



2023

Financial Statements

for the years ended December 31, 2023 and 2022

(Expressed in CAD dollars)



Independent Auditor's Report

To the Shareholders of Belgravia Hartford Capital Inc.

Opinion

We have audited the financial statements of Belgravia Hartford Capital Inc. (the "Company"), which comprise the statement of financial position as at December 31, 2023, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates the Company incurred a net loss during the year ended December 31, 2023 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Fair value measurement of Other Investments based on unobservable inputs ("private investments")

Key Audit Matter Description

The Company describes its critical accounting estimates, assumptions and judgment in relation to the fair value measurement of investments in note 2 of the financial statements. As disclosed in note 11 of the financial statements, the Company has financial assets of \$1,185,279 recorded at fair value. Of these, \$439,573 relates to private investments where fair value is based on unobservable inputs and are classified as Level 3 financial instruments within the fair value hierarchy. Management uses various valuation methodologies with unobservable market inputs in its determination of the fair value of private investments. The valuation methodologies used in estimating the fair value of these private investments vary based on the specific characteristics of the private investments.

The valuation of these investments is inherently subjective due to the absence of quoted market values and inherent lack of liquidity. As a result, the procedures related to the valuation methodologies and unobservable market inputs required a high degree of auditor judgment and increased audit effort, including the use of fair value specialists.

The use of different valuation techniques and assumptions could produce significantly different estimates of fair value. Given the subjectivity involved, we considered this area to be a key audit matter.

Audit Response

Our approach to addressing the matter included, but was not restricted to, the following procedures:

- Evaluated the appropriateness of the methodology used in the valuation of the private investments and the mathematical accuracy of the valuation models.
- Reviewed relevant internal and external information, including industry information, to assess the reasonability of unobservable market inputs.
- Evaluated management's fair value estimates by comparing to subsequent transactions, taking into account changes in market or investment specific conditions, where applicable.

Other Matter

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion of those financial statements on May 1, 2023.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pierrette Dosanjh.

MNP LLP

Toronto, Ontario
April 29, 2024

Chartered Professional Accountants
Licensed Public Accountants

BELGRAVIA HARTFORD CAPITAL INC.
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31
(Expressed in CAD Dollars)

	2023	2022
ASSETS		
Cash	\$ 74,579	\$ 22,233
Investments (note 3)	1,110,700	2,952,646
Receivables	4,050	-
Prepaid expenses	50,331	174,265
Equipment (note 4)	1,304	2,372
	<u>\$ 1,240,964</u>	<u>\$ 3,151,516</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities (notes 5,8)	\$ 864,184	\$ 556,148
Total liabilities	<u>864,184</u>	<u>556,148</u>
Shareholders' equity		
Share capital (note 6)	107,892,817	107,892,817
Reserves (notes 6 and 7)	14,292,602	14,292,602
Accumulated other comprehensive income	18,681,269	18,681,269
Accumulated deficit	(140,489,908)	(138,271,320)
Total shareholders' equity	<u>376,780</u>	<u>2,595,368</u>
	<u>\$ 1,240,964</u>	<u>\$ 3,151,516</u>

Nature of operations and going concern (note 1)
Contingencies (note 13)

On behalf of the Board:

“Mehdi Azodi”

Director

“Pierre Pettigrew”

Director.

The accompanying notes are an integral part of these financial statements.

BELGRAVIA HARTFORD CAPITAL INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in CAD Dollars)

	2023	2022
Net investment losses (note 3)	(698,383)	(6,351,282)
Management services revenue	60,000	60,000
	<u>(638,383)</u>	<u>(6,291,282)</u>
EXPENSES		
Administration (note 8)	105,266	308,058
Business and market development	22,290	94,121
Consulting fees	69,678	100,338
Depreciation (note 4)	1,067	1,940
Foreign exchange loss	(11,008)	81,958
Investor relations	20,972	36,345
Professional fees	757,801	1,475,424
Regulatory fees and taxes	14,989	30,271
Rent	107,761	118,245
Share-based compensation (note 7,8)	-	82,201
Travel	20,919	56,798
Wages and benefits (note 8)	470,470	1,191,298
Total expenses	<u>(1,580,205)</u>	<u>(3,576,997)</u>
Loss and comprehensive loss for the year	<u>\$ (2,218,588)</u>	<u>\$ (9,868,279)</u>
Basic and diluted loss per common share	<u>\$ (0.05)</u>	<u>\$ (0.21)</u>
Weighted average number of common shares outstanding, basic and diluted	<u>46,233,333</u>	<u>46,537,674</u>

The accompanying notes are an integral part of these financial statements.

