



# 2024

## Interim Financial Statements

for the six months ended June 30, 2024 and 2023

(Unaudited - Expressed in CAD dollars)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**BELGRAVIA HARTFORD CAPITAL INC.**  
**INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in CAD Dollars)

|  | <b>June 30, 2024</b> | <b>December 31, 2023</b> |
|--|----------------------|--------------------------|
| <b>ASSETS</b>  |                      |                          |
| <b>Cash</b>  | \$ 242,009           | \$ 74,579                |
| <b>Investments</b> (note 3)                          | 395,628              | 1,110,700                |
| <b>Receivables</b>                                   | 198                  | 4,050                    |
| <b>Prepaid expenses</b>                              | 72,636               | 50,331                   |
| <b>Equipment</b> (note 4)                            | 1,011                | 1,304                    |
|  | <u>711,482</u>       | <u>1,240,964</u>         |
|  | \$ 711,482           | \$ 1,240,964             |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>          |                      |                          |
| Accounts payable and accrued liabilities (notes 5,8) | \$ 917,193           | \$ 864,184               |
| <b>Total liabilities</b>                             | <u>917,193</u>       | <u>864,184</u>           |
| <b>Shareholders' equity</b>                          |                      |                          |
| Share capital (note 6)                               | 108,149,767          | 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                                  | (141,329,349)        | (140,489,908)            |
| <b>Total shareholders' equity</b>                    | <u>(205,711)</u>     | <u>376,780</u>           |
|  | \$ 711,482           | \$ 1,240,964             |

**Nature of operations and going concern** (note 1)

**Contingencies** (note 12)

**On behalf of the Board:**

*“Mehdi Azodi”*

Director

*“Pierre Pettigrew”*

Director.

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

**BELGRAVIA HARTFORD CAPITAL INC.**  
**INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in CAD Dollars)

|  | Three Month<br>Period Ended<br>Jun 30, 2024 | Three Month<br>Period Ended<br>Jun 30, 2023 | Six Month<br>Period Ended<br>Jun 30, 2024 | Six Month<br>Period Ended<br>Jun 30, 2023 |
|--|---|---|---|---|
| <b>NET REALIZED AND UNREALIZED LOSS</b>  |   |   |   |   |
| Net investment loss (note 3)   | \$ (82,841)                                 | \$ (297,694)                                | \$ (440,613)                              | \$ (586,096)                              |
| Management services revenue  | -   | 5,000                                       | 5,000                                     | 30,000                                    |
|  | (82,841)                                    | (292,694)                                   | (435,613)                                 | (556,096)                                 |
| <b>EXPENSES</b>  |   |   |   |   |
| Administration (note 8)  | 21,370                                      | 26,190                                      | 49,943                                    | 59,119                                    |
| Business and market development  | 2,261                                       | 1,484                                       | 2,769                                     | 18,765                                    |
| Consulting fees  | -   | 5,940                                       | -   | 5,940                                     |
| Depreciation (note 4)  | 147   | 267   | 294                                       | 533                                       |
| Foreign exchange loss  | 16,726                                      | (6,377)                                     | 16,911                                    | (11,811)                                  |
| Investor relations   | -   | 11,889                                      | 1,362                                     | 17,489                                    |
| Professional fees  | 147,900                                     | 120,011                                     | 244,819                                   | 466,036                                   |
| Regulatory fees and taxes  | 11,392                                      | 3,619                                       | 21,589                                    | 7,807                                     |
| Rent   | -   | 31,680                                      | 500                                       | 63,860                                    |
| Travel   | -   | 3,959                                       | -   | 20,453                                    |
| Wages and benefits (note 8)  | 39,932                                      | 146,899                                     | 65,641                                    | 315,182                                   |
| <b>Total expenses</b>  | (239,728)                                   | (345,561)                                   | (403,828)                                 | (963,373)                                 |
| <b>Loss and comprehensive loss for the period</b>                                  | \$ (322,569)                                | \$ (638,255)                                | \$ (839,441)                              | \$ (1,519,469)                            |
| <b>Basic and diluted loss per common share</b>                                     | \$ (0.01)                                   | \$ (0.01)                                   | \$ (0.02)                                 | \$ (0.03)                                 |
| <b>Weighted average number of common shares<br/>outstanding, basic and diluted</b> | 46,502,250                                  | 46,233,333                                  | 46,367,791                                | 46,233,333                                |

