



QUINSAM CAPITAL CORPORATION

FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2024 AND 2023

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

| | As at March 31, 2024 | As at December 31, 2023 |
|---|----------------------------|-------------------------------|
| | \$ | \$ |
| Assets | | |
| Cash and cash equivalents | 1,140,495 | 1,179,172 |
| Receivables (Note 4) | 29,642 | 51,035 |
| Income tax recoverable | 31,440 | 31,440 |
| Investments (Note 5) | 11,685,508 | 11,137,675 |
| Total Assets | 12,887,085 | 12,399,322 |
| Liabilities | | |
| Accounts payable and accrued liabilities (Notes 6 and 10) | 158,557 | 158,350 |
| Total Liabilities | 158,557 | 158,350 |
| Shareholders' Equity | | |
| Share capital (Note 7) | 18,460,009 | 18,460,009 |
| Deferred share units reserve (Note 8) | 648,271 | 648,271 |
| Share-based payments reserve (Note 9) | 395,568 | 395,568 |
| Accumulated deficit | (6,775,320) | (7,262,876) |
| Total Shareholders' Equity | 12,728,528 | 12,240,972 |
| Total Liabilities and Shareholders' Equity | 12,887,085 | 12,399,322 |

Nature of operations (Note 1)

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 and Comprehensive Income

For the Three Months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

| | 2024 | 2023 |
|---|--------------------|------------|
| | \$ | \$ |
| Net Investment Income | | |
| Net realized loss on disposals of investments (Note 5) | (1,160,015) | (544,817) |
| Net unrealized gains on investments (Note 5) | 1,781,921 | 984,010 |
| | 621,906 | 439,193 |
| Other Income | | |
| Dividend, interest, advisory services, and other income | 24 | 46,315 |
| Expenses | | |
| Salaries and other employment benefits (Note 10) | 60,661 | 60,661 |
| Professional fees (Note 10) | 52,120 | 52,120 |
| General and administrative | 12,404 | 12,800 |
| Transfer agent and filing fees | 9,189 | 9,533 |
| Stock-based compensation (Notes 8,9 and 10) | - | 7,706 |
| Foreign exchange loss | - | 5,050 |
| | (134,374) | (147,870) |
| Net Income Before Tax | 487,556 | 337,638 |
| Income tax recovery | - | 28,922 |
| Net Income and Comprehensive Income | 487,556 | 366,560 |
| Net Income per Share | | |
| Basic and diluted (Note 7) | 0.005 | 0.004 |
| Weighted Average Number of Shares Outstanding | | |
| Basic and diluted (Note 7) | 94,445,106 | 97,816,106 |

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 Three Months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

| | Number of Shares # | Share Capital \$ | Deferred Share Units \$ | Share-Based Payments \$ | Accumulated Deficit \$ | Total \$ |
|--|--------------------------|---------------------|-------------------------------|-------------------------------|------------------------------|-------------------|
| Balance, December 31, 2022 | 97,816,106 | 19,119,106 | 643,645 | 390,024 | (5,578,076) | 14,579,699 |
| Issuance of dividends | - | - | - | - | (122,270) | (122,270) |
| Stock-based compensation (Notes 8 and 9) | - | - | 4,627 | 3,079 | - | 7,706 |
| Net income and comprehensive income | - | - | - | - | 366,560 | 366,560 |
| Balance, March 31, 2023 | 97,816,106 | 19,119,106 | 648,272 | 393,103 | (5,333,786) | 14,826,695 |
| Balance, December 31, 2023 | 94,445,106 | 18,460,009 | 648,271 | 395,568 | (7,262,876) | 12,240,972 |
| Net income and comprehensive income | - | - | - | - | 487,556 | 487,556 |
| Balance, March 31, 2024 | 94,445,106 | 18,460,009 | 648,271 | 395,568 | (6,775,320) | 12,728,528 |

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 Months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

