98,425,095**	103,626,052	**99,497,842**	105,038,394

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 Nine Months ended September 30, 2022 and 2021
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Deferred Share Units	Share-Based Payments	Retained Earnings	Total
	#	$	$	$	$	$
Balance, December 31, 2020	**104,992,106**	**20,522,155**	**455,486**	**1,892,360**	**11,304,190**	**34,174,191**
Issuance of dividends	-	-	-	-	(391,845)	(391,845)
Repurchase of common shares (Note 7)	(4,109,500)	(803,488)	-	-	50,714	(752,774)
Issuance of deferred share units (Note 8)	-	-	154,800	-	-	154,800
Stock-based compensation (Notes 8 and 9)	-	-	11,036	284,575	-	295,611
Forfeiture of stock options (Note 9)	-	-	-	(1,090,170)	1,090,170	-
Net income and comprehensive income	-	-	-	-	2,082,302	2,082,302
Balance, September 30, 2021	**100,882,606**	**19,718,667**	**621,322**	**1,086,765**	**14,135,531**	**35,562,285**
Balance, December 31, 2021	**100,043,106**	**19,554,528**	**625,700**	**353,169**	**10,219,432**	**30,752,829**
Issuance of dividends	-	-	-	-	(373,023)	(373,023)
Repurchase of common shares (Note 7)	(1,711,000)	(400,620)	-	-	195,361	(205,259)
Stock-based compensation (Notes 8 and 9)	-	-	13,378	32,370	-	45,748
Net loss and comprehensive loss	-	-	-	-	(8,621,324)	(8,621,324)
Balance, September 30, 2022	**98,332,106**	**19,153,908**	**639,078**	**385,539**	**1,420,446**	**21,598,971**

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 Nine Months ended September 30, 2022 and 2021
(Expressed in Canadian Dollars)

	Three Months ended September 30, 2022	Three Months ended September 30, 2021	Nine Months ended September 30, 2022	Nine Months ended September 30, 2021
	$	$	**$**	$
Operating Activities				
Net (loss) income for the period	**(2,343,519)**	(721,550)	**(8,621,324)**	2,082,302
Adjustments for non-cash items:				
Stock-based compensation (Notes 8 and 9)	**10,566**	19,719	**45,748**	295,611
Net realized loss (gains) on disposals of investments (Note 5)	**423,405**	371,076	**1,545,692**	(1,644,732)
Unrealized loss on investments (Note 5)	**2,202,825**	1,101,041	**8,154,213**	121,504
Interest reversed (accrued) on debenture investments	**94,104**	(181,214)	**(476,405)**	(470,998)
Interest and other income received in shares and debentures	**(199,648)**	(192,577)	**(483,069)**	(825,152)
Foreign exchange (gain) loss	**(107,841)**	(23,438)	**(513,043)**	418,420
Income tax (recovery) expense	**-**	(425,490)	**(85,800)**	187,010
	79,892	(52,433)	**(433,988)**	163,965
Changes in non-cash working capital:				
Receivables	**(168,448)**	-	**(46,052)**	-
Accounts payable and accrued liabilities (Note 6)	**38,961**	(75,659)	**1,587**	137,036
Income tax payable	**(53,798)**	297,534	**(147,541)**	213,794
	(183,285)	221,875	**(192,006)**	350,830
Net additions in investments				
Purchases of investments	**(148,796)**	(2,120,055)	**(375,796)**	(13,060,836)
Proceeds on disposition of investments	**173,947**	2,662,797	**2,692,784**	12,855,013
Repayment of funds from margin facility	**-**	-	**(86,284)**	-
	25,151	542,742	**2,230,704**	(205,823)
Cash Flows provided by (used in) Operating Activities	**(78,242)**	712,184	**1,604,710**	308,972
Financing Activities				
Issuance of dividends	**(122,915)**	(129,366)	**(373,023)**	(391,846)
Repurchase of common shares (Note 7)	**(98,390)**	(468,064)	**(205,259)**	(752,774)
Cash Flows (used in) Financing Activities	**(221,305)**	(597,430)	**(578,282)**	(1,144,620)
(Decrease) increase in cash	**(299,547)**	114,754	**1,026,428**	(835,648)
Cash, beginning of period	**1,384,360**	165,245	**58,385**	1,115,647
Cash, end of period	**1,084,813**	279,999	**1,084,813**	279,999

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, mining and exploration, e-sports, and cannabis markets. The Company's common shares are listed on the Canadian Securities Exchange 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, 2021, 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 November 29, 2022.

