QUINSAM CAPITAL CORPORATION

FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 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 Corporation

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

	As at June 30, 2024	As at December 31, 2023
	$	$
Assets		
Cash and cash equivalents	**1,148,855**	1,179,172
Receivables (Note 4)	**34,561**	51,035
Income tax recoverable	**-**	31,440
Investments (Note 5)	**11,177,282**	11,137,675
Total Assets	**12,360,698**	12,399,322
Liabilities		
Accounts payable and accrued liabilities (Notes 6 and 10)	**103,370**	158,350
Total Liabilities	**103,370**	158,350
Shareholders' Equity		
Share capital (Note 7)	**18,333,899**	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	**(7,120,410)**	(7,262,876)
Total Shareholders' Equity	**12,257,328**	12,240,972
Total Liabilities and Shareholders' Equity	**12,360,698**	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 (Loss) and Comprehensive Income (Loss)
For the Three and Six Months ended June 30, 2024 and 2023
(Expressed in Canadian Dollars)

	Three Months ended June 30,		Six Months ended June 30,	
	2024	2023	**2024**	2023
	$	$	**$**	$
Net Investment Income				
Net realized gains (loss) on disposals of investments (Note 5)	**385,210**	(650,225)	**(774,805)**	(1,195,042)
Net unrealized gains (loss) on investments (Note 5)	**(686,082)**	(236,013)	**1,095,839**	747,997
	(300,872)	(886,238)	**321,034**	(447,045)
Other Income				
Dividend, interest, advisory services, and other income	**28,471**	156,016	**28,495**	202,331
Expenses				
Salaries and other employment benefits (Note 10)	**60,661**	60,503	**121,322**	121,164
Professional fees (Note 10)	**62,134**	79,620	**114,254**	131,740
Transfer agent and filing fees	**6,309**	7,668	**15,498**	17,201
General and administrative	**2,638**	21,824	**15,042**	34,624
Stock-based compensation (Notes 8,9 and 10)	**-**	1,797	**-**	9,503
Foreign exchange (gain) loss	**-**	(932)	**-**	4,118
Travel and promotional	**-**	333	**-**	333
	(131,742)	(170,813)	**(266,116)**	(318,683)
Net Income (Loss) Before Tax	**(404,143)**	(901,035)	**83,413**	(563,397)
Income tax (expense) recovery	**(31,440)**	48,402	**(31,440)**	77,324
Net Income (Loss) and Comprehensive Income (Loss)	**(435,583)**	(852,633)	**51,973**	(486,073)
Net Income (Loss) per Share				
Basic and diluted (Note 7)	**(0.005)**	(0.009)	**0.001**	(0.005)
Weighted Average Number of Shares Outstanding				
Basic and diluted (Note 7)	**94,405,183**	97,791,315	**94,425,144**	97,803,642

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, 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)
Repurchase of common shares (Note 7)	(141,000)	(134,909)	-	-	92,292	(42,617)
Stock-based compensation (Notes 8 and 9)	-	-	4,626	4,877	-	9,503
Net loss and comprehensive loss	-	-	-	-	(486,073)	(483,073)
Balance, June 30, 2023	**97,675,106**	**18,984,197**	**648,271**	**394,901**	**(6,094,127)**	**13,933,242**
Balance, December 31, 2023	**94,445,106**	**18,460,009**	**648,271**	**395,568**	**(7,262,876)**	**12,240,972**
Repurchase of common shares						
– held in treasury to be cancelled (Note 7)	(645,000)	(126,110)	-	-	90,493	(35,617)
Net income and comprehensive income	-	-	-	-	51,973	51,973
Balance, June 30, 2024	**93,800,106**	**18,333,899**	**648,271**	**395,568**	**(7,120,410)**	**12,257,328**

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, 2024 and 2023
(Expressed in Canadian Dollars)

