QUINSAM CAPITAL CORPORATION

FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(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 June 30, 2023	As at December 31, 2022
	$	$
Assets		
Cash and cash equivalents (Note 4)	**1,070,170**	855,369
Receivables (Note 5)	**266,733**	114,824
Investments (Note 6)	**12,699,706**	13,884,307
Total Assets	**14,036,609**	14,854,500
Liabilities		
Accounts payable and accrued liabilities (Notes 7 and 11)	**67,835**	135,505
Income tax payable	**35,532**	144,296
Total Liabilities	**103,367**	279,801
Shareholders' Equity		
Share capital (Note 8)	**18,984,197**	19,119,106
Deferred share units reserve (Note 9)	**648,271**	643,645
Share-based payments reserve (Note 10)	**394,901**	390,024
Accumulated deficit	**(6,094,127)**	(5,578,076)
Total Shareholders' Equity	**13,933,242**	14,574,699
Total Liabilities and Shareholders' Equity	**14,036,609**	14,854,500

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

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 and Comprehensive Loss
For the Three and Six Months ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

	Three Months ended June 30,		Six Months ended June 30,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Net Investment Loss				
Net realized loss on disposals of investments (Note 6)	**(650,225)**	(844,144)	**(1,195,042)**	(1,122,287)
Net changes in unrealized gains (loss) on investments (Note 6)	**(236,013)**	(4,288,970)	**747,997**	(5,951,388)
	(886,238)	(5,133,114)	**(447,045)**	(7,073,675)
Other Income				
Dividend, interest, advisory services, and other income	**156,016**	637,486	**202,331**	1,040,634
Expenses				
Professional fees (Note 11)	**79,620**	73,308	**131,740**	130,428
Salaries and other benefits (Note 11)	**60,503**	59,933	**121,164**	120,461
General and administrative	**21,824**	7,053	**34,624**	19,596
Transfer agent and filing fees	**7,668**	8,511	**17,201**	20,005
Stock-based compensation (Notes 9,10 and 11)	**1,797**	20,987	**9,503**	35,182
Foreign exchange loss (gain)	**(932)**	19,177	**4,118**	4,892
Travel and promotional	**333**	-	**333**	-
	(170,813)	(188,969)	**(318,683)**	(330,564)
Net Loss Before Tax	**(901,035)**	(4,684,597)	**(563,397)**	(6,363,605)
Income tax recovery	**48,402**	57,500	**77,324**	85,800
Net Loss and Comprehensive Loss	**(852,633)**	(4,627,097)	**(486,073)**	(6,277,805)
Net Loss per Share				
Basic and diluted (Note 8)	**(0.009)**	(0.046)	**(0.005)**	(0.063)
Weighted Average Number of Shares Outstanding				
Basic and diluted (Note 8)	**97,791,315**	100,043,016	**97,803,642**	100,043,106

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, 2023 and 2022
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Deferred Share Units	Share-Based Payments	Retained Earnings/ (Accumulated Deficit)	Total
	#	$	$	$	$	$
Balance, December 31, 2021	**100,043,106**	**19,554,528**	**625,700**	**353,169**	**10,219,432**	**30,752,829**
Issuance of dividends	-	-	-	-	(250,108)	(250,108)
Repurchase of common shares (Note 8)	-	(207,055)	-	-	100,186	(106,869)
Stock-based compensation (Notes 9 and 10)	-	-	8,868	26,314	-	35,182
Net loss and comprehensive loss	-	-	-	-	(6,277,805)	(6,277,805)
Balance, June 30, 2022	**100,043,106**	**19,347,473**	**634,568**	**379,483**	**3,791,705**	**24,153,229**
Balance, December 31, 2022	**97,816,106**	**19,119,106**	**643,645**	**390,024**	**(5,578,076)**	**14,574,699**
Issuance of dividends	-	-	-	-	(122,270)	(122,270)
Repurchase of common shares (Note 8)	(141,000)	(134,909)	-	-	92,292	(42,617)
Stock-based compensation (Notes 9 and 10)	-	-	4,626	4,877	-	9,503
Net loss and comprehensive loss	-	-	-	-	(486,073)	(486,073)
Balance, June 30, 2023	**97,675,106**	**18,984,197**	**648,271**	**394,901**	**(6,094,127)**	**13,836,242**

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, 2023 and 2022
(Expressed in Canadian Dollars)