BELGRAVIA HARTFORD CAPITAL INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in CAD Dollars)

	2023	2022
OPERATING ACTIVITIES		
Loss for the year	\$ (2,218,588)	\$ (9,868,279)
Items not affecting cash:		
Depreciation	1,067	1,940
Share-based compensation	-	82,201
Net investment losses	698,383	6,351,282
Adjustments for:		
Investments made	(265,411)	(4,240,350)
Distributions from investments	1,353,644	7,487,159
Advances received from related parties	55,330	-
Changes in non-cash working capital items:		
Increase in receivables	(4,050)	-
Decrease (increase) in prepaid expenses	123,934	(124,131)
Increase in accounts payable and accrued liabilities	308,037	276,634
Net cash provided by (used in) operating activities	<u>52,346</u>	<u>(33,544)</u>
FINANCING ACTIVITIES		
Shares buy-back	-	(128,793)
Net cash used in financing activities	<u>-</u>	<u>(128,793)</u>
Change in cash for the year	52,346	(162,337)
Cash beginning of year	22,233	184,570
Cash, end of year	\$ 74,579	\$ 22,233

The accompanying notes are an integral part of these financial statements.

BELGRAVIA HARTFORD CAPITAL INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in CAD Dollars)

	Share Capital		Reserves	Accumulated Other Comprehensive Income	Accumulated Deficit	Equity
	Number of Shares	Amount				
		\$	\$	\$	\$	\$
Balance as at December 31, 2021	47,224,724	108,021,610	14,210,401	18,681,269	(128,403,041)	12,510,239
Shares buy-back for cancellation	(991,391)	(128,793)	-	-	-	(128,793)
Share-based compensation	-	-	82,201	-	-	82,201
Loss and comprehensive loss	-	-	-	-	(9,868,279)	(9,868,279)
Balance as at December 31, 2022	46,233,333	107,892,817	14,292,602	18,681,269	(138,271,320)	2,595,368
Loss and comprehensive loss	-	-	-	-	(2,218,588)	(2,218,588)
Balance as at December 31, 2023	46,233,333	107,892,817	14,292,602	18,681,269	(140,489,908)	376,780

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Belgravia Hartford Capital Inc. (“Belgravia” or the “Company”) is a publicly traded investment holding company listed on the Canadian Securities Exchange. Belgravia is focused on growing its assets and holdings and increasing its net asset value (“NAV”). Belgravia invests in a portfolio of private and public companies located in jurisdictions governed by the rule of law. It takes a multi-sector investment approach with emphasis in the resources and commodities sector. The Company was continued into British Columbia on December 20, 2019, under the Business Corporation Act (British Columbia). The Company’s registered office is located at #3-3185 Via Centrale, Kelowna, BC V1V 2A7.

The Company’s continuation as a going concern is dependent on cash flow from its investments, royalties, or operations and its ability to raise equity capital or borrowings sufficient to meet current and future obligations. There can be no assurance that the Company will be able to readily exit certain investment positions or obtain additional equity capital or borrowings. If the Company is unable to obtain adequate additional equity capital or borrowings, the Company may need to further curtail its activities until additional funds can be raised. The Company has a history of losses with limited operating revenue, an accumulated deficit at December 31, 2023 of \$140,489,908, and working capital of \$376,780 (2022 - \$2,540,196). Management believes the Company has sufficient resources to fund its business activities for at least the next 12 months. The Company’s financial success is dependent on its ability to identify, evaluate, negotiate, and exit investments in assets or businesses. These financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Pursuant to a 2017 sale of its formerly owned Ochoa asset in the state of New Mexico, the Company is seeking up to USD\$12.2 million in royalty payments. The royalty includes an initial 75% of potential water revenue sales and a mining royalty based on 1% of polyhalite production sales for any shortfall in payment of the total USD\$12.2 million. No amount has been accrued and the Company is in litigation to recover and monetize the royalty amount.

There are external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, outcome of Ochoa matter, political conflict in other regions, lower market activity and higher interest rates. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

2. MATERIAL ACCOUNTING POLICY INFORMATION

a) Statement of compliance:

These financial statements (“Financial Statements”) have been prepared in accordance with IAS 1 “Presentation of Financial Reporting” (“IAS 1”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The Financial Statements were authorized by the board of directors of the Company on April 29, 2024.

b) Basis of presentation:

The Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

c) Foreign currency translation

The Financial Statements are presented in CAD dollars. The functional currency of the Company is the CAD dollar.