(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 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.

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.

2. Basis of Preparation (continued)

(d) Significant Accounting Judgments and Estimates (continued)

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 market-based valuation technique such as the Black-Scholes valuation model ("Black-Scholes") 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 judgments are 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 assumptions and judgments 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 ("FVTPL") 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 receivables, the Company applies the simplified approach as permitted by IFRS 9 – Financial Instruments ("IFRS 9"), whereby lifetime ECL are recognized based on aging characteristics and credit worthiness of customers and investee companies. Specific provisions may be used where there is information that a specific customer or investee company's ECL have increased.

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, 2021, unless otherwise noted below.

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

(a) New Accounting Pronouncements

The Company adopted the following amendments, effective January 1, 2022. These changes were made in accordance with the applicable transitional provisions. The Company had assessed that there was no material impact upon the adoption of the amendments on its unaudited condensed interim financial statements.

Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

In May 2020, the IASB issued amendments to update IAS 37. The amendments specify that in assessing whether a contract is onerous under IAS 37, the cost of fulfilling a contract includes both the incremental costs and an allocation of costs that relate directly to contract activities. The amendments also include examples of costs that do, and do not, relate directly to a contract.

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

In February 2021, the IASB issued *Definition of Accounting Estimates*, which amended IAS 8. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The amendments to IAS 8 are effective for annual periods beginning on or after January 1, 2023. The Company early-adopted these amendments as permitted.

4. Receivables

	September 30, 2022	December 31, 2021
	$	$
Interest receivable	**2,164,080**	1,671,579
Other receivables	**10**	150,010
Total receivables	**2,164,090**	1,821,589

Interest receivable

As at September 30, 2022, the Company had accrued interest income of $2,164,080 (December 31, 2021 – $1,671,579), from its convertible debentures and loan investments.

Allowance for ECL

The accumulated allowance for ECL as at September 30, 2022 and 2021 as determined under IFRS 9 was as follows:

	Interest accrued from Investee Companies	**Receivable from Investee Companies**	**Other Amounts Receivable**	**Total**
	$	**$**	**$**	**$**
ECL, December 31, 2020	**-**	**55,000**	**-**	**55,000**
Additional allowance (reversal)	-	-	-	-
ECL, September 30, 2021	**-**	**55,000**	**-**	**55,000**
ECL, December 31, 2021	**-**	**681,219**	**-**	**681,219**
Additional allowance (reversal)	-	-	-	-
ECL, September 30, 2022	**-**	**681,219**	**-**	**681,219**

(Expressed in Canadian Dollars)

5. Investments

The Company's investments portfolio consisted of the following securities as at September 30, 2022:

		Fair Value			
Investments	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
	$	**$**	**$**	**$**	**$**
Equities	17,090,462	4,642,856	-	5,325,403	9,968,259
Warrants	2,255,068	122,800	313,497	162,239	598,536
Convertible debentures	3,902,925	354,236	1,358,471	2,154,156	3,866,863
Loans	4,978,949	-	375,000	4,400,796	4,775,796
Total investments	**28,227,404**	**5,119,892**	**2,046,968**	**12,042,594**	**19,209,454**

The Company's investments portfolio consisted of the following securities as at December 31, 2021:

		Fair Value			
Investments	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
	$	**$**	**$**	**$**	**$**
Equities	18,315,544	10,413,175	-	6,638,339	17,051,514
Warrants	1,968,683	237,250	1,222,731	356,546	1,816,527
Convertible debentures	5,217,235	794,576	1,914,583	2,563,188	5,272,347
Loans	5,888,044	-	375,000	5,534,891	5,909,891
Total investments	**31,389,506**	**11,445,001**	**3,512,314**	**15,092,964**	**30,050,279**

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 unaudited condensed interim statements of (loss) income and comprehensive (loss) income.

