



Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022

Presented in Canadian Dollars



April 25, 2024

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Fountain Asset Corp. (the "Company") were prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The Company's material accounting policies are summarized in note 3 to the consolidated financial statements.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors' report. The Audit Committee also reviews the Company's Management's Discussion and Analysis to ensure that the financial information reported therein is consistent with the information presented in the consolidated financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(Signed) "*Andrew Parks*"

Andrew Parks
President & Chief Executive Officer

(Signed) "*Matthew Davis*"

Matthew Davis
Chief Financial Officer



Independent Auditor's Report

To the Shareholders of Fountain Asset Corp.:

Opinion

We have audited the consolidated financial statements of Fountain Asset Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2023 and December 31, 2022, and the statements of loss and comprehensive loss and changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated 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.

Key Audit Matters

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

Valuation of Private Investments

Key Audit Matter Description

As described in note 6 and 7 to the consolidated financial statements, the Company held Private Investments ("Level 3") loans and convertible debt and investments measured at fair value totaling \$3,047,614. The Company applies valuation techniques which require assumptions and unobservable inputs to measure these investments.

Evaluating the Company's assessment of the fair value of level 3 investments required complex auditor judgment, specifically, determining the methodology and key assumptions.

Audit Response

We responded to this matter by performing procedures over management's process in determining the fair value of the Level 3 financial instruments. Our audit work in relation to this included, but was not limited to, the following:

- We obtained and reviewed the documented valuation methodologies and key inputs used by the Company in determining fair value;
- Obtained confirmations from investee to corroborate terms of the financing raised, when applicable, during the year or subsequently to December 31, 2023 such as date, amount raised, type of securities issued, per share price; NAV details; and securities redeemed.
- Where available, we obtained financial statements of investee companies, and/or other publicly available financial information, as an input to a generally accepted valuation technique to corroborate fair value determined by management; and
- With the assistance of our internal valuation specialists, we evaluated the reasonableness of the valuation methodologies, inputs and assumptions in the valuation of private company investments held as of year-end particularly in cases where recent arms-length equity raises were not identified and calibration techniques we used to adjust the last reported valuation.

Other Information

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

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audits 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits 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 consolidated 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 Alberto Federman.

Toronto, Ontario
April 25, 2024

MNP **LLP**

Chartered Professional Accountants
Licensed Public Accountants



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Presented in Canadian Dollars

As at December 31	2023	2022
ASSETS		
Cash	\$ 655,703	\$ 1,469,228
Short-term investments (Note 5)	40,000	40,000
Accounts receivable and prepaids	39,999	55,456
Loans and convertible debentures - fair value through profit or loss (Note 6)	94,426	181,458
Investments - fair value through profit or loss (Note 7)	5,965,613	10,248,814
	\$ 6,795,741	\$ 11,994,956
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	\$ 136,562	\$ 158,532
	136,562	158,532
SHAREHOLDERS' EQUITY		
Share capital (Note 10(b))	29,799,107	29,799,107
Contributed surplus (Note 10(c))	6,898,466	6,815,458
Deficit	(30,038,394)	(24,778,141)
	6,659,179	11,836,424
	\$ 6,795,741	\$ 11,994,956

Related party transactions (Note 12)

Contingencies and commitments (Note 17)

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

(Signed) "Andrew Parks" Director

(Signed) "Morris Prychidny" Director



CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Presented in Canadian Dollars

For the years ended December 31,	2023	2022
Revenue		
Net unrealized gains (losses) on portfolio investments	\$ (34,674)	\$ (1,533,415)
Interest and dividend income	26,226	28,025
Net realized losses on portfolio investments	(4,396,454)	(5,677,847)
	(4,404,902)	(7,183,237)
Expenses		
Salaries and consulting fees	400,370	401,197
Audit and legal fees	190,746	247,320
General and administrative	149,788	142,790
Trading commissions	52,987	66,980
Filing and listing fees	21,597	21,210
Stock-based compensation (Note 10(c))	83,008	128,374
Foreign exchange loss (gain)	6,855	(40,880)
Bad debt	-	403,465
Other expenses (income)	(50,000)	-
	855,351	1,370,456
Loss before income taxes	(5,260,253)	(8,553,693)
Income tax expense (recovery) (Note 14)	-	(42,211)
Net loss and comprehensive loss	\$ (5,260,253)	(8,511,482)
Net loss per share - basic and diluted (Note 15)	\$ (0.09)	(0.14)
Weighted average number of shares outstanding during the year:		
Basic	61,864,462	61,864,462
Diluted	61,864,462	61,864,462

See accompanying notes to the consolidated financial statements.



CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Presented in Canadian dollars

	Share capital	Contributed surplus	Deficit	Total shareholders' equity
Balance as at December 31, 2021	\$ 29,799,107	\$ 6,687,084	\$ (16,266,659)	\$ 20,219,532
Stock based compensation	-	128,374	-	128,374
Comprehensive loss	-	-	(8,511,482)	(8,511,482)
Balance as at December 31, 2022	29,799,107	6,815,458	(24,778,141)	11,836,424
Stock based compensation	-	83,008	-	83,008
Comprehensive loss	-	-	(5,260,253)	(5,260,253)
Balance as at December 31, 2023	\$ 29,799,107	\$ 6,898,466	\$ (30,038,394)	\$ 6,659,179

See accompanying notes to the consolidated financial statements.



CONSOLIDATED STATEMENTS OF CASH FLOWS

Presented in Canadian Dollars

For the years ended December 31	2023	2022
Cash provided by (used in)		
Operations		
Net loss	\$ (5,260,253)	\$ (8,511,482)
Items not involving cash:		
Unrealized losses (gains) on portfolio investments	34,674	1,533,415
Realized losses on sale of portfolio investments	4,396,454	5,677,847
Proceeds from sale of investments	4,219,134	5,093,711
Purchase of investments	(4,265,447)	(5,196,325)
Non-cash dividend and interest income	(14,582)	(20,385)
Stock-based compensation expense	83,008	128,374
Bad debt expense	-	403,465
Change in non-cash working capital:		
Amounts receivable and sundry assets	15,457	(143,834)
Accounts payable and accrued liabilities	(21,970)	(39,361)
Accrued annual incentive plan	-	(392,649)
Income taxes payable	-	(22,625)
Change in cash	(813,525)	(1,489,849)
Cash, beginning of year	1,469,228	2,959,077
Cash, end of year	\$ 655,703	\$ 1,469,228

Supplementary cash flow information (Note 11)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1. NATURE OF OPERATIONS

Fountain Asset Corp. (the "Company" or "Fountain") is a publicly traded investment company focused on creating shareholder value by offering various debt and equity financing solutions to companies across a variety of industries including manufacturing, retail, financial services, technology, cannabis, biotechnology, oil and gas, mining, and cryptocurrency. The Company was continued under the *Canada Business Corporations Act* on December 31, 2005 and its subordinate voting shares are listed and trade on the TSX Venture Exchange ("TSXV") under the symbol "FA". The Company is domiciled in the Province of Ontario and its registered head office is located at 3 Market Street, Unit 609, Toronto, Ontario, M5E 0A3.