Transactions in foreign currencies are translated into the entities' functional currency at the exchange rates at the date of the transactions. Monetary assets and liabilities of the Company's operations denominated in a currency other than the functional currency are translated using the exchange rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates in effect at the date of the underlying transaction, except for depreciation related to non-monetary assets, which is translated at historical exchange rates. Exchange differences are recognized in profit or loss in the year in which they occur.

d) Unconsolidated Controlled Subsidiaries

The financial statements have been prepared in accordance with IFRS 10, Consolidated Financial Statements ("IFRS 10"), as issued by the IASB and include the accounts of the Company and its subsidiaries.

In accordance with IFRS 10, interest in subsidiaries other than those that provide investment-related services are accounted for at fair value through profit and loss ("FVTPL") rather than consolidating them. As discussed under critical accounting estimates and judgments, management exercised judgment when determining whether subsidiaries are investment entities.

The following entities, which are significant in nature, are controlled by Belgravia either directly or indirectly and are used as acquisition entities of the Company.

- Belgravia Hartford Estate Corp.
- Belgravia Hartford Gold Assets Corp.

e) Cash:

Cash is comprised of cash deposited at Canadian banks and secure, short-term, highly liquid demand deposits.

2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

f) Financial Instruments

Classification and Measurement

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Investments are measured at FVTPL with subsequent changes recognized in profit or loss. Cash and investments are classified and measured at fair value.

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified as amortized cost and carried on the statements of financial position at amortized cost.

g) Related party transactions:

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise material influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

h) Income recognition:

Management services revenue is recognized when services are rendered, and the amount can be reasonably estimated and collected. Any amount received for future services is recorded as deferred revenue and recognized as revenue when the related services are performed.

Realized gains or losses on dispositions of investments and change in unrealized gains/losses in the value of investments are included in net investment losses in the statement of loss and comprehensive loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

i) Significant accounting estimates and judgments:

The preparation of these Financial Statements requires management to make judgments, estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most material effect on the amounts recognized in the financial statements are as follows:

Determination as an investment entity:

The preparation of the Financial Statements requires management to make material judgments and assumptions in determining how the Company meets the definition of an investment entity. Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at FVTPL in accordance with IFRS 9 rather than to consolidate them. An investment entity is an entity that meets all of the following criteria:

a) An entity that obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;

The Company's main source of financing since inception had been via funds received from investors.

- Through ownership of the Company's common shares, these investors are provided with investment management services through their right to investment returns via the performance of the Company's investments.

b) An entity that commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- The Company has communicated to investors via corporate documents that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.

c) An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

- Management evaluates its performance based on fair value of the investments.

Based on the analysis above, management has concluded that the Company meets the definition of an investment entity as all of the criteria are met. This will be reassessed on a continuous basis, in case any of the criteria or characteristics change.

Critical estimates are as follows and for investments, include both direct investments made by the company as well as indirect investments (made via the company's subsidiaries):

Fair value of publicly traded investments

The Company uses the previous day's sale value of publicly traded shares in determining fair value.

2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Going Concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements requires judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

Fair value of private company investments

Where the fair values of investments in private companies recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques including net asset value, reference to the most recent equity financing completed by the private company and recent transactions. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair value and this value may not be indicative of recoverable value.

Valuation of share-based payments and derivative financial assets

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments and derivative financial assets (e.g. investments in warrants). Option pricing models require the input of subjective assumptions including expected price volatility, interest rates and forfeiture rates. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Weight is attached to tax planning opportunities that are within the Company's control and are feasible and implementable without material obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting year, the Company reassesses unrecognized income tax assets.

j) Share capital:

Common shares are classified as share capital. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity.

2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

k) Share-based compensation:

The Company's stock option plan allows eligible Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

Equity-settled share-based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

l) Loss per share:

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

m) Income taxes:

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

n) New or Future Accounting Policies:

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards as they are not material or applicable to the Financial Statements.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments

Amendments to IAS 1 and IFRS Practice Statement 2, issued in February 2021, help entities provide accounting policy disclosures that are more useful to primary users of financial statements by replacing the requirement to disclose “significant” accounting policies with a requirement to disclose “material” accounting policies and providing guidance to explain and demonstrate the application of the four-step materiality process to accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023 and are required to be applied prospectively. This does not have a material impact on the Company’s financial statements.

Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the IASB issued amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, to introduce a definition of “Accounting Estimates”. The amendments clarify the distinction between changes in accounting estimates and accounting policies as well as the correction of errors. Additionally, the IASB clarifies how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective January 1, 2023, with early adoption permitted. This does not have a material impact on the Company’s financial statements.

BELGRAVIA HARTFORD CAPITAL INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022
(Expressed in CAD Dollars)

3. INVESTMENTS

In accordance with IFRS 10, the fair value of the Company's investments includes the fair value of the net assets of its subsidiaries that are controlled by the Company. Accordingly, Belgravia's direct investments comprise these subsidiaries, which invest directly in various investee companies and other investee companies where Belgravia made an investment directly.

The table below outlines investments held directly by Belgravia Hartford Capital Inc:

Investments at December 31, 2023	Number of Shares	Cost	Fair Value
Public Companies:			
Blackrock Silver Corp.	1,500	\$ 663	\$ 480
Cross River Ventures Corp	3,170,000	\$ 218,278	\$ 31,700
Hercules Silver Corp	330,000	\$ 16,131	\$ 455,400
Private Companies:			
Grit Capital Corp.	250,000	\$ 25,000	\$ 12,500
Investments in Promissory Note	n/a	\$ 690,000	\$ 427,073
Investments in Warrants	n/a	\$ 95,000	\$ 183,547
Total		\$ 1,045,072	\$ 1,110,700

Investments at December 31, 2022	Number of Shares	Cost	Fair Value
Public Companies:			
Blackrock Silver Corp.	2,701,045	\$ 899,793	\$ 1,269,491
Cross River Ventures Corp	6,033,000	\$ 505,360	\$ 180,990
Hercules Silver Corp	990,000	\$ 48,392	\$ 158,400
Nexus Gold Corp.	1,960,333	\$ 36,063	\$ 19,603
Tisdale Clean Energy	60,012	\$ 27,750	\$ 25,205
Private Companies:			
Autumn Resources Inc.	5,008,100	\$ 88,912	\$ 15,176
Grit Capital Corp.	250,000	\$ 25,000	\$ 25,000
EP Atlantic Rim LLC (*)	n/a	\$ 55,330	\$ 55,330
Soutien NYC Inc. (*)	n/a	\$ 12,449	\$ 12,449
Pennsylvania Hawthorne LP	n/a	\$ 710,000	\$ 9,000
Investments in Promissory Note	n/a	\$ 605,000	\$ 630,788
Investments in Warrants	n/a	\$ 101,000	\$ 551,214
Total		\$ 3,115,049	\$ 2,952,646

(*) The above investments were held through our acquisition entity, Belgravia Hartford Estates Corp.

BELGRAVIA HARTFORD CAPITAL INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022
(Expressed in CAD Dollars)

3. INVESTMENTS (cont'd...)

The fair values of the common shares of the publicly traded companies have been directly referenced to published price quotations in an active market. The investments in unlisted warrants of companies that are publicly traded are valued using the Black-Scholes option pricing model, with the following weighted average assumptions:

	Year ended December 31, 2023	Year ended December 31, 2022
Risk-free interest rate	3.91%	4.07%
Expected life of warrants	1.31 years	1.52 years
Annualized volatility	153.25%	184.47%
Dividend rate	0.00%	0.00%
Weighted average fair value of warrants	\$0.02	\$0.02

4. EQUIPMENT

Equipment consists of the following:

	Computer equipment
Cost	
As at December 31, 2021	\$ 7,070
Additions	2,017
As at December 31, 2022 and 2023	9,087
Depreciation	
As at December 31, 2021	\$ 4,775
Additions	1,940
As at December 31, 2022	6,715
Additions	1,067
As at December 31, 2023	\$ 7,782
Net book value:	
As at December 31, 2022	\$ 2,372
As at December 31, 2023	\$ 1,304

BELGRAVIA HARTFORD CAPITAL INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022
(Expressed in CAD Dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2023	December 31, 2022
Trade payables	\$ 716,000	\$ 446,254
Accrued liabilities	146,794	107,984
Other	1,390	1,910
Total	\$ 864,184	\$ 556,148

6. SHARE CAPITAL AND RESERVES

Common shares

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

Refer to the Statements of Changes in Shareholders' Equity for a summary of changes in share capital and reserves for the year ended December 31, 2023; Reserves relate to stock options and warrants that have been issued by the Company (note 7).