| | 2024 | 2023 |
|--|------------------|------------------|
| | \$ | \$ |
| Operating Activities | | |
| Net income for the period | 487,556 | 366,560 |
| Adjustments for non-cash items: | | |
| Stock-based compensation (Notes 8 and 9) | - | 7,706 |
| Net realized loss on disposals of investments (Note 5) | 1,160,015 | 544,817 |
| Unrealized gains on investments (Note 5) | (1,781,921) | (984,010) |
| Interest accrued on debenture investments | - | (17,940) |
| Other income received in shares and debentures | - | (11,194) |
| Foreign exchange loss | 21,393 | 5,051 |
| Income tax recovery | - | (28,922) |
| | (112,957) | (117,932) |
| Changes in non-cash working capital: | | |
| Income tax payable | - | (31,440) |
| Accounts payable and accrued liabilities (Note 6) | 207 | 36,452 |
| | 207 | 5,012 |
| Net additions in investments | | |
| Purchases of investments | - | (233,062) |
| Proceeds on disposition of investments (Note 5) | 74,073 | 356,708 |
| | 74,073 | 123,646 |
| Cash Flows provided by (used in) Operating Activities | (38,677) | 10,726 |
| Financing Activities | | |
| Issuance of dividends | - | (122,270) |
| Cash Flows (used in) Financing Activities | - | (122,270) |
| Decrease in cash and cash equivalents | (38,677) | (111,544) |
| Cash and cash equivalents, beginning of period | 1,179,172 | 855,369 |
| Cash and cash equivalents, end of period | 1,140,495 | 743,825 |

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

Quinsam Capital Corporation

Notes to the Unaudited Condensed Interim Financial Statements
For the Three Months ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

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 were reviewed, approved, and authorized for issuance by the Board of Directors (the “Board”) of the Company on May 22, 2024.

(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) Material 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 its performance, resources, and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management’s strategic planning. The assumptions used in management’s going concern assessment are derived from actual operating results along with industry and market trends. Management believes there is sufficient capital to meet the Company’s business obligations for at least the next 12 months, after taking into account expected cash flows, capital commitments, future financings and the Company’s cash and cash equivalents position at period-end.

Quinsam Capital Corporation

Notes to the Unaudited Condensed Interim Financial Statements
For the Three Months ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

(d) Material 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 other instruments

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, 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. Material 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, 2023, unless otherwise noted below.

Quinsam Capital Corporation

Notes to the Unaudited Condensed Interim Financial Statements
For the Three Months ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

3. Material Accounting Policies (continued)

(a) New Accounting Standards

The Company adopted the following amendments, effective January 1, 2024. 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 financial statements:

Amendments to IFRS 7 – Financial Instruments: Disclosures (“IFRS 7”) and IAS 7 – Statements of Cash Flows (“IAS 7”)

In May 2023, the IASB issued disclosure-only amendments to IFRS 7 and IAS 7. The amendments require entities to disclose sufficient information necessary for users of financial statements to understand the effects of supplier finance arrangements on an entity’s liabilities and cash flows, as well as on its liquidity risk and risk management.

4. Receivables

| | March 31, 2024 | December 31, 2023 |
|--------------------------|-------------------|----------------------|
| Interest receivable | \$ 29,632 | \$ 51,025 |
| Other receivables | 10 | 10 |
| Total receivables | 29,642 | 51,035 |

Interest receivable

As at March 31, 2024, the Company had accrued interest income of \$29,632 (December 31, 2023 – \$51,025), from its convertible debentures and loan investments.

5. Investments

The Company’s investments portfolio consisted of the following securities as at March 31, 2024:

| Investments | Cost | Fair Value | | | Total fair value |
|--------------------------|-------------------|------------------|----------------|------------------|-------------------|
| | | Level 1 | Level 2 | Level 3 | |
| | \$ | \$ | \$ | \$ | \$ |
| Equities | 13,132,375 | 4,496,815 | - | 5,128,759 | 9,625,574 |
| Warrants | 775,777 | 7,000 | 231,979 | 147,929 | 386,908 |
| Convertible debentures | 1,894,118 | - | 173,026 | - | 173,026 |
| Loans | 2,013,796 | - | - | 1,500,000 | 1,500,000 |
| Total investments | 17,816,066 | 4,503,815 | 405,005 | 6,776,688 | 11,685,508 |

The Company’s investments portfolio consisted of the following securities as at December 31, 2023:

| Investments | Cost | Fair Value | | | Total fair value |
|--------------------------|-------------------|------------------|----------------|------------------|-------------------|
| | | Level 1 | Level 2 | Level 3 | |
| | \$ | \$ | \$ | \$ | \$ |
| Equities | 13,532,068 | 3,624,232 | - | 5,411,970 | 9,036,202 |
| Warrants | 1,110,173 | 14,750 | 188,508 | 163,238 | 366,496 |
| Convertible debentures | 2,394,118 | 46,250 | 188,727 | - | 234,977 |
| Loans | 2,013,796 | - | - | 1,500,000 | 1,500,000 |
| Total investments | 19,050,155 | 3,685,232 | 377,235 | 7,075,208 | 11,137,675 |

Quinsam Capital Corporation

Notes to the Unaudited Condensed Interim Financial Statements
For the Three Months ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