The annual audited consolidated financial statements as at and for the year ended December 31, 2023 (the "Financial Statements") have been approved for issuance by the Company's board of directors on April 25, 2024.

2. STATEMENT OF COMPLIANCE

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The principal accounting policies applied in the preparation of these financial statements are set out below.

3. MATERIAL ACCOUNTING POLICIES

(a) *Basis of measurement*

The Financial Statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial assets and financial liabilities which are measured and presented at fair value as outlined below. The statements of financial position presents assets and liabilities in decreasing order of liquidity. In addition, these financial statements have been prepared using the accrual basis of accounting except for certain cash flow information presented herein.

(b) *Functional and presentation currency*

The functional currency of the Company is the Canadian dollar. The Financial Statements and notes to the Financial Statements are expressed and presented in Canadian dollars unless otherwise stated.

(c) *Principles of consolidation*

(i) **Status of investment entity**

The Company uses the following criteria, contained within IFRS 10 - *Consolidated financial statements*, to determine if the Company meets the definition of an Investment Entity:

- (a) Obtain funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- (b) Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and



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(c) Measures and evaluates the performance of substantially all its investments on a fair value basis

The Company has evaluated the above criteria and determined that it meets the definition of an Investment Entity. As a result of meeting the definition of an Investment Entity, subsidiaries, which otherwise would have been consolidated, are carried at fair value.

(ii) Subsidiaries and associates

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company has two subsidiaries, being 2400918 Ontario Inc. and Fountain Advisors Corp.

As an investment entity, the Company is required to account for its investments in 2400918 Ontario Inc. at fair value through profit or loss ("FVTPL") rather than by consolidation. The Company has concluded that Fountain Advisors Corp. should be consolidated as this entity provides services relating to the Company's investment activities. All intercompany balances, profits and transactions are eliminated in preparing these Financial Statements.

A summary of the Company's subsidiaries and how they are presented on the Financial Statements is summarized in the table below:

Subsidiary/Associate	Ownership percentage	Place of business	Functional currency	Presented on financial statements
Fountain Advisors Corp. ¹	100%	Canada	Canadian dollars	Consolidated
2400918 Ontario Inc. ²	50%	Canada	Canadian dollars	FVTPL

¹ Fountain Advisors Corp. was established to provide consulting and advisory services to companies in multiple jurisdictions and industries.

² 2400918 Ontario Inc. is an inactive company previously involved in the auto repair industry.

d) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e. the date that the Company commits to purchase or sale of the asset. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

All new investments held by the Company are designated as FVTPL upon initial recognition. The Company includes equities, loans and receivables, and other interest-bearing investments in this category. These financial assets and liabilities are designated upon initial recognition on the basis that they are part of a group of financial instruments that are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company.

(i) Financial assets

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument.



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Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at FVTPL, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at FVTPL are expensed in profit or loss when incurred. The Company derecognizes financial assets when its contractual rights to the cashflows from the financial asset expire.

On initial recognition, financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or FVTPL. The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Fountain's financial assets are classified as follows:

Financial Instrument	Classification	Measurement
Cash	FVTPL	Fair Value
Short-term investments	FVTPL	Fair Value
Accounts receivable and sundry assets	Amortized Cost	Amortized Cost
Loans and convertible debentures	FVTPL	Fair Value
Investments	FVTPL	Fair Value

The Company does not have financial assets classified as FVOCI.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

All financial instruments are measured at fair value except for receivables which are measured at amortized cost, using the effective interest method where applicable. Subsequent measurement and changes in fair value will depend on their initial classification. FVTPL financial assets are measured at fair value and changes in fair value are recognized in net income.



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Cash, Short-Term Investments, Derivatives and Conversion Features of Convertible Debt:

Cash, short-term investments, derivatives and conversion features of convertible debt are classified as FVTPL. Cash consist of cash on hand, readily available balances with brokers, and short-term investments with remaining maturities of less than three months.

Receivables:

Accounts receivables are classified and measured at amortized cost, subject to impairment reviews.

Convertible Debenture Receivable:

When the Company holds debentures that are convertible into an investee's shares, at the Company's option, the equity conversion feature represents an embedded option written by the investee on its shares. The convertible debenture is classified as FVTPL and recorded at fair value.

Investments in Publicly Traded Companies:

Investments in publicly traded companies have been designated as FVTPL and are recorded in the consolidated statements of financial position at fair value. Fair value is determined directly by reference to quoted market closing prices in active markets. In instances where securities are subject to restrictions on sale or transfer, the securities are recorded at amounts discounted from the most recent available market value depending on the nature and length of the restriction.

Included in investments is the fair value of the Company's investments in share purchase warrants and options of other corporations which are designated at FVTPL. Where the value of these warrants and options is not publicly quoted in active markets, the Company employs the Black-Scholes pricing model to determine a fair value at each reporting period.

Investments in Private Companies:

Privately held investments have been designated as fair value through profit or loss and are recorded in the consolidated statements of financial position at fair value. Fair value is measured using one or more of the valuation indicators described below. These are included in level 2 or 3 of the fair value hierarchy. The determinations of fair value of the Company's privately held investments are subject to certain limitations.

(ii) Financial liabilities

Financial liabilities are classified into one of two categories: FVTPL or amortized cost

The Company has one financial liability being accounts payable and accrued liabilities which are classified and measured at amortized cost.

(e) Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statements of financial position are classified using 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 - Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable



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for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 - Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Publicly traded marketable securities and other investments, including shares, options and warrants are measured at fair values based on the last quoted close price, within the bid-ask spread, at the statement of financial position date. For options and warrants which are not traded on a recognized securities exchange and where there are sufficient and reliable observable market inputs, the Black-Scholes model for valuation is used.