As of February 3, 2022, the Company had 47,080,285 common shares issued and outstanding. Under the terms of the NCIB, the Company may acquire up to 2,354,014 of its common shares, representing 5% of its issued and outstanding common shares. During the year ended December 31, 2022, 991,391 shares were purchased by the Company under the NCIB. The NCIB was terminated on February 3, 2023. Any common shares purchased pursuant to the NCIB were cancelled by the Company.

During the year ended December 31, 2023 and 2022, the Company issued nil common shares.

7. STOCK OPTIONS AND WARRANTS

Stock options

The Company has an incentive stock option plan (the “Plan”) whereby the Company may grant stock options to eligible employees, officers, directors and consultants at an exercise price to be determined by the board of directors, provided the exercise price is not lower than the market value at time of issue less any discount allowed by the stock exchange upon which the common shares are listed. The Plan provides for the issuance of up to 10% of the Company’s issued common shares as at the date of grant with each stock option having a maximum term of ten years. The board of directors has the exclusive power over the granting of options and their vesting and cancellation provisions.

As at December 31, 2023, the Company has nil stock options outstanding.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding December 31, 2021	3,740,000	\$ 0.50
Cancelled on January 28, 2022	(2,614,000)	0.50
Expired on October 1, 2022	(200,000)	0.50
Granted on February 1, 2022	500,000	0.165
Granted on September 13, 2022	500,000	0.08
Outstanding December 31, 2022	1,926,000	\$ 0.30
Cancelled on January 10, 2023	(1,926,000)	0.30
Outstanding December 31, 2023	-	\$ -
Number of options exercisable at December 31, 2023	-	\$ -

During the year ended December 31, 2023, the Company granted nil (2022 – 1,000,000) stock options.

The fair value of the options granted during the year ended, 2023, as determined by the Black-Scholes option pricing model, was \$nil (2022 - \$82,201) or \$nil per option (2022 - \$0.082).

Share-based compensation recognized during the year was \$nil (2022 - \$82,201).

BELGRAVIA HARTFORD CAPITAL INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022
(Expressed in CAD Dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES

The Company defines Key Management Personnel to include the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and the Chief Operating Officer (“COO”). During the year, \$55,330 was advanced to the Company from a director.

The accounts payable and accrued liabilities of the Company include the following amounts due to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Key management personnel	\$ 22,941	\$ 234
	<u>\$ 22,941</u>	<u>\$ 234</u>

Key management personnel compensation (consisting of senior officers and directors of the Company):

	<u>Year ended</u>	
	<u>31-Dec-23</u>	<u>31-Dec-22</u>
Short-term benefits *	\$ 266,500	\$ 803,404
Directors' fees **	-	202,500
Total remuneration	<u>\$ 266,500</u>	<u>\$ 1,005,904</u>

* Amounts are included within wages and benefits on the statement of loss and comprehensive loss.

** Amounts are included within administration on the statement of loss and comprehensive loss.

9. SEGMENTED INFORMATION

The Company has one operating segment focused on investment holdings as well as providing management services (note 1). All of the Company's equipment are located in Canada. All revenue is earned in Canada.

10. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to invest to earn a risk-appropriate return for shareholders. The Company does not have any externally imposed capital requirements to which it is subject. The capital of the Company consists of items in shareholders' equity. The Company had no bank indebtedness at December 31, 2023. The Board of Directors do not establish quantitative return on capital criteria for management, but rather rely on the expertise of the Company's management to sustain future development of the business.

The Company manages the capital structure and makes adjustments to it in light of changes in available funds, economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, borrow money, or dispose of assets to adjust the amount of cash.

The Company's investment policy is to invest its cash in demand investment instruments in high credit quality financial institutions to provide liquidity over the expected time of expenditures from continuing operations. The Company also invests some of its excess cash in common shares and other securities of private and public companies.

There were no material changes in the Company's approach to capital management during the year ended December 31, 2023.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company uses a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include cash, receivables, investments, and accounts payable and accrued liabilities.

The carrying values of receivables and accounts payable and accrued liabilities approximate fair value because of the short-term nature of these instruments.