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

**BELGRAVIA HARTFORD CAPITAL INC.**  
**INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in CAD Dollars)

|  | Six Month<br>Period Ended<br>June 30, 2024 | Six Month<br>Period Ended<br>June 30, 2023 |
|--|--|--|
| <b>OPERATING ACTIVITIES</b>                          |  |  |
| Loss for the period                                  | \$ (839,441)                               | \$ (1,519,469)                             |
| Items not affecting cash:                            |  |  |
| Depreciation   | 293  | 533  |
| Net investment losses                                | 440,613                                    | 586,167                                    |
| Adjustments for:                                     |  |  |
| Investments made                                     | (5,000)                                    | (256,788)                                  |
| Distributions from investments                       | 279,460                                    | 1,135,641                                  |
| Changes in non-cash working capital items:           |  |  |
| Decrease in receivables                              | 3,852                                      | -  |
| Increase in prepaid expenses                         | (22,305)                                   | 83,434                                     |
| Increase in accounts payable and accrued liabilities | 53,008                                     | 63,587                                     |
| Net cash used in operating activities                | <u>(89,520)</u>                            | <u>93,105</u>                              |
| Cash flow from financing activities                  |  |  |
| Proceeds from issuance of shares                     | <u>256,950</u>                             | <u>-</u>                                   |
| <b>Change in cash for the period</b>                 | 167,430                                    | 93,105                                     |
| <b>Cash beginning of year</b>                        | <u>74,579</u>                              | <u>22,233</u>                              |
| <b>Cash, end of period</b>                           | <u>\$ 242,009</u>                          | <u>\$ 115,338</u>                          |

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

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

|                                 | Share Capital       |             | Reserves   | Accumulated<br>Other<br>Comprehensive<br>Income | Accumulated<br>Deficit | Equity      |
|---------------------------------|---------------------|-------------|------------|---|------------------------|-------------|
|                                 | Number of<br>Shares | Amount      |            |   |                        |             |
|                                 |                     | \$          | \$         | \$  | \$                     | \$          |
| 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     | -                   | -           | -          | -   | (1,519,469)            | (1,519,469) |
| Balance as at June 30, 2023     | 46,233,333          | 107,892,817 | 14,292,602 | 18,681,269                                      | (139,790,789)          | 1,075,899   |
| Balance as at December 31, 2023 | 46,233,333          | 107,892,817 | 14,292,602 | 18,681,269                                      | (140,489,908)          | 376,780     |
| Issuance of shares              | 12,235,714          | 256,950     | -          | -   | -                      | 256,950     |
| Loss and comprehensive loss     | -                   | -           | -          | -   | (839,441)              | (839,441)   |
| Balance as at June 30, 2024     | 58,469,047          | 108,149,767 | 14,292,602 | 18,681,269                                      | (141,329,349)          | (205,711)   |

The accompanying notes are an integral part of these interim 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 June 30, 2024 of \$141,329,349 and working capital of \$(205,711); After removing the \$336,000 in legal fees dispute, the net working capital is \$130,289 (2023 - \$912,361). 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 interim financial statements (“Financial Statements”) have been prepared in accordance with IAS “Interim Financial Reporting” (“IAS 34”) 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 August 27, 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.

f) **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.

g) **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.



**BELGRAVIA HARTFORD CAPITAL INC.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**JUNE 30, 2024**  
(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 June 30, 2024          | Number of Shares | Cost       | Fair Value |
|---------------------------------------|------------------|------------|------------|
| <b>Public Companies:</b>              |                  |            |            |
| Blackrock Silver Corp.                | 1,500 \$         | 663 \$     | 398        |
| Nexus Gold Corp.                      | 3,600,000 \$     | 180,000 \$ | 54,000     |
| <b>Private Companies:</b>             |                  |            |            |
| Grit Capital Corp.                    | 250,000 \$       | 25,000 \$  | 12,500     |
| <b>Investments in Promissory Note</b> | n/a \$           | 515,000 \$ | 252,073    |
| <b>Investments in Warrants</b>        | n/a \$           | 95,000 \$  | 76,657     |
| <b>Total</b>                          | \$               | 815,663 \$ | 395,628    |

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:

|   | Quarter ended<br>June 30, 2024 | Year ended<br>December 31, 2023 |
|---|--------------------------------|---------------------------------|
| Risk-free interest rate                 | 4.02%                          | 3.91%                           |
| Expected life of warrants               | 0.98 year                      | 1.31 years                      |
| Annualized volatility                   | 143.95%                        | 153.25%                         |
| Dividend rate                           | 0.00%                          | 0.00%                           |
| Weighted average fair value of warrants | \$0.01                         | \$0.02                          |

**BELGRAVIA HARTFORD CAPITAL INC.**  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
JUNE 30, 2024  
(Expressed in CAD Dollars)