Private investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and options and warrants that are linked to and must be settled by delivery of unquoted equity investments are recorded at fair value, which is equal to cost at the time of acquisition. Subsequently, private investments are measured at fair value using various valuation techniques to determine the best representation of the investments fair value as outlined in Note 8.

(f) Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Should the cash flow assumptions used to determine the original loan loss provision change, the loan loss provision may be reversed. A loan loss provision is reversed only to the extent that the revised carrying value of the loan does not exceed its amortized cost that would have been recorded had no loan loss provision been recognized.

(g) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for onerous contracts is recognized when the expected



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benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(h) Investment in associates

The Company has determined that it meets the definition of an “investment entity” and as a result, associates are measured at FVTPL. Refer to Note 2(c)(ii) for specific disclosures related to investments in associates.

(i) Revenue recognition

Interest income is recorded on an accrual basis using the effective interest method. Under the effective interest method, the interest rate realized is not necessarily the same as the stated loan interest rate. When a loan is classified as impaired, the original expected timing and amount of future cash flows may be revised to reflect new circumstances. These revised cash flows are discounted using the original effective interest rate to determine the impaired carrying value of the loan. Interest income is thereafter recognized on this impaired carrying value using the original effective interest rate. Additional changes to the amount or timing of future cash flows could result in further loan losses, or the reversal of prior loan losses, which would also impact the amount of subsequent interest income recognized. Interest and fees collected in advance are recorded as deferred revenue and recognized in income. Loan commitment, origination, structuring fees and bonuses are recorded as income over the life of the loan.

Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statements of income (loss) and comprehensive income (loss). Realized losses may arise even if the investment is not disposed of in circumstances where the investee is insolvent.

Upon disposal of an investment, previously recognized unrealized gains or losses are reversed to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the consolidated statements of income (loss) and comprehensive income (loss) as incurred.

Dividend income is recorded on the ex-dividend date and when the right to receive the dividend has been established. Other income and income from securities lending are recorded on an accrual basis.

Management and consulting fees are recognized over the period in which the services are provided.

(j) Foreign currencies

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the consolidated statements of income and comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The consolidated subsidiary’s functional currency is the Canadian dollar.

(k) Cash

Cash includes cash on hand and readily available balances with brokers.



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(l) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 profit and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

(m) Share based payment transactions

The fair value of share options granted to employees are recognized as an expense over the vesting period 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, including directors of the Company.

The fair value of stock options is measured at the grant date and 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 actual number of share options that are expected to vest.

(n) Loss per share

Basic loss per share are calculated using the weighted average number of multiple and subordinate voting shares outstanding during the year.

Diluted loss per share is calculated by dividing net earnings available to shareholders for the period by the diluted weighted average number of multiple and subordinate shares outstanding during the period. The diluted weighted average number of shares includes the potential dilution from shares issuable through stock options, if dilutive. This assumes that the proceeds from any shares issued on the exercise of stock options are used by the Company to repurchase and cancel shares at the average market price of the Company's share price for the period. As such, where the strike price of stock options exceeds the average market price of the Company's shares for the reporting period, the inclusion of these shares under the treasury stock method would be anti-dilutive, so these shares are excluded from the calculation of the weighted average number of diluted shares outstanding.

(o) New standards adopted on January 1, 2023

During the year ended December 31, 2023, the Company adopted the following accounting policy changes, which did not have an effect on the Financial Statements:



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- I. The Company adopted the amendments to IAS 1, '*Presentation of Financial Statements*'. The amendment replaces the requirement to disclose "significant" accounting policies with a requirement to disclose "material" accounting policies. An accounting policy is determined to be material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that primary users of general purpose financial statements make on the basis of those financial statements.
- II. The Company adopted amendments to IAS 12, '*Income Taxes*'. The amendment requires companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- III. The Company adopted amendments to IAS 8, '*Accounting Policies, Changes in Accounting Estimates, and Errors*'. The amendment introduces a new definition of 'accounting estimates' to replace the definition of 'change in accounting estimates' and also includes intended help for companies to distinguish changes in accounting policies from changes in accounting estimates.

(p) Future accounting pronouncements

The IASB and the IFRIC have issued the following new and revised standards and interpretations that are not yet effective for the relevant reporting periods and the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the Financial Statements of the Company. The Company intends to adopt these standards, if applicable, when the standards become effective:

- I. Effective January 1, 2024, the Company will adopt the amendments to IAS 1 '*Presentation of Financial Statements*'. The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability and requires companies to disclose, in specified circumstances, information in the notes that enables financial statement users to understand the risk that non-current liabilities with covenants could become repayable within 12 months after the reporting period.
- II. Effective January 1, 2024, the Company will adopt the amendments to IFRS 7, '*Financial Instruments: Disclosures*' and IAS 7, '*Statement of Cash Flows*'. The amendments require companies to disclose sufficient information necessary for users of financial statements to understand the effects of supplier finance arrangements on a company's liabilities and cash flows, as well as on its liquidity risk and risk management.
- III. Effective January 1, 2024, the Company will adopt the amendments to IFRS 18, '*Leases*'. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognize any amount of the gain or loss that relates to the right of use it retains.
- IV. Effective January 1, 2025, the Company will adopt the amendments to IAS 21, '*The Effects of Changes in Foreign Exchange Rates*'. The amendment specifies when a currency is exchangeable into another currency and when it is not, how a company determines the exchange rate to apply when a currency is not exchangeable, and the required disclosure of additional information when a currency is not exchangeable.



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4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Financial Statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. The Financial Statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- (i) Valuation of deferred income tax assets – The valuation of deferred income tax assets requires judgment on their recoverability. Such judgments are made based on management's estimate on the timing and amount of the Company's future taxable earnings; and
- (ii) Valuation of securities not quoted in active markets – The valuation of not quoted securities requires the use of valuation methods and techniques generally recognised as standard within the industry. Information about assumptions and estimation uncertainties involved in the fair value are disclosed in Note 8.

(b) Critical accounting judgments

Management exercises judgment in applying criteria in IFRS 10, which determines the Company's status as an investment entity. Refer to Note 3(c).

5. SHORT-TERM INVESTMENTS

The Company has outstanding \$40,000 in a short-term guaranteed investment certificate with its financial institution as at December 31, 2023 (December 31, 2022 - \$40,000). These investments are held as security on its credit card line with a Schedule A Canadian chartered bank.