	Three Months ended June 30,		Six Months ended June 30,	
	2024	2023	**2024**	2023
	$	$	**$**	$
Operating Activities				
Net income (loss) for the period	**(435,583)**	(852,633)	**51,973**	(486,073)
Adjustments for non-cash items:				
Stock-based compensation (Notes 8 and 9)	**-**	1,797	**-**	9,503
Net realized (gains) loss on disposals of investments (Note 5)	**(385,210)**	650,225	**774,805**	1,195,042
Unrealized (gains) loss on investments (Note 5)	**686,082**	236,013	**(1,095,839)**	(747,997)
Interest accrued on debenture investments	**(4,919)**	(138,083)	**16,474**	(156,023)
Other income received in shares and debentures	**-**	(2,500)	**-**	(13,694)
Foreign exchange (gain) loss	**-**	(937)	**-**	4,114
Income tax expense (recovery)	**31,440**	(48,402)	**31,440**	(77,324)
	(108,190)	(154,520)	**(221,147)**	(272,452)
Changes in non-cash working capital:				
Accounts payable and accrued liabilities (Note 6)	**(55,186)**	(104,123)	**(54,979)**	(67,671)
Income tax payable	**-**	-	**-**	(31,440)
	(55,186)	(104,123)	**(54,979)**	(99,111)
Net additions in investments				
Purchases of investments	**(305,000)**	(38,715)	**(305,000)**	(58,715)
Proceeds on disposition of investments (Note 5)	**512,353**	453,258	**586,426**	809,966
	207,353	414,543	**281,426**	751,251
Cash Flows provided by Operating Activities	**43,977**	155,900	**5,300**	379,688
Financing Activities				
Issuance of dividends	**-**	-	**-**	(122,270)
Repurchase of common shares (Note 6)	**(35,617)**	(42,617)	**(35,617)**	(42,617)
Cash Flows (used in) Financing Activities	**(35,617)**	(42,617)	**(35,617)**	(164,887)
Increase (decrease) in cash and cash equivalents	**8,360**	113,283	**(30,317)**	214,801
Cash and cash equivalents, beginning of period	**1,140,495**	956,887	**1,179,172**	855,369
Cash and cash equivalents, end of period	**1,148,855**	1,070,170	**1,148,855**	1,070,170

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 120 Adelaide Street West, Suite 2500, Toronto, Ontario, M5H 1T1, 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 August 27, 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 the period-end.

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.

(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

	June 30, 2024	December 31, 2023
	$	$
Interest receivable	**34,551**	51,025
Other receivables	**10**	10
Total receivables	**34,561**	51,035

Interest receivable

As at June 30, 2024, the Company had accrued interest income of $34,551 (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 June 30, 2024:

		Fair Value			
Investments	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
	$	**$**	**$**	**$**	**$**
Equities	13,385,409	3,734,614	-	5,439,173	9,173,787
Warrants	700,600	7,000	161,644	140,649	309,293
Convertible debentures	1,894,118	-	194,202	-	194,202
Loans	2,013,796	-	-	1,500,000	1,500,000
Total investments	**17,993,923**	**3,741,614**	**355,846**	**7,079,822**	**11,177,282**

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

		Fair Value			
Investments	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
	$	**$**	**$**	**$**	**$**
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**

(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 gains (loss) on disposals of investments and the net change in unrealized gains (loss) on investments are recognized in the statements of income (loss) and comprehensive income (loss).

	Opening balance	Purchases / loans	Transfers to Level 1 and 2	Proceeds	Net realized loss	Net unrealized gains	Ending balance
	$	$	$	$	$	$	$
June 30, 2024	7,075,208	280,000	(371,219)	(15,000)	(342,612)	453,445	7,079,822
December 31, 2023	8,404,997	343,480	(400,000)	(67,500)	(3,989,045)	2,783,276	7,075,208

Within Level 3 of the fair value hierarchy, 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 Level 3 of the 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, 2024:

	Total fair value	Method	Unobservable inputs	Range of inputs
	$			
Equities	5,439,173	Transaction price, indexing per industry benchmark	Recent purchase price.	N/A
Warrants	140,649	Black-Scholes	Market prices, volatility, risk-free interest rate.	39% – 418% volatility
Loans	1,500,000	Discounted cash flows	Discount rate.	10% – 18%
	7,079,822			

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 Jun 30, 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 June 30, 2024, a 10% change in the fair value of these investments would result in a corresponding change of approximately +/- $708,000 (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.