	Opening balance	**Purchases / loans**	**Transfers to Level 1 and 2**	**Proceeds**	**Net realized loss**	**Net unrealized loss**	**Ending balance**
	$	**$**	**$**	**$**	**$**	**$**	**$**
September 30, 2022	15,092,964	375,796	(579,247)	(1,434,891)	(705,004)	(707,024)	12,042,594
December 31, 2021	20,022,282	7,265,481	(7,014,650)	(1,476,400)	(876,112)	(2,827,637)	15,092,964

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, 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 September 30, 2022:

	Total fair value	Method	Unobservable inputs	Range of inputs
	$			
Equities	5,325,403	Transaction price, indexing per industry benchmark	Recent purchase price.	N/A
Warrants	162,239	Black-Scholes	Market prices, volatility, risk-free interest rate.	100% – 125% volatility
Convertible debentures	2,154,156	Black-Scholes	Market prices, volatility, discount rate.	100% – 125% volatility, 20.5% discount rate
Loans	4,400,796	Discounted cash flows	Discount rate.	8% – 12%
	12,042,594			

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 September 30, 2022 and December 31, 2021. 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 change of approximately +/- $1,204,000 (December 31, 2021 +/- $1,509,296) 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

	September 30, 2022	December 31, 2021
	$	$
Trade payables	**19,189**	41,060
Accrued liabilities	**91,523**	68,065
Total accounts payable and accrued liabilities	**110,712**	109,125

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)

Common shares issued and outstanding as at September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
	$	$
Issued and outstanding: 98,332,106 common shares (December 31, 2021 – 100,307,230 common shares)	**19,153,905**	19,554,528

Share capital transactions for the nine months ended September 30, 2021

During the nine months ended September 30, 2021, a total of 4,109,500 common shares of the Company repurchased for $752,774 under a normal course issuer bid (the "Bid"), were cancelled and returned to treasury.

Share capital transactions for the nine months ended September 30, 2022

During the nine months ended June 30, 2022, a total of 1,711,000 common shares of the Company repurchased at a cost of $173,713 under a new Bid, were cancelled and returned to treasury.

Subsequent to period-end, a further 516,000 common shares repurchased at a cost of $48,533 were cancelled and returned to treasury (see Note 14).

Basic and diluted (loss) income per share

The calculations of basic and diluted loss for the nine months ended September 30, 2022 were based on the net loss from operations attributable to common shareholders of $8,621,324 (2021 – net income of $2,082,302) and the weighted average number of basic and diluted common shares outstanding of 99,497,842 and 99,497,842, respectively (2021 – 104,400,130 and 105,038,394 basic and diluted common shares, respectively).

8. Deferred Share Units Reserve

The Company operates 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.

DSU issuances for the nine months ended September 30, 2021

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, which was accrued for the year ended December 31, 2020. The DSUs vested immediately on grant and were valued at $154,800.

(Expressed in Canadian Dollars)

8. Deferred Share Units Reserve (continued)

DSU issuances for the nine months ended September 30, 2022

During the nine months ended September 30, 2022, the Company granted a total of 124,307.93 DSUs (60,810.51 DSUs) to certain of its officers, upon distribution of its quarterly dividends. These DSUs were valued at $13,378 (2021 – $11,036) and were recorded as stock-based compensation.

As at September 30, 2022, the Company had granted a total of 3,653,176.13 DSUs (December 31, 2021 – 3,528,868.20 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 September 30, 2022, the Company had 4,893,210 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.