BELGRAVIA HARTFORD CAPITAL INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022
(Expressed in CAD Dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

As at December 31, 2023, the Company's classification of financial instruments measured at fair value within the fair value hierarchy are summarized below:

	Level 1	Level 2	Level 3	Total
Cash	\$ 74,579	\$ -	\$ -	\$ 74,579
Investments	\$ 487,580	\$ 183,547	\$ 439,573	\$ 1,110,700

As at December 31, 2022, the Company's classification of financial instruments measured at fair value within the fair value hierarchy are summarized below:

	Level 1	Level 2	Level 3	Total
Cash	\$ 22,233	\$ -	\$ -	\$ 22,233
Investments	\$ 1,653,689	\$ 551,214	\$ 747,743	\$ 2,952,646

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no material concentration of credit risk arising from operations. Cash is held at reputable financial institutions, from which management believes the risk of loss to be remote. The Company has no material credit risks from its receivables.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due. The company takes steps to ensure that it has sufficient working capital and available sources of financing to meet future cash requirements and ongoing operations.

The Company intends to obtain equity capital or borrowings to ensure the Company has sufficient access to cash to meet current and foreseeable financial requirements. The company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support its financial obligations and the Company's capital programs.

Interest rate risk

The Company has cash balances subject to fluctuations in the prime rate. The Company's current policy is to invest some of excess cash in investment-grade highly liquid demand deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes that interest rate risk is remote as cash deposits are payable on demand and the Company currently does not carry interest bearing debt at floating rates. Fluctuations in interest rates may impact the value of the Company's investments in publicly traded common shares.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Foreign currency risk

The Company's functional currency is the Canadian dollar; however, there are few transactions and investments in U.S. dollars and the Company keeps some of its cash in U.S. currency. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility in these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. A 10% change in the foreign exchange rate would have had an approximate \$40,000 impact on foreign exchange gain or loss.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will 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 unfavourable market conditions could result in dispositions of investments at less than favourable prices. The Company's investments are primarily concentrated in the natural resources, junior healthcare, and technology industries, which results in exposure to higher volatility than broader market investments and indexes. The Company's investments are accounted for at fair value and are sensitive to changes in market bid prices, such that changes in market prices result in a proportionate change in the carrying value of the Company's investments. The Company holds investments (directly and indirectly) in private and public traded equity securities. Market prices for equity securities are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may materially differ from the reported market value. Some investments may not be very liquid, and dispositions may take time or may be sold at less than market prices. A 10% change in the fair values of the Company's investments at December 31, 2023 would have an \$111,000 impact on results from operations.

Concentration risk

Three investments comprise 45%, 38%, and 10% of the total investments balance at December 31, 2023 (December 31, 2022 - 43% and 21%).

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2023	2022
Loss for the year	\$ (2,218,588)	\$ (9,868,279)
Expected income tax (recovery)	\$ (599,019)	\$ (2,664,000)
Change in statutory, foreign tax, foreign exchange rates and other	-	1,084,000
Permanent difference	(78,343)	150,000
Other	-	(147,000)
Tax rate differential	(5,139)	
Change in unrecognized deductible temporary differences	682,501	1,577,000
Total income tax expense (recovery)	\$ -	\$ -

BELGRAVIA HARTFORD CAPITAL INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022
(Expressed in CAD Dollars)

12. INCOME TAXES (cont'd...)

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2023	2022
Unrealized foreign exchange on intercompany loan	\$ (275,803)	\$ -
Investments	(17,720)	(62,000)
Non-capital losses available for future period	293,523	62,000
Net deferred tax liability	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	2023	Expiry Date Range	2022	Expiry Date Range
Temporary differences				
Share issue costs	\$ -	No expiry date	\$ -	No expiry date
Allowable capital losses	\$ 37,832,376	No expiry date	\$ 37,832,000	No expiry date
PPE & Intangible assets	\$ 585,416	No expiry date	\$ 287,000	No expiry date
Other	\$ 20,000	2026 to 2027	\$ 40,000	2026 to 2027
Non-capital losses				
Canada	\$ 35,179,792	2026 to 2043	\$ 45,403,000	2025 to 2042
USA	\$ 1,421,264	2028 onwards	\$ 1,421,000	2027 onwards

Tax attributes are subject to review, and potential adjustment, by tax authorities.

13. CONTINGENCIES

The Company is involved in certain claims and legal actions in the ordinary course of business as well as described in note 1 of the Financial Statements. In the opinion of management, the ultimate disposition of these matters is not determinable. No amounts have been accrued in the financial statements as of December 31, 2023.

14. RECLASSIFICATION OF COMPARITIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentation. The reclassification had no impact on the company's financial statements.