(Expressed in Canadian Dollars)

6. Accounts Payable and Accrued Liabilities

	June 30, 2024	December 31, 2023
	$	$
Trade payables	**53,370**	67,428
Accrued liabilities	**50,000**	90,922
Total accounts payable and accrued liabilities	**103,370**	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 June 30, 2024 are as follows:

	Number of common shares	Amount
	#	$
Balance, December 31, 2023	**94,445,106**	**18,460,009**
Repurchased shares held in treasury to be cancelled	(645,000)	(126,110)
Balance, June 30, 2024	**93,800,106**	**18,333,899**

During the six months ended June 30, 2024, a total of 645,000 common shares were repurchased for $35,617 under a normal course issuer bid. As at June 30, 2024, these shares remained held in treasury to be cancelled.

Basic and diluted income (loss) per share

The calculations of basic and diluted income (loss) for the three and six months ended June 30, 2024 were based on the net loss from operations attributable to common shareholders of $435,583 and net income of $51,973, respectively, (2023 – net loss of $852,633 and $486,073, respectively) and the weighted average number of basic and diluted common shares outstanding of 94,405,183 and 94,425,144, respectively, (2023 – 97,791,315 and 97,803,642 basic and diluted common shares, respectively).

For the three and six months ended June 30, 2024, the basic and diluted income (loss) per share was $(0.005) and $0.001, respectively (2023 – basic and diluted net loss of $0.009 and $0.005, 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.

(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 six months ended June 30, 2023, the Company granted 66,094 DSUs to certain of its officers, upon distribution of its quarterly dividends. These DSUs were valued at $4,626 and were recorded as stock-based compensation.

As at June 30, 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 June 30, 2024, the Company had 4,440,011 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, 2024 and 2023.

During the three and six months ended June 30, 2023, the Company recorded stock-based compensation of $1,797 and $4,877, 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, 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	1.15
May 31, 2026	2,240,000	2,240,000	0.19	1.92
May 31, 2027	200,000	200,000	0.10	2.92
	4,940,000	**4,940,000**	**0.16**	**1.57**

(Expressed in Canadian Dollars)

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 six months ended June 30, 2024 and 2023 were as follows:

	Three Months ended June 30,		Six Months ended June 30,	
	2024	2023	**2024**	2023
	$	$	**$**	$
Salaries and other benefits	**60,661**	60,503	**121,322**	121,164
Professional fees	**27,120**	27,120	**54,240**	54,240
Stock-based compensation (Notes 9 and 10)	**-**	1,797	**-**	9,503
	87,781	89,420	**175,562**	184,907

During the three and six months ended June 30, 2024, officers and directors of the Company were paid compensation benefits of $60,661 and $121,322, respectively, for services rendered (2023 – $60,503 and $121,164, respectively), which were charged to salaries, and other benefits. As at June 30, 2024, no payroll balance was owed to any officers and directors (December 31, 2023 – $nil).

During the three and six months ended June 30, 2024, Branson Corporate Services Ltd. ("Branson"), where the Chief Financial Officer ("CFO") of the Company was formerly a director, charged professional fees of $27,120 and $54,240, respectively, (2023 – $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, 2024, no balance was owed to Branson (December 31, 2023 – $9,040 included in accounts payable and accrued liabilities).

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 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 and six months ended June 30, 2023, officers and directors of the Company also received stock-based compensation of $1,797 and $4,877, respectively, on vesting of previously-granted options.

Investments in companies with common insiders

As at June 30, 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	**796,080**
California Nanotechnologies Corp. (2)	Warrants	300,000 units	**92,202**
Deveron Corp. (2)	Common shares	500,000 shares	**35,000**
Nevada Organic Phosphate Inc. (3), (4)	Common shares	4,700,000 shares	**282,000**
Nevada Organic Phosphate Inc. (3), (4)	Warrants	700,000 units	**28,424**
			1,261,506

(1) Anthony Roodenburg (Director) is a Director of Atikokan Resources Inc.
(2) Roger Dent (CEO) is a Director of California Nanotechnologies Inc. and Deveron 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.

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 six months ended June 30, 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 June 30, 2024, the Company had a cash and cash equivalents balance of $1,148,855 (December 31, 2023 – $1,179,172), and Level 1 investments in shares of $3,734,614 (December 31, 2023 – $3,624,232) which it can liquidate, to settle current liabilities of $103,370 (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 June 30, 2024:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	$	$	$	$
Accounts payable	103,370	103,370	-	-

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, 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.

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 $111,800 based upon balances as at June 30, 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 June 30, 2024, cannabis-related investments accounted for approximately 39% 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 ongoing Russo-Ukrainian crisis and 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.

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.