	Three Months ended June 30,		Six Months ended June 30,	
	2023	2022	**2023**	**2022**
	$	$	**$**	$
Net loss for the period	**(852,633)**	(4,627,097)	**(486,073)**	(6,277,805)
Adjustments for non-cash items:				
Stock-based compensation (Notes 9 and 10)	**1,797**	20,987	**9,503**	35,182
Net realized loss on disposals of investments (Note 6)	**650,225**	844,144	**1,195,042**	1,122,287
Unrealized (gains) loss on investments (Note 6)	**236,013**	4,288,970	**(747,997)**	5,951,388
Interest accrued on debenture investments	**(138,083)**	(430,132)	**(156,023)**	(570,509)
Other income received in securities	**(2,500)**	(166,374)	**(13,694)**	(283,421)
Foreign exchange (gain) loss	**(937)**	(390,859)	**4,114**	(405,202)
Income tax recovery	**(48,402)**	(57,500)	**(77,324)**	(85,800)
	(154,520)	(517,861)	**(272,452)**	(513,880)
Changes in non-cash working capital:				
Receivables	**-**	122,396	**-**	122,396
Accounts payable and accrued liabilities (Note 7)	**(104,123)**	(32,719)	**(67,671)**	(37,374)
Income tax payable	**-**	(84,438)	**(31,440)**	(93,743)
	(104,123)	5,239	**(99,111)**	(8,721)
Net additions in investments:				
Purchases of investments	**(38,715)**	(200,000)	**(58,715)**	(227,000)
Proceeds from disposition of investments	**453,258**	1,562,910	**809,966**	2,518,837
Repayment on margin facility	**-**	-	**-**	(86,284)
	414,543	1,362,910	**751,251**	2,205,553
Cash Flows provided by Operating Activities	**155,900**	850,288	**379,688**	1,682,953
Financing Activities				
Issuance of dividends	**-**	(125,054)	**(122,270)**	(250,108)
Repurchase of common shares (Note 8)	**(42,617)**	(106,869)	**(42,617)**	(106,869)
Cash Flows (used in) Financing Activities	**(42,617)**	(231,923)	**(164,887)**	(356,977)
Increase in cash and cash equivalents	**113,283**	618,365	**214,801**	1,325,975
Cash and cash equivalents, beginning of period	**956,887**	765,995	**855,369**	58,385
Cash and cash equivalents, end of period	**1,070,170**	1,384,360	**1,070,170**	1,384,360

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. 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 were reviewed, approved, and authorized for issuance by the Board of Directors (the "Board") of the Company on August 23, 2023.

(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 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.

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.

(Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

(e) Significant Accounting Judgments and Estimates (Continued)

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, 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 has 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 its audited financial statements for the year ended December 31, 2022, unless otherwise noted.

4. Cash and Cash Equivalents

As at June 30, 2023, the Company had total cash and cash equivalents of $1,070,170 (December 31, 2022 – $855,369), including a balance of $827,555 (December 31, 2022 – $nil) invested in certain high interest savings funds, which are available on demand.

5. Receivables

	June 30, 2023	December 31, 2022
	$	$
Interest receivable	**266,723**	114,814
Other receivables	**10**	10
Total receivables	**266,733**	114,824

(Expressed in Canadian Dollars)

5. Receivables (continued)

Interest receivable

As at June 30, 2023, the Company had accrued interest income of $266,723 (December 31, 2022 – $114,814), from its convertible debentures and loan investments.

Allowance for ECL

The accumulated allowance for ECL as at June 30, 2023 and 2022, as determined under IFRS 9, was as follows:

	Interest accrued from Investee Companies	Receivable from Investee Companies	Other Amounts Receivable	Total
	$	$	$	$
December 31, 2021	-	55,000	-	55,000
Additional allowance for ECL	-	-	-	-
June 30, 2022	**-**	**55,000**	**-**	**55,000**
December 31, 2022	1,973,433	55,000	-	2,028,433
Additional allowance for ECL	-	-	-	-
June 30, 2023	**1,973,433**	**55,000**	**-**	**2,028,433**

6. Investments

The Company's investments portfolio consisted of the following securities as at June 30, 2023:

		Fair Value			
Investments	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
	$	$	$	$	$
Equities	15,802,594	3,815,800	-	5,501,789	9,317,589
Warrants	1,642,172	24,705	148,590	128,387	301,682
Convertible debentures	2,982,392	115,369	480,167	471,103	1,066,639
Loans	4,930,796	-	255,000	1,758,796	2,013,796
Total investments	**25,357,954**	**3,955,874**	**883,757**	**7,860,075**	**12,699,706**

The Company's investments portfolio consisted of the following securities as at December 31, 2022:

		Fair Value			
Investments	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
	$	$	$	$	$
Equities	16,779,556	4,105,880	-	6,024,009	10,129,889
Warrants	2,200,316	79,470	188,095	185,703	453,268
Convertible debentures	3,301,730	252,617	448,248	436,489	1,137,354
Loans	5,008,949	-	405,000	1,758,796	2,163,796
Total investments	**27,290,551**	**4,437,967**	**1,041,343**	**8,404,997**	**13,884,307**

(Expressed in Canadian Dollars)

6. Investments (continued)

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 investments are measured at fair value utilizing non-observable market inputs. The net realized loss on disposal of investments and the net change in unrealized gains (loss) on investments are recognized in the statements of loss and comprehensive loss.