The following summarizes the stock option activity for the nine months ended September 30, 2022 and 2021:

	September 30, 2022		September 30, 2021	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of period	**4,740,000**	**0.16**	7,500,000	0.40
Granted	**200,000**	**0.10**	2,240,000	0.19
Forfeited	**-**	**-**	(1,500,000)	0.48
Forfeited	**-**	**-**	(1,500,000)	0.60
Outstanding, end of period	**4,940,000**	**0.16**	6,740,000	0.26
Exercisable, end of period	**4,106,667**	**0.16**	5,073,333	0.31

Option grants for the nine months ended September 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 vested immediately on grant. The options were valued using Black-Scholes with the following assumptions: expected volatility of 100% based on the historical volatility of the Company, expected dividend yield of 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 three and nine months ended September 30, 2021.

Option grants for the nine months ended September 30, 2022

On May 31, 2022, the Company granted 200,000 stock options to a director. The options are exercisable at $0.10 per share and vested immediately on grant. The options were valued using Black-Scholes with the following assumptions: expected volatility of 87.3% based on the historical volatility of the Company, expected dividend yield of 4.76%, risk-free interest rate of 2.72%, estimated forfeiture rate of 20%, and an expected life of five years. The grant date fair value attributable to these vested options of $8,780 was recorded as stock-based compensation during the nine months ended September 30, 2022.

During the three and nine months ended September 30, 2022, the Company also recorded stock-based compensation of $6,056 and $23,590, respectively, in connection with the vesting of options which were granted prior to the last fiscal year.

(Expressed in Canadian Dollars)

9. Share-Based Payments Reserve (continued)

The following table summarizes information of stock options outstanding and exercisable as at September 30, 2022:

Date of expiry	Number of options outstanding	Weighted average exercise price – options outstanding	Number of options exercisable	Weighted average exercise price – options exercisable	Weighted average remaining contractual life
	#	$	#	$	Years
August 25, 2025	2,500,000	0.13	1,666,667	0.13	2.90
May 31, 2026	2,240,000	0.19	2,240,000	0.19	3.67
May 31, 2027	200,000	0.10	200,000	0.10	4.67
	4,940,000	**0.16**	**4,106,667**	**0.16**	**3.32**

10. Related Party Transactions and Balances

In accordance with IAS 24 – Related Party Disclosures, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee of the Board.

The remuneration of directors and other members of key management personnel during the three and nine months ended September 30, 2022 and 2021 were as follows:

	Three Months ended September 30,		**Nine Months ended September 30,**	
	2022	2021	**2022**	2021
	$	$	**$**	$
Salaries, bonus and other benefits	**58,654**	(23,333)	**179,115**	309,887
Professional fees	**27,120**	27,120	**81,360**	81,360
Stock-based compensation (Notes 8 and 9)	**10,566**	19,719	**45,748**	295,611
	96,340	23,506	**306,223**	686,858

During the three and nine months ended September 30, 2022, officers and directors of the Company were paid compensation benefits of $58,6543 and $179,115 for services rendered (2021 – recovery of $23,333 and compensation of $309,887 including a provision for management bonus of $155,000, based on 5% of net investment income), which was charged to salaries, bonus and other benefits. The provision for the 2021 management bonus had since been reversed. As at September 30, 2022, no management bonus was included in accounts payable and accrued liabilities (December 31, 2021 – $nil).

During the three and nine months ended September 30, 2022, Branson Corporate Services Ltd. ("Branson"), where the Chief Financial Officer ("CFO") of the Company is employed, charged professional fees of $27,120 and $81,360 (2021 – $27,120 and $81,360), for CFO services provided to the Company, as well as other accounting and administrative services, which are included in professional fees. As at September 30, 2022, $9,040 (December 31, 2021 – $nil) was owed to Branson and included in accounts payable and accrued liabilities). The amount outstanding is unsecured, non-interest bearing and due on demand.

During the three and nine months ended September 30, 2022, officers and directors of the Company received stock-based compensation of $6,056 and $32,370 (2021 – $15,373 and $284,575), respectively, on vesting of options granted, and also stock-based compensation of $4,510 and $13,378 (2021 – $4,347 and 11,036), respectively, in connection to the issuance of DSUs upon distribution of cash dividends paid by the Company, as adjustments in accordance with the terms of the DSU Plan.