6. LOANS AND OTHER CONVERTIBLE DEBENTURES

A summary of the loans and convertible debentures carried at FVTPL that have a fair value greater than \$nil is presented below.

FVTPL	Instrument	Interest rate / Maturity date	Financial Instr. Hierarchy	December 31, 2023		December 31, 2022	
				Cost	Fair Value	Cost	Fair Value
EqiTrade Ltd.	Convertible debt	8%, Feb 11, 2024	Level 3	68,419		63,258	
TipTapPay Micropayments Ltd.	Convertible debt	8%, Aug 5, 2024	Level 3	-		107,350	
TipTapPay Micropayments Ltd.	Debt	6.25%, Dec 31, 2024	Level 3	58,029		-	
				\$ 126,448	94,426	\$ 170,608	181,458



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7. INVESTMENTS – FVTPL

A summary of the investments carried at FVTPL that have a fair value greater than \$nil is presented below.

Investment	Instrument	Financial Instr. Hierarchy	December 31, 2023		December 31, 2022	
			Cost	Fair Value	Cost	Fair Value
1616 Media Ltd.	Equity	3	32,920		32,920	
1616 Media Ltd.	Warrants	3	-		-	
Aeropost Holdings Corporation	Equity	3	251,440		251,440	
Alabs - 12.64 Fund	Equity	3	484,120		484,120	
Attorneys Title Guaranty Fund Inc	Equity	3	413,000		413,000	
Beacon Hill Brands Inc.	Equity	3	400,855		400,855	
Black Swan Tech	Equity	3	94,905		94,905	
Bothwell Road Capital Corp	Equity	3	520		-	
Broomloan Road Capital Corp.	Equity	3	520		-	
Casters Holdings Inc	Equity	3	621,505		621,505	
Central Coast Agriculture	Equity	3	128,128		128,128	
Crezero Technologies	Equity	3	50,000		50,000	
Edmiston Drive Capital Corp	Equity	3	520		-	
EqiTrade Ltd	Warrants	3	-		-	
Futura Health & Wellness Inc.	Equity	3	100,000		100,000	
Goodee Inc.	Equity	3	250,002		250,002	
Goodleaf Wellness Inc.	Equity	3	99,999		99,999	
Goram Capital Corp	Equity	3	520		-	
Holisting Industries Inc.	Equity	3	130,873		130,873	
Inabuggy Inc.	Equity	3	45,850		45,850	
Inabuggy Inc.	Warrants	3	5,150		5,150	
Insuramedix Inc.	Equity	3	255,055		255,055	
James Bell Capital Corp	Equity	3	520		-	
OpenSky Opportunities Fund Ltd.	Equity	3	647,185		1,000,000	
Sency Interactive Ltd.	Equity	3	63,395		63,395	
Sportsventure Holdings Inc	Equity	3	200,000		200,000	
TipTapPay Micropayments Ltd	Equity	3	69,131		-	
Trait Biosciences Incorporated	Equity	3	192,000		192,000	
Private company investments - FVTPL			4,538,113	2,953,188	4,819,197	6,365,489



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Investment	Financial Instr.		December 31, 2023		December 31, 2022	
	Instrument	Hierarchy	Cost	Fair Value	Cost	Fair Value
180 Life Sciences Corp	Warrant	1	12,908		12,908	
79 North Inc.	Warrants	2	-		-	
AbraSilver Resources Corp	Warrant	2	1,603		1,603	
Agnico Eagle Mines Limited	Equity	1	220,975		-	
AgriForce Growing Systems Ltd.	Equity	1	214		214	
AgriForce Growing Systems Ltd.	Warrant	2	34,557		34,557	
Arizona Sonoran Copper Company Inc.	Equity	1			51,267	
Alaska Energy Metals Corporation	Equity	2	35,235		-	
Alaska Energy Metals Corporation	Warrant	2	10,545		-	
Avanti Gold Corp	Equity	1	65,000		-	
Avanti Helium Corp	Equity	1			34,433	
Avanti Helium Corp	Warrant	2	25,826		14,657	
Bevcanna Enterprises Inc.	Equity	1	20,811		-	
Black Swan Graphene Inc.	Equity	1	150,000		200,000	
Britannia Life Sciences Inc.	Equity	1	84		291,260	
Canaccord Genuity Group Inc.	Equity	1	-		101,786	
Canaccord Genuity G Ventures Corp.	Equity	1	-		150,000	
Cansortium Inc.	Equity	1	-		915,484	
Crescent Point Energy Corp	Equity	1	-		103,838	
Curaleaf Holdings Inc.	Equity	1	49,763		49,763	
Cybin Inc.	Warrant	2	-		2,765	
Danavation Technologies Corp.	Equity	1	-		84,832	
E Automotive Inc.	Equity	1	-		253,000	
Emerita Resources Corp	Warrant	2	9,189		-	
Empatho Holdings Inc.	Equity	1	192,204		192,204	
Empatho Holdings Inc.	Warrant	2			57,796	
enCore Energy Corp	Warrant	2	27,060		75,000	
Frontier Lithium Inc.	Equity	1			24,852	
Frontier Lithium Inc.	Warrant	2	2,648		2,648	
Gamesquare Esports Inc.	Warrant	2	-		55,851	
Greenhawk Resources Inc.	Equity	1	197,010		197,010	
Hammond Power Solutions Inc.	Equity	1	206,969		-	
High Tide Inc.	Warrant	1	94,497		94,497	
High Tide Inc.	Warrant	2	-		49,616	
HTC Pureenergy Inc.	Warrant	2	-		38,432	
Hub Cyber Security Ltd.	Equity	1	639,642		396,525	
Hub Cyber Security Ltd.	Warrant	1	184,700		142,833	
Iber American Lithium Inc.	Equity	1	79,643		-	
Iber American Lithium Inc.	Warrant	2	19,956		-	
Kings Entertainment Group Inc.	Equity	1	112,609		112,609	
Kuya Silver Corporation	Equity	1	-		2,421	
Kuya Silver Corporation	Warrant	2	9,049		9,049	