5. 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 financial instruments are measured at fair value utilizing non-observable market inputs. The net realized loss on disposals of investments and the net change in unrealized loss on investments are recognized in the statements of income and comprehensive income.

| | Opening balance | Purchases / loans | Transfers to Level 1 and 2 | Proceeds | Net realized loss | Net unrealized gains | Ending balance |
|-------------------|--------------------|----------------------|-------------------------------|----------|-------------------------|----------------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| March 31, 2024 | 7,075,208 | - | (371,219) | (15,000) | (342,611) | 430,310 | 6,776,688 |
| December 31, 2023 | 8,404,997 | 343,480 | (400,000) | (67,500) | (3,989,045) | 2,783,276 | 7,075,208 |

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 March 31, 2024:

| | Total fair value | Method | Unobservable inputs | Range of inputs |
|----------|---------------------|--|--|-----------------------|
| | \$ | | | |
| Equities | 5,128,759 | Transaction price, indexing per industry benchmark | Recent purchase price. | N/A |
| Warrants | 147,929 | Black-Scholes | Market prices, volatility, risk-free interest rate. | 37% – 375% volatility |
| Loans | 1,500,000 | Discounted cash flows | Discount rate. | 10% – 18% |
| | 6,776,688 | | | |

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 March 31, 2024 and December 31, 2023. For those investments valued based on trends in comparable publicly traded companies and general market conditions, the inputs can be highly judgmental.

As at March 31, 2024, a 10% change in the fair value of these investments would result in a corresponding change of approximately +/- \$677,700 (December 31, 2023 +/- \$707,500) 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.

Quinsam Capital Corporation

Notes to the Unaudited Condensed Interim Financial Statements
For the Three Months ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

6. Accounts Payable and Accrued Liabilities

| | March 31, 2024 | December 31, 2023 |
|---|-------------------|----------------------|
| Trade payables | 92,992 | 67,428 |
| Accrued liabilities | 65,565 | 90,922 |
| Total accounts payable and accrued liabilities | 158,557 | 158,350 |

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding incurred in the normal course of business. The Company's standard term for trade payable is 30 to 60 days.

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.

Common shares issued and outstanding as at March 31, 2024 and December 31, 2023 are as follows:

| | Number of common shares | Amount |
|--|----------------------------|-------------------|
| | # | \$ |
| Balance, December 31, 2022 | 97,816,106 | 19,119,106 |
| Shares repurchased and cancelled | (1,025,000) | (200,408) |
| Shares held in treasury to be cancelled | (2,346,000) | (458,689) |
| Balance, December 31, 2023 and March 31, 2024 | 94,445,106 | 18,460,009 |

During the year ended December 31, 2023, a total of 1,025,000 common shares of the Company repurchased at a cost of \$98,595 under a normal course issuer bid (the "Bid"), were cancelled and returned to treasury.

In 2023, the Company also repurchased an additional 2,346,000 common shares at a total cost of \$106,619 under the Bid. On January 10, 2024, these common shares were cancelled and returned to treasury.

Basic and diluted income per share

The calculations of basic and diluted income for the three months ended March 31, 2024 were based on the net income from operations attributable to common shareholders of \$487,556 (2023 – net income of \$366,560) and the weighted average number of basic and diluted common shares outstanding of 94,445,106 (2023 – 97,816,106 basic and diluted common shares, respectively).

For the three months ended March 31, 2024, the basic and diluted income per share was \$0.005 (2023 – \$0.004).

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.

Quinsam Capital Corporation

Notes to the Unaudited Condensed Interim Financial Statements
For the Three Months ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

8. Deferred Share Units Reserve (continued)

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.

During the three months ended March 31, 2023, the Company granted 66,094 DSUs to certain of its officers, upon distribution of its quarterly dividends. These DSUs were valued at \$4,627 and were recorded as stock-based compensation.

As at March 31, 2024, the Company had granted a total of 3,767,338 DSUs (December 31, 2023 – 3,767,338 DSUs) 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 March 31, 2024, the Company had 4,504,511 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 three months ended March 31, 2024 and 2023.

During the three months ended March 31, 2023, the Company recorded stock-based compensation of \$3,079 in connection with the vesting of previously-granted options.