	Opening balance	Purchases / loans	Transfers to Level 1 and 2	Proceeds	Net realized loss	Net unrealized loss	Ending balance
	$	$	$	$	$	$	$
June 30, 2023	8,404,997	20,000	(400,000)	(67,500)	(68,472)	(28,950)	7,860,075
December 31, 2022	15,092,964	375,796	(639,594)	(1,436,853)	(1,009,957)	(3,977,359)	8,404,997

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.

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, 2023:

	Total fair value	Method	Unobservable inputs	Range of inputs
	$			
Equities	5,501,789	Transaction price, indexing per industry benchmark	Recent purchase price	N/A
Warrants	128,387	Black-Scholes	Market prices, volatility, risk-free interest rate	46% – 385% volatility
Convertible debentures	471,103	Black-Scholes	Market prices, volatility, discount rate	100% – 224% volatility, 22.5% discount rate
Loans	1,758,796	Discounted cash flows	Discount rate	10% – 18%
	7,860,075			

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, 2023 and December 31, 2022. 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 +/- $786,000 (December 31, 2022 +/- $840,500) 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 the 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.

(Expressed in Canadian Dollars)

7. Accounts Payable and Accrued Liabilities

	June 30, 2023	December 31, 2022
	$	$
Trade payables	**17,270**	14,302
Accrued liabilities	**50,565**	121,203
Total accounts payable and accrued liabilities	**67,835**	135,505

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

8. 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.

Common shares issued and outstanding as at June 30, 2023 are as follows:

	June 30, 2023	December 31, 2022
	$	$
Issued and outstanding: 97,675,106 common shares (December 31, 2022 – 97,816,106 common shares)	**18,984,197**	19,119,106

Share capital transactions for the six months ended June 30, 2022

During the six months ended June 30, 2022, a total of 1,059,000 common shares of the Company were repurchased for $106,869 under a normal course issuer bid (the "Bid").

Share capital transactions for the six months ended June 30, 2023

During the six months ended June 30, 2023, a total of 690,000 common shares were repurchased for $42,617 under a new Bid. On June 14, 2023, 141,000 of these repurchased shares were cancelled and returned to treasury.

Subsequent to period-end, a further 182,000 common shares were repurchased at a cost of $11,877, with a total of 731,000 repurchased shares being cancelled and returned to treasury (see Note 15).

Basic and diluted income per share

The calculations of basic and diluted income for the three and six months ended June 30, 2023 were based on the net loss from operations attributable to common shareholders of $852,633 and $486,073, respectively (2022 – net loss of $4,627,097 and $6,277,805, respectively), divided by the weighted average number of basic and diluted common shares outstanding of 97,791,315 and 97,803,642, respectively (2022 – 100,043,106 basic and diluted common shares, respectively).

For the three and six months ended June 30, 2023, the basic and diluted loss per share was $0.009 and $0.005, respectively (2022 – basic and diluted loss of $0.046 and $0.063, respectively).

(Expressed in Canadian Dollars)

9. 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.

As at June 30, 2023, the Company had granted a total of 3,767,338 DSUs (December 31, 2022 – 3,701,244 units) under the DSU Plan.

10. 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, 2023, the Company had 4,827,511 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.

There were no options activities during the six months ended June 30, 2023 and 2022.

During the three and six months ended June 30, 2023, the Company recorded stock-based compensation of $1,797 and $4,877, respectively (2022 – $16,530 and $26,314, respectively) in connection with the vesting of previously-granted options.