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Investment	Instrument	Financial Instr. Hierarchy	December 31, 2023		December 31, 2022	
			Cost	Fair Value	Cost	Fair Value
Kwesst Micro Systems Inc.	Equity	1	155,954		1,031,052	
Kwesst Micro Systems Inc.	Warrant	1	63,586		191,295	
Kwesst Micro Systems Inc.	Warrant	2	-		163,144	
Lithos Energy Ltd.	Equity	1	150,075		-	
Lendifield Holdings inc.	Warrants	2			6,083	
Looking Glass Labs Ltd.	Warrant	2	40,295		40,295	
Marathon Gold Corp	Warrant	2	10,798		10,798	
McFarlane Lake Mining Limited	Equity	1	37,500		56,250	
Meridian Mining UK Societas	Equity	1			50,050	
Mydecine Innovations Group Inc.	Equity	1			138,828	
Mydecine Innovations Group Inc.	Warrant	1	-		24,015	
NevGold Corp	Equity	1			42,104	
NevGold Corp	Warrant	2	8,296		8,296	
Osisko Mining Inc.	Warrant	2	4,429		-	
PlasCred Circular Innovations Inc.	Equity	1	132,461		38,141	
Pluributs Technologies Corp	Equity	1	896,681		871,901	
Pluributs Technologies Corp	Warrant	2	-		21,128	
PopReach Corporation	Equity	1	106,925		305,500	
Ramm Pharma Corp.	Equity	1	200		200	
Reliq Health Technologies Inc.	Equity	1	176,270		166,875	
Reliq Health Technologies Inc.	Warrant	2	64,198		-	
Royal Wins Corp.	Equity	1	-		-	
Salona Gold Medical Corporation	Equity	1	-		140,058	
Salona Gold Medical Corporation	Warrant	2	24,349		24,349	
Sigma Lithium Corporation	Equity	1	31,476		-	
Saturn Oil and Gas Inc	Warrants	2	-		1,343	
Simply Better Brands Inc.	Equity	1	145,746		145,746	
Simply, Inc.	Equity	1	-		144,041	
Spartan Delta Corp	Equity	1	-		69,900	
Spectra7 Microsystems inc.	Warrant	2	-		60,885	
SRG Mining Inc.	Equity	1	330,918		330,918	
Trees Corporation	Equity	1	-		1,835	
Trees Corporation	Warrant	2	-		407	
Troy Minerals Inc.	Equity	2	35,000		-	
Wedgemount Resources Corp	Warrant	2	35,647		-	
Wedgemount Resources Corp.	Equity	1	64,653		-	
Vision Marine Technologies	Equity	1	-		17,341	
Public company investments - FVTPL			4,918,154	3,012,425	7,856,488	3,883,325
			9,456,267	5,965,613	12,675,685	10,248,814



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8. FAIR VALUE MEASUREMENTS

The following table presents the Company's financial assets as categorized on the statement of financial position measured at fair value and classified into levels of the fair value hierarchy:

As at December 31, 2023	Level 1	Level 2	Level 3	Total
Cash and short term investments	\$ 695,703	\$ -	\$ -	\$ 695,703
Loans and convertible debt - FVTPL	-	-	94,426	94,426
Investments - FVTPL	2,675,400	337,025	2,953,188	5,965,613
	\$ 3,371,103	\$ 337,025	\$ 3,047,614	\$ 6,755,742

As at December 31, 2022	Level 1	Level 2	Level 3	Total
Cash and short term investments	\$ 1,509,228	\$ -	\$ -	\$ 1,509,228
Loans and convertible debt - FVTPL	-	-	181,458	181,458
Investments - FVTPL	3,769,207	114,118	6,365,489	10,248,814
	\$ 5,278,435	\$ 114,118	\$ 6,546,947	\$ 11,939,500

Fair value estimation

The Company's management team reviews and approves the valuation results of all investments in the portfolio based on all observable and non-observable inputs. The Company also will engage an independent valuation firm to perform an independent valuation in situations where it requires additional expertise. The valuation results are reviewed with the audit committee as part of its quarterly approval of the Company's consolidated financial statements.

The fair value of the Company's investments is determined as follows:

Listed securities

The fair value of securities traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Company uses the last traded market price where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The fair value of securities that are subject to trading restrictions are recorded at a value which takes into account the length and nature of the restrictions, if needed.

Unlisted securities

For investments that are not publicly traded, subsequent to initial recognition, the fair value of these investments is determined by the Company using the most appropriate valuation methodology in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio.

For unlisted instruments:

- Investments are valued at cost for a limited period after the date of acquisition, if the purchase price remains representative of the fair value at the reporting date; otherwise, investments are valued using one of the other methodologies detailed below.
- Investments in which there has been a recent or in-progress funding round involving significant financing



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from external investors are valued at the price of the recent funding, whereby the various shareholder categories rights are taken into account in the valuation. The price is adjusted, where appropriate.

Investments in which there has been a recent private secondary market trade of meaningful volume and the transaction is undertaken by a sophisticated, arm's-length investor are valued at the price of the recent trade.

- Investments in companies for which there has not been any recent independent funding or secondary private market transaction are valued through a calibration technique using the share price, market cap, enterprise value, or other valuation indicators of peer companies comparable to the Company's investee. The Company considers investee available information including going concern risk, continued funding availability, comparable peer group valuations, and exit market conditions.
- For public company warrants, options and conversion features on debt (i.e., the underlying security of which is traded on a recognized stock exchange), valuation models such as Black-Scholes are used when there are sufficient and reliable observable market inputs. These market inputs include risk-free interest rate, exercise price, market price at date of valuation, expected dividend yield, expected life of the instrument and expected volatility of the underlying security based on historical volatility. For private company warrants, the underlying security is not traded on a recognized stock exchange, therefore fair value is determined consistent with other investments that do not have an active market, as described above.
- Loans, debentures and promissory notes issued by investees are generally valued at the price at which the instrument was issued. The Company regularly considers whether any indications of deterioration in the value of the underlying business exist, which suggest that the debt instrument will not be fully recovered. The fair value of convertible debentures receivable is measured using valuation techniques including discounted cash flow models and modified Black-Scholes option pricing models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment and assumptions provided by Management is required in establishing fair values. Judgements include consideration of inputs such as credit risk, discount rates, volatility, probability of certain triggering events and IPO events, and share prices of private company borrowers. Changes in assumptions relating to these factors could affect the reported fair value of the financial instruments.

The Company may apply a further illiquidity discount to the fair value of an investment if conditions exist that could make it challenging to monetize the investment in the near term at a price indicated by the valuation models. The amount of illiquidity discount applied requires considerable judgment and is based on the facts and circumstances of each investment.

The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties, and the resulting values may differ significantly from values that would have been used had a ready market existed for the investments. These differences could be material to the fair value of investments in the portfolio.