The following table summarizes information of stock options outstanding and exercisable as at March 31, 2024:

| Date of expiry | Number of options outstanding | Number of options exercisable | Weighted average exercise price | Weighted average remaining contractual life |
|-----------------------|--------------------------------------|--------------------------------------|--|--|
| | # | # | \$ | Years |
| August 25, 2025 | 2,500,000 | 2,500,000 | 0.13 | 1.40 |
| May 31, 2026 | 2,240,000 | 2,240,000 | 0.19 | 2.17 |
| May 31, 2027 | 200,000 | 200,000 | 0.10 | 3.17 |
| | 4,940,000 | 4,940,000 | 0.16 | 1.82 |

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.

Quinsam Capital Corporation

Notes to the Unaudited Condensed Interim Financial Statements
For the Three Months ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

10. Related Party Transactions and Balances (continued)

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2024 and 2023 were as follows:

| | 2024 | 2023 |
|--|---------------|---------------|
| | \$ | \$ |
| Salaries, and other benefits | 60,661 | 60,661 |
| Professional fees | 27,120 | 27,120 |
| Stock-based compensation (Notes 8 and 9) | - | 7,706 |
| | 87,781 | 95,487 |

During the three months ended March 31, 2024, officers and directors of the Company were paid compensation benefits of \$60,661 for services rendered (2023 – \$60,661), which was charged to salaries, and other benefits. As at March 31, 2024, no payroll balance was owed to any officers and directors (December 31, 2023 – \$nil).

During the three months ended March 31, 2024, Branson Corporate Services Ltd. (“Branson”), where the Chief Financial Officer (“CFO”) of the Company is affiliated, charged professional fees of \$27,120 (2023 – \$27,120), for CFO services provided to the Company, as well as other accounting and administrative services, which are included in professional fees. As at March 31, 2024, \$9,040 (December 31, 2023 – \$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 three months ended March 31, 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 the cash dividends paid (see Note 8), as adjustments in accordance with the terms of the DSU Plan. These DSUs were valued at \$4,626 and were recorded as stock-based compensation.

During the three months ended March 31, 2023, officers and directors of the Company also received stock-based compensation of \$3,079 on vesting of options granted.

Investments in companies with common insiders

As at March 31, 2024, the Company held investment positions in the following issuers with common officers and directors:

| | Investments | Holdings | Fair Value |
|--|---------------|------------------|------------------|
| | | # | \$ |
| Atikokan Resources Inc. ⁽¹⁾ | Common shares | 1,000,000 shares | 27,800 |
| California Nanotechnologies Corp. ⁽²⁾ | Common shares | 1,712,000 shares | 856,000 |
| California Nanotechnologies Corp. ⁽²⁾ | Warrants | 300,000 units | 103,882 |
| Deveron Corp. ⁽²⁾ | Common shares | 500,000 shares | 62,500 |
| Nevada Organic Phosphate Inc. ^{(3),(4)} | Common shares | 4,200,000 shares | 189,000 |
| Nevada Organic Phosphate Inc. ^{(3),(4)} | Warrants | 4,200,000 units | 6,414 |
| Vitalhub Corp. ⁽²⁾ | Common shares | 84,000 shares | 505,680 |
| | | | 1,751,276 |

(1) Anthony Roodenburg (Director) is a Director of Atikokan Resources Inc.

(2) Roger Dent (CEO) is a Director of California Nanotechnologies Inc., Deveron Corp. and Vitalhub Corp.

(3) Eric Szustak (Chairman) is a Director of Nevada Organic Phosphate Inc.

(4) Keith Li (CFO) is an Officer of Nevada Organic Phosphate Inc.

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Notes to the Unaudited Condensed Interim Financial Statements
For the Three Months ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

11. 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 three months ended March 31, 2024 and 2023, no allowance for ECL was recorded on interest accrued on convertible debentures and loan investments.

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 March 31, 2024, the Company had a cash and cash equivalents balance of \$1,140,495 (December 31, 2023 – \$1,179,172), and Level 1 investments in shares of \$4,496,815 (December 31, 2023 – \$3,624,232) which it can liquidate, to settle current liabilities of \$158,557 (December 31, 2023 – \$158,350).

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at March 31, 2024:

| | Carrying amount | Year 1 | Year 2 to 3 | Year 4 to 5 |
|------------------|--------------------|---------|-------------|-------------|
| | \$ | \$ | \$ | \$ |
| Accounts payable | 158,557 | 158,557 | - | - |

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 March 31, 2024.

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.

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11. Risk Management (continued)

Foreign exchange risk (continued)

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.

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 \$116,800 based upon balances as at March 31, 2024.

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 March 31, 2024, cannabis-related investments accounted for approximately 37% of the Company's investments portion (December 31, 2023 – 39%). 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 and the 2023 Israel-Hamas conflict, 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 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.

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