The following table summarizes information of stock options outstanding and exercisable as at June 30, 2023:

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	2,291,667	0.13	2.16
May 31, 2026	2,240,000	0.19	2,240,000	0.19	2.92
May 31, 2027	200,000	0.10	200,000	0.10	3.92
	4,940,000	**0.16**	**4,731,667**	**0.16**	**2.57**

(Expressed in Canadian Dollars)

11. 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 six months ended June 30, 2023 and 2022 were as follows:

	Three Months ended June 30,		Six Months ended June 30,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Salaries and other benefits	**60,503**	59,933	**121,164**	120,461
Professional fees	**27,120**	27,120	**54,240**	54,240
Stock-based compensation (Notes 9 and 10)	**1,797**	20,987	**9,503**	35,182
	89,420	108,040	**184,907**	209,883

During the three and six months ended June 30, 2023, directors of Quinsam were paid compensation benefits of $60,503 and $121,164, respectively, for services rendered (2022 – $59,933 and $120,461, respectively), which were charged to salaries and other benefits. As at June 30, 2023, no balance was owed to any director (December 31, 2022 – $nil).

During the three and six months ended June 30, 2023, Branson Corporate Services Ltd. ("Branson"), where the Chief Financial Officer ("CFO") of the Company is employed, charged professional fees of $27,120 and $54,240, respectively (2022 – $27,120 and $54,240, respectively), 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, 2023, $9,040 (December 31, 2022 – $9,040) 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 six months ended June 30, 2023, the Chief Executive Officer (the "CEO") and the Chairman of the Company, were issued 63,525 and 2,569 DSUs, respectively, upon distribution of cash dividends paid, in accordance with the terms of the DSU Plan (see Note 9). These DSUs were valued at $4,626 (2022 – $8,868) and recorded as stock-based compensation.

During the three and six months ended June 30, 2023, officers and directors of the Company also received stock-based compensation of $1,797 and $9,503, respectively (2022 – $16,530 and $26,314, respectively) on vesting of previously-granted options.

Investments in companies with common insiders

As at June 30, 2023, the Company held investment positions in the following issuers with common insiders:

	Investments	**Holdings**	**Fair Value**
		#	**$**
Atikokan Resources Inc. (1)	Common shares	1,000,000 shares	27,800
Atikokan Resources Inc. (1)	Warrants	500,000 units	104
California Nanotechnologies Inc. (2)	Common shares	1,112,000 shares	216,840
Deveron Corp. (2)	Common shares	500,000 shares	150,000
Nevada Organic Phosphate Inc. (3)	Common shares	4,000,000 shares	160,000
Vitalhub Corp. (2)	Common shares	84,000 shares	215,040
			769,784

(1) Anthony Roodenburg (Director) is also a Director of Atikokan Resources Inc.
(2) Roger Dent (CEO) is also a Director of California Nanotechnologies Inc., Deveron Corp. and Vitalhub Corp.
(3) Eric Szustak (Chairman) is also a Director of Nevada Organic Phosphate Inc.

12. Risk Management

The Company's financial instruments consist primarily of cash and cash equivalents, receivables, investments, 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 cash equivalents, and receivables (including loans), which expose the Company to credit risk should the borrower default on the maturity of the instruments.

Cash and cash equivalents are currently held with several reputable Canadian financial institutions, which are available on demand. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents 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 six months ended June 30, 2023, no allowance for ECL was recorded on interest accrued on convertible debentures and loan investments (2022 – $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 disposal of its investment holdings.

As at June 30, 2023, the Company had a cash and cash equivalents balance of $1,070,170 (December 31, 2022 – $855,369), and Level 1 investments in shares of $3,955,874 (December 31, 2022 – $4,105,880) which it can liquidate, to settle current liabilities of $103,367 (December 31, 2022 – $279,801).

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, 2023:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	$	$	$	$
Accounts payable	67,835	67,835	-	-

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecasts 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 cash equivalents and Level 1 shares investments position as at June 30, 2023.

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 small number of investments issued and denominated in foreign currencies, management believes that the foreign exchange risk with respect to investments is low.

12. Risk Management (continued)

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 the 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 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 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 disposal of investments at less than favorable prices. A 1% change in the closing trade price of the Company's investments portfolio would impact net loss by approximately $127,000 based upon balances as at June 30, 2023.

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 June 30, 2023, cannabis-related investments accounted for approximately 48% of the Company's investments portion (December 31, 2022 – 49%). The Company manages concentration risk by regularly reviewing threshold of industry holdings and rebalancing its portfolio when needed. The Company also incorporates diversification across investments from different industries.

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.

13. Capital Management

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

The Company's objectives when managing capital are:

(a) to maintain 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 have been no changes in its approach to capital management since the end of the last reporting period.

The Company is not subject to externally imposed capital requirements.

14. 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 segment since the end of the last fiscal year-end.

15. Subsequent Event

On July 7, 2023, 731,000 common shares that the Company had repurchased for $46,020 were cancelled and returned to treasury.