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The following table presents the changes in fair value measurements of investments classified as level 3 for the years ended December 31, 2023 and 2022.

Balance - December 31, 2021	\$	7,847,483
Transfers (to) from Level 1		(1,006,506)
Transfers (to) from Level 2		(61,423)
Purchases		1,228,244
Proceeds on dispositions		(711,087)
Realized losses		(3,132,757)
Change in unrealized gains		2,382,993
Balance - December 31, 2022	\$	6,546,947
Transfers (to) from Level 1		(35,235)
Transfers (to) from Level 2		(10,545)
Purchases		114,661
Proceeds on dispositions		297,400
Realized losses		(1,260,485)
Change in unrealized losses		(2,605,129)
Balance - December 31, 2023	\$	3,047,614

The table below presents the valuation techniques and the nature of significant inputs used to determine the fair values of the Level 3 investments as at December 31, 2023:

Description	Fair value at December		Valuation Method	Inputs	Fair Value Change	
		31, 2023				+/- 10%
Equity instruments	\$	691,127	Recent transactions New investment	Recent purchase price	\$	69,113
Equity instruments		682,279	Calibration	Market trends, Enterprise value and market cap of industry peer group	\$	68,228
Equity instruments		1,549,827	Asset based approach	Company specific financials	\$	154,983
Loans and convertible debentures		94,426	Black-Scholes model on conversion and discounted cash flow	Market prices, volatility, discount rate	\$	9,443
Warrants		29,955	Black-Scholes model	Market prices, volatility, discount rate	\$	2,996
	\$	3,047,614			\$	304,763



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The table below presents the valuation techniques and the nature of significant inputs used to determine the fair values of the Level 3 investments as at December 31, 2022:

Description	Fair value at December 31, 2022	Valuation Method	Inputs	Fair Value Change +/- 10%
Equity instruments	\$ 3,435,293	Recent transactions New investment	Recent purchase price	\$ 343,529
Equity instruments	449,435	Calibration	Market trends, Enterprise value and market cap of industry peer group	44,944
Equity instruments	2,415,657	Asset based approach	Company specific financials	241,566
Convertible debentures	181,458	Black-Scholes model on conversion and discounted cash flow	Market prices, volatility, discount rate	18,146
Warrants	65,104	Black-Scholes model	Market prices, volatility, discount rate	6,510
	\$ 6,546,947			\$ 654,695

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

For the year ended December 31,	2023	2022
Accrued liabilities	\$ 126,363	\$ 129,162
Other payables	10,199	29,370
	\$ 136,562	\$ 158,532

10. SHARE CAPITAL

(a) Authorized Capital

Unlimited number of:

Multiple voting shares ("MVS")

Subordinate voting shares ("SVS")

Preferred shares

The rights of MVS and SVS are identical other than voting rights. MVS are entitled to four votes per share whereas SVS are entitled to one vote per share.



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(b) Issued

Multiple Voting Shares	Number of Shares	Consideration
Balance - December 31, 2022 and 2023	87,760	\$ 160,028

Subordinate Voting Shares	Number of Shares	Consideration
Balance - December 31, 2022 and 2023	61,776,702	\$ 29,639,079

Total MVS and SVS Shares - December 31, 2022 and 2023	61,864,462	\$ 29,799,107
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(c) Contributed Surplus

Share-based Payment Reserve

Balance - December 31, 2021	\$ 6,687,084
Stock-based compensation	128,374
Balance - December 31, 2022	\$ 6,815,458
Stock-based compensation	83,008
Balance - December 31, 2023	\$ 6,898,466

Stock Options

The Company has a stock option plan (the "Plan") which was approved by the Board of Directors of the Company. The total number of shares reserved for issuance under the Plan is equal to 10% of the outstanding SVS.

The Plan is for the benefit of the employees, officers and directors of the Company. The Plan is administered by the Compensation Committee of the Board of Directors of the Company. The Compensation Committee may from time-to-time designate individuals to whom options to purchase shares of the capital stock of the Company may be granted, the number of shares to be optioned to each, and the vesting terms of such options. The option price per share shall be fixed by the Board of Directors when such option is granted. The option price can be discounted according to the rules of the TSXV at the time the option is granted. The options may not be assigned, transferred or pledged. Subject to any grace period allowed under the policies of the TSXV, and notwithstanding any specific agreements with the Company, the options will expire upon the termination of the employment or office with the Company or any of its subsidiaries or death of an individual. The total number of shares to be optioned to any one individual cannot exceed five percent of the total of the issued and outstanding SVS. Typically, one-third of options vest immediately on the grant date, one-third vests on the first anniversary of the grant date, and one-third vests on the second anniversary of the grant date. However, vesting conditions are open to change at the Board's discretion.



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A summary of the changes in the Company's stock options during the years ended December 31, 2023 and 2022 is presented in the table below:

	Number of options		Weighted average exercise price
Balance - December 31, 2021	6,080,000	\$	0.34
Granted	2,050,000		0.12
Expired	(1,450,000)		0.35
Forfeited	(975,000)		0.33
Balance - December 31, 2022	5,705,000	\$	0.26
Expired	(1,625,000)		0.47
Balance - December 31, 2023	4,080,000	\$	0.17

No stock options were granted during the year ended December 31, 2023.

During the year ended December 31, 2022, the following stock options were granted and valued using the Black-Scholes option pricing model with the parameters listed below (in each case with no dividends and a nil forfeiture rate):

Black-Scholes option pricing parameters							
Expiry date	Number of options	Exercise price	Forfeiture rate	Grant date share price	Interest rate	Expiry date (years)	Volatility
Dec 19, 2027	2,050,000	\$0.12	0%	\$0.11	2.97%	5.0	113%

The options vest 1/3 on the date of grant, 1/3 on the one year anniversary, and 1/3 on the second year anniversary. The total fair value of the options granted during the year ended December 31, 2022 was \$170,765.

During the year ended December 31, 2023, the Company recognized \$83,008 (December 31, 2022 - \$128,374) in stock-based compensation expense relating to the vesting of stock options.

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Volatility is based on the historical volatility of the Company. Changes in the underlying assumptions can materially affect the fair value estimates.