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**4. EQUIPMENT**

Equipment consists of the following:

|   | Computer<br>equipment |
|---|-----------------------|
| <b>Cost</b>                             |                       |
| As at December 31, 2021                 | \$ 7,070              |
| Additions                               | 2,017                 |
| <b>As at December 31, 2022 and 2023</b> | <b>9,087</b>          |
| <br>                                    |                       |
| <b>Depreciation</b>                     |                       |
| As at December 31, 2022                 | \$ 6,716              |
| Additions                               | 1,067                 |
| <b>As at December 31, 2023</b>          | <b>7,783</b>          |
| <br>                                    |                       |
| Additions                               | 293                   |
| <b>As at June 30, 2024</b>              | <b>\$ 8,076</b>       |
| <br>                                    |                       |
| <b>Net book value:</b>                  |                       |
| As at December 31, 2023                 | \$ 1,304              |
| <b>As at June 30, 2024</b>              | <b>\$ 1,011</b>       |

**BELGRAVIA HARTFORD CAPITAL INC.**  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
JUNE 30, 2024  
(Expressed in CAD Dollars)

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**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                     | June 30, 2024     | December 31, 2023 |
|---------------------|-------------------|-------------------|
| Trade payables      | \$ 878,666        | \$ 716,000        |
| Accrued liabilities | 35,140            | 146,794           |
| Other               | 3,387             | 1,390             |
| <b>Total</b>        | <b>\$ 917,193</b> | <b>\$ 864,184</b> |

**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 quarter ended June 30, 2024; Reserves relate to stock options and warrants that have been issued by the Company (note 7).

During the period ended June 30, 2024, the Company issued the following common shares:

On June 28, 2024 the Company closed the first tranche of its non-brokered private placement. Under the initial tranche, the Company issued 12,235,714 units at a price \$0.021 per unit for aggregate gross proceeds of \$256,950.01. Each Unit consists of one common share of the Company and one common share purchase warrant. Each Warrant is exercisable to acquire one Common Share for a period of 12 months at an exercise price of \$0.05 per Common Share (note 7).

During the period ended June 30, 2023, 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 June 30, 2024, the Company has nil stock options outstanding.

Stock option transactions are summarized as follows:

|  | Number<br>of Options | Weighted Average<br>Exercise Price |
|--|----------------------|------------------------------------|
| Outstanding December 31, 2022                          | 1,926,000            | \$ 0.30                            |
| Cancelled on January 10, 2023                          | (1,926,000)          | 0.30                               |
| <b>Outstanding December 31, 2023 and June 30, 2024</b> | -                    | \$ -                               |
| <b>Number of options exercisable at June 30, 2024</b>  | -                    | \$ -                               |

During the quarter ended June 30, 2024, the Company granted nil (2023 – nil) stock options.

Share-based compensation recognized during the quarter was \$nil (2023 - \$nil).

**Warrants**

As at June 30, 2024, the Company had warrants outstanding, enabling the holders to acquire the following number of common shares:

| Number of Warrants | Exercise Price | Average Contractual<br>Life Remaining | Expiry Date   |
|--------------------|----------------|---------------------------------------|---------------|
| 12,235,714         | \$ 0.05        | 1.00 year                             | June 28, 2025 |
| <b>12,235,714</b>  |                |                                       |               |

Warrant transactions are summarized as follows:

|   | Number of<br>Warrants | Weighted Average<br>Exercise Price |
|---|-----------------------|------------------------------------|
| Outstanding as at December 31, 2023                       | -                     | \$ 0.00                            |
| Issued on June 28, 2024                                   | 12,235,714            | 0.05                               |
| <b>Outstanding June 30, 2024</b>                          | 12,235,714            | \$ 0.05                            |
| <b>Number of warrants exercisable as at June 30, 2024</b> | 12,235,714            | \$ 0.05                            |

**8. RELATED PARTY TRANSACTIONS AND BALANCES**

The Company defines Key Management Personnel to include the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”).

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

|                          | June 30, 2024    | December 31, 2023 |
|--------------------------|------------------|-------------------|
| Key management personnel | \$ 22,600        | \$ 22,941         |
|                          | <u>\$ 22,600</u> | <u>\$ 22,941</u>  |

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

|                       | Six-month period ended |                   |
|-----------------------|------------------------|-------------------|
|                       | 30-Jun-24              | 30-Jun-23         |
| Short-term benefits * | \$ 18,300              | \$ 189,000        |
| Total remuneration    | <u>\$ 18,300</u>       | <u>\$ 189,000</u> |

\* Amounts are included within wages and benefits 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 June 30, 2024. 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 period ended June 30, 2024.

**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 INTERIM FINANCIAL STATEMENTS  
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(Expressed in CAD Dollars)

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

As at June 30, 2024, 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        | \$ 242,009 | \$ -      | \$ -       | \$ 242,009 |
| Investments | \$ 54,398  | \$ 76,657 | \$ 264,573 | \$ 395,628 |

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 \$60,000 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 June 30, 2024 would have an \$40,000 impact on results from operations.

**12. 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 June 30, 2024.