(Expressed in Canadian Dollars)

10. Related Party Transactions and Balances (continued)

Other related party transactions

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, which was accrued for the year ended December 31, 2020. The DSUs vested immediately on grant and were valued at $154,800.

Investments in companies with common management personnel

As at September 30, 2022, 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	83,400
Deveron Corp. (1)	Common shares	500,000 shares	247,500
Pharmadrug Inc. (2)	Warrants	375,000 units	2,737
Vitalhub Corp. (1)	Common shares	84,000 shares	201,600
			535,237

(1) Roger Dent is also a Director of California Nanotechnologies Inc., Deveron Corp. and Vitalhub Corp.
(2) Keith Li is also the Chief Financial Officer of Pharmadrug Inc.

11. Risk Management

The Company's financial instruments consist primarily of cash, receivables, investments, margin facility and accounts payable and accrued liabilities. The Company is exposed to various risks as it relates to these financial instruments. Management, in conjunction with the Board, mitigates these risks by assessing, monitoring and approving the Company's risk management process. There have not been any changes in the nature of these risks or the process of managing these risks from the previous reporting periods.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, and receivables (including loans), which expose the Company to credit risk should the borrower default on maturity of the instruments. Cash is currently held with a reputable Canadian financial institution which is available on demand. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal. The Company's second exposure to credit risk is on receivables. At each reporting period, management assesses the credit risk of its receivables. Where collection risk may exist, the Company may record an allowance for ECL. During the three and nine months ended September 30, 2022, the Company did not record any allowance for ECL on the receivables (2021 – $nil and $nil).

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities.

As at September 30, 2022, the Company had a cash balance of $1,084,813 (December 31, 2021 – $58,385), and Level 1 investments in shares of $5,119,892 (December 31, 2021 – $10,413,175) which it can liquidate, to settle current liabilities of $859,386 (December 31, 2021 – $1,177,424).

11. Risk Management (continued)

Liquidity risk (continued)

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at September 30, 2022:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	$	$	$	$
Accounts payable	110,712	110,712	-	-

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows for a rolling period of 12 months to identify financial requirements. Where insufficient liquidity may exist, the Company may dispose of certain of its investments for cash or pursue various debt and equity instruments for short or long-term financing of its operations.

Management believes there is sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations and the Company's cash and Level 1 shares investments position as at September 30, 2022.

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.

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 loss by approximately $192,000 based upon balances as at September 30, 2022.

Concentration risk

Concentration risk is the potential for a loss in value of the Company's investments portfolio when an individual or group of exposures move together in an unfavorable direction. The Company is exposed to concentration risk as its investments portfolio is focused on a few small cap sectors, notably investee companies from the cannabis markets. The potential lack of diversification and a downturn in a particular industry could result in decreases in the fair value of the investments portfolio. As at September 30, 2022, cannabis-related investments accounted for approximately 58% of the Company's investments portion (December 31, 2021 – 61%).

The Company manages concentration risk by regularly reviewing threshold of industry holdings and rebalancing its portfolio when needed. The Company also incorporate diversification across investments from different industry.

11. Risk Management (continued)

COVID-19

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 globally, and there have been continued surges in cases of COVID-19 and related variants 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 such investee companies can demonstrate profitable and sustained level of operations, 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.

Other risks

The Company may from time to time be subject to risks which are beyond its control, such as the 2021–2022 Russo-Ukrainian crisis which have spurred a rally in precious metal prices including gold and silver, of which both are minerals that certain investee companies in the Company's investments portfolio are exploring for. The Company manages such risks by regularly rebalancing its portfolio when needed. The Company also assesses potential regulatory and geo-political risks of the business location of potential investee companies in its selection process.

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.

There were no changes in its approach to capital management since the end of the last fiscal year-end.

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 since the end of the last fiscal year-end.

14. Subsequent Events

On October 4, 2022, 516,000 common shares that the Company had repurchased for $48,533 (see Note 7 for details), were cancelled and returned to treasury.

On October 25, 2022, the Board approved a quarterly dividend of $0.00125 per share. The dividend distribution was paid on November 25, 2022, to shareholders of record on November 4, 2022.