A summary of the Company's outstanding stock options as at December 31, 2023 is presented below:

Grant date	Options outstanding	Options exercisable	Exercise price (\$)	Weighted average remaining life (years)
June 5, 2014	230,000	230,000	0.40	0.43
July 16, 2020	950,000	950,000	0.145	1.54
June 3, 2021	850,000	850,000	0.265	2.42
December 19, 2022	2,050,000	1,366,667	0.12	3.97
	4,080,000	3,396,667	0.17	2.88



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11. SUPPLEMENTAL CASH FLOW INFORMATION

For the year ended December 31,	2023	2022
Interest income received	\$ 19,170	17,765
Income taxes paid	-	22,625

12. RELATED PARTY TRANSACTIONS

- (a) Compensation to key management personnel and directors during the year ended December 31, 2023 and 2022 were as follows:

For the year ended December 31,	2023	2022
Salaries, consulting fees, and benefits	\$ 291,042	\$ 285,534
Director fees	90,000	90,000
Fair value of stock options	91,524	109,213
	\$ 472,566	\$ 484,747

Key consultants and management of the Company are entitled to an annual incentive bonus based on the performance of the Company's investment portfolio. The bonus pool is based on certain performance metrics including the Company's net realized gains, plus interest, dividends, structuring, and consulting fee revenue over certain hurdle rates, calculated on an annual basis. During the year ended December 31, 2023 and 2022, \$nil amount was accrued relating to the annual incentive plan bonus on the statement of loss and comprehensive loss.

- (b) During the year ended December 31, 2023, the Company recorded \$12,000 of rent expense (December 31, 2022 - \$12,000), which is payable to the CEO of the Company for use of shared office space. The amount is included within general and administrative expense on the consolidated statement of loss and comprehensive loss.
- (c) As at December 31, 2023 a balance of \$nil (December 31, 2022 - \$52,854) remains within amounts receivable and sundry assets owed from Somersby park 2010 Limited Partnership. Somersby Park 2010 Limited Partnership was a subsidiary of the Company accounted for at FVTPL that was dissolved in December 2022.
- (d) From time to time, the Company makes investments into companies for which an officer or a director of Fountain is also an officer or director of the investee company. The table below identifies the related party investees, the name of the related officer or director of the Company, and the position they held with the investee Company as at December 31, 2023.

Investment	Ownership	Officer/Director Name	Position Held
CannAgri Blockchain Inc.	<10%	Michael Galloro	Director
Simply Better Brands Corp.	<10%	Michael Galloro	Director



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13. CAPITAL MANAGEMENT

The primary goals of the Company's risk management programs are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance. The Company's investment strategy requires a level of risk in exchange for an above average return on investment. The Company plans to maintain an appropriate risk and reward balance while protecting the Company's financial operations from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk tolerance with the Company's business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventative controls and transferring risk to third parties.

	December 31, 2023	December 31, 2022
Shareholders' equity comprised of		
Share capital	\$ 29,799,107	\$ 29,799,107
Contributed surplus	6,898,466	6,815,458
Deficit	(30,038,394)	(24,778,141)
	\$ 6,659,179	\$ 11,836,424

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

The Company's objectives when managing capital are:

- (a) to ensure that the Company maintains the level of capital necessary to meet the requirements of its brokers and bank;
- (b) to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments;
- (c) to give shareholders sustained growth in shareholder value by increasing shareholders' equity. It is the intention of the Company in the long term to pay out a portion of its future annual earnings to shareholders in the form of dividends; and
- (d) to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

There were no changes to the way the Company manages its capital structure during the year ended December 31, 2023. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk of its underlying assets. The Company has the ability to maintain or adjust its capital level to enable it to meet its objectives by:

- (a) realizing proceeds from the disposition of its investments;
- (b) utilizing leverage in the form of margin (due to brokers) and long-term debt from financial lenders; and
- (c) raising capital through equity financings.



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14. INCOME TAXES

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets and unused tax losses have not been recognized in respect of the following deductible temporary differences:

As at December 31,	2023	2022
Investments	\$ 3,947,872	\$ 2,881,382
Capital loss carry-forward	36,796,122	33,069,589
Non-capital loss carry-forward	2,553,976	1,855,086
Receivable write-offs	-	308,906
Others	106,389	106,389
	\$ 43,404,359	\$ 38,221,352

The net capital loss carry forward may be carried forward indefinitely but can only be used to reduce capital gains. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's non-capital loss carry forwards expiry in the following year:

Year of expiry	Non-capital loss
2041	\$ 1,042,033
2042	820,414
2043	691,529
	\$ 2,553,976

The provision for income taxes differs from the result that would have been obtained by applying the combined federal and provincial statutory Canadian income tax rates of 26.5% (2022 - 26.5%) to the income (loss) before income taxes. The difference results from the following items:

For the years ended December 31,	2023	2022
Income (loss) before income tax	\$ (5,260,253)	\$ (8,553,693)
Expected income tax expense at statutory rates	(1,393,967)	(2,266,729)
Increase (decrease) resulting from:		
Stock based compensation	21,997	34,019
Realized loss on portfolio investments	582,530	752,315
Unrealized loss on portfolio investments	4,594	203,177
Commissions	7,021	8,875
Prior year true-ups	(1,951)	(4,788)
Other permanent adjustments	394	9,298
Change in tax benefits not recognized	779,382	1,221,622
	\$ -	\$ (42,211)



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The details of the provision for income taxes are as follows:

For the years ended December 31,	2023		2022	
Current tax provision	\$	-	\$	(42,211)
Deferred tax provision		-		-
	\$	-	\$	(42,211)

15. BASIC AND DILUTED LOSS PER SHARE

During the year ended December 31, 2023, the basic and diluted loss per share was \$0.09 (December 31, 2022 – loss per share of \$0.14). Excluded from the diluted earnings per share calculation was 4,080,000 stock options (December 31, 2022 – 5,705,000 stock options) which have an anti-dilutive effect on the loss per share.

16. MANAGEMENT OF FINANCIAL RISK AND SENSITIVITY ANALYSIS

The primary goals of the Company's risk management programs are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance. The Company's investment strategy requires a level of risk in exchange for an above average return on investment. The Company plans to maintain an appropriate risk and reward balance while protecting the Company's financial operations from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk tolerance with the Company's business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventative controls and transferring risk to third parties.

The success of the Company is dependent upon its ability to assess and manage all forms of risk that affect its operations. The Company is exposed to many factors that could adversely affect its business, financial conditions or operating results. Developing policies and procedures to identify risk and the implementation of appropriate risk management policies and procedures is the responsibility of senior management and the Board of Directors. The Board directly, or through its committees, reviews and approves these policies and procedures, and monitors their compliance with them through ongoing reporting requirements.

The investment operations of the Company's business involve the purchase and sale of securities and, accordingly, the majority of the Company's assets are currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, including liquidity, market, interest, credit and currency risks. A discussion of the Company's use of financial instruments and their associated risks is provided below. There has been no change to the Company's risk management policies or processes during the year ended December 31, 2023.

(a) *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's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments decline, resulting in losses upon disposition. The Company generates cash flow primarily from its operational activities and the proceeds from the disposition of its investments, in addition to interest and dividend income earned on its investments. The Company has sufficient investments which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions.



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As at December 31, 2023, the Company's financial liabilities are comprised of accounts payable and accrued liabilities. The carrying amount of these financial liabilities approximate their respective fair values due to their short-term maturities. All of the Company's liabilities are due within the next twelve months.

The Company believes that cash flow from continuing operations and existing cash resources will be sufficient to meet the Company's short-term requirements, as well as ongoing operations, and will be able to generate sufficient capital to support the Company's operations in the long-term. However, the Company may procure debt or equity financing from time to time to fund its operations.

(b) Market risk

The Company is exposed to certain market risk that the value of the Company's financial assets will significantly fluctuate due to changes in market prices. The value of the financial assets 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 dispositions of investments at less than favorable prices. Additionally, the Company is required to mark to market its FVTPL investments at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on the Company's financial position. The Company manages market risk by having a portfolio which is not singularly exposed to any one issuer or class of issuers. The Company monitors changes in the market on an ongoing basis and adjusts its lending and investing practices and policies when necessary to reduce the impact of the above risks.

The Company's investments include publicly-listed entities that are listed on a Canadian and United States stock exchange. Changes in the fair value of investments designated as FVTPL are reported in the statement of loss and comprehensive loss.

The following table shows the estimated sensitivity on the statement of loss and comprehensive loss for the year ended December 31, 2023 from a change in closing price of the Company's publicly-listed investments, not including share purchase warrants and options, of \$2,675,400 with all other variables held constant as at December 31, 2023:

Percentage of change in closing prices	Change in comprehensive income (loss) from % increase in closing price	Change in comprehensive income (loss) from % decrease in closing price
5%	133,770	(133,770)
10%	267,540	(267,540)

The following table shows the estimated sensitivity on the statement of loss and comprehensive loss for the year ended December 31, 2022 from a change in closing price of the Company's publicly-listed investments, not including share purchase warrants and options, of \$3,449,802 with all other variables held constant as at December 31, 2022:

Percentage of change in closing prices	Change in comprehensive income (loss) from % increase in closing price	Change in comprehensive income (loss) from % decrease in closing price
5%	172,490	(172,490)
10%	344,980	(344,980)



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(c) Interest rate risk

The observable impacts on the fair values and future cash flows of financial instruments that can be directly attributable to interest rate risk include changes in net loss from financial instruments whose cash flows are determined with reference to floating interest rates and changes in value of financial instruments whose cash flows are fixed in nature.

Should market interest rates rise, then the fair value of the Company's convertible debentures and term debt investments may decrease. Conversely, should market interest rates fall, the fair value of these assets may increase. The effect of changes in interest rates on the fair value of these debt instruments is partially muted by the nature of the investments. Convertible debentures placed in early-stage investees are typically less sensitive to changes in market interest rates than non-convertible debt instruments placed in more mature investees. Additionally, the economic exposure to interest rate risk is mitigated by the Company's intention to either convert the debentures into the related underlying equities or, in the case of nonconvertible debentures, to hold the instrument until maturity.

As at December 31, 2023, if interest rates were higher by 1% per annum, the potential effect to the Company would be an increase in net loss of approximately \$1,080 (December 31, 2022 – \$1,706).

(d) Credit risk

Concentration of credit risk may arise from exposures to a single debtor or to a group of debtors having similar characteristics such that their ability to meet their current obligations is expected to be affected similarly by changes in economic or other conditions. Senior management is committed to several processes to ensure that this risk is appropriately mitigated. These include:

- obtaining collateral guarantees;
- the investigation of the creditworthiness of all borrowers;
- the engagement of qualified independent consultants such as lawyers and real estate appraisers, to whom management may reach for professional advice;
- the segregation of duties to ensure that qualified staff are satisfied with all due diligence requirements prior to funding; and
- the prompt initiation of recovery procedures on overdue loans.

As at December 31, 2023, \$nil accounts receivables or loans and convertible debentures were past due (December 31, 2022 - \$nil).

As at	December 31, 2023	December 31, 2022
Accounts receivable	\$ -	\$ 55,456
Loans and convertible debentures	94,426	181,458
	\$ 94,426	\$ 236,914



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(e) Currency risk

Foreign exchange risk exposures arise from transactions and balances denominated in foreign currencies. The Company's foreign currency risk arises primarily with respect to the United States dollar. Fluctuations in the exchange rates between the United States dollar and the Canadian dollar could have a material effect on the Company's business, financial condition, and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

The Company has cash and cash equivalents, certain receivables, convertible debentures and investments in companies denominated in a foreign currency. For the year ended December 31, 2023 management estimates that if the United States dollar had strengthened or weakened by 10% against the Canadian dollar, assuming all other variables remained constant, net loss for the period would have increased or decreased by approximately \$290,517 (December 31, 2022 - \$781,001).

(f) Concentration risk

As at December 31, 2023, the Company has two investments (December 31, 2022 – one investment) which each comprise 10% (December 31, 2022 – 22%) of the total balance of investments – FVTPL on the statement of financial position.

17. CONTINGENCIES AND COMMITMENTS

In September 2017, the Company announced that it was served with a statement of claim by First Global Data Limited ("FGD"). The claim seeks damages of \$20,000,000 against a number of defendants including the Company and its former Chief Executive Officer, alleging breach of contract, conspiracy and various other causes of action (the "FGD Action").

The Company believed the claim against the Company and its former CEO was without merit and frivolous, and was issued in an attempt to delay the outcome of the Company's claims against FGD in existing proceedings commenced by the Company in February 2017 (Ontario Superior Court of Justice Court File No. CV-17-569015, the "Application"). The Company commenced the Application because FGD has refused to honour its contractual obligations to issue certain options and warrants to the Company. As a result of an August 2017 order of the Ontario Superior Court of Justice, the Company's Application was pursued as a counterclaim in the FGD Action (the "Counterclaim").

In June 2023, the FGD Action and Counterclaim was settled and is no longer being pursued.