FOUNTAIN ASSET

Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2025

Unaudited

Presented in Canadian Dollars

NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Fountain Asset Corp. (the "Company" or "Fountain") 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 auditors.

FOUNTAIN ASSET

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Presented in Canadian Dollars

Unaudited

		March 31, 2025		December 31, 2024
ASSETS				
Cash	**$**	**565,719**	$	428,869
Short-term investments (Note 4)		**40,000**		40,000
Accounts receivable and prepaids		**14,439**		31,081
Loans and convertible debentures - fair value through profit or loss (Note 5)		**637,441**		58,029
Investments - fair value through profit or loss (Note 6)		**4,619,077**		5,071,447
	$	**5,876,676**	$	5,629,426
LIABILITIES				
Accounts payable and accrued liabilities	**$**	**125,596**	$	116,477
Accrued annual incentive plan (Note 10)		**183,112**		-
		308,708		116,477
SHAREHOLDERS' EQUITY				
Share capital (Note 8(b))		**29,901,107**		29,901,107
Contributed surplus (Note 8(c))		**6,955,235**		6,949,483
Deficit		**(31,288,374)**		(31,337,641)
		5,567,968		5,512,949
	$	**5,876,676**	$	5,629,426

Related party transactions (Note 10)

See accompanying notes to the condensed interim consolidated financial statements.

FOUNTAIN ASSET

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

Presented in Canadian Dollars
Unaudited

For the three months ended March 31,		2025		2024
Revenue				
Net unrealized gains (losses) on portfolio investments	**$**	**(962,752)**	$	38,199
Consulting fees and bonuses received		**60,000**		-
Interest and dividend income		**3,613**		1,613
Net realized gains (losses) on portfolio investments		**1,292,983**		(315,335)
		393,844		(275,523)
Expenses				
Salaries and consulting fees		**52,506**		101,138
Audit and legal fees		**24,154**		2,456
General and administrative		**34,589**		47,786
Trading commissions		**37,337**		11,282
Filing and listing fees		**6,575**		7,177
Annual incentive plan expense (Note 10)		**183,112**		-
Stock-based compensation (Note 8(c))		**5,752**		7,115
Foreign exchange loss (gain)		**552**		(2,853)
		344,577		174,101
Income (loss) before income taxes		**49,267**		(449,624)
Income tax expense		**-**		-
Income (loss) and comprehensive income (loss)	**$**	**49,267**		(449,624)
Earnings (loss) per share - basic and diluted (Note 12)	**$**	**0.00**		(0.01)
Weighted average number of shares outstanding during the period:				
Basic		**64,414,462**		61,864,462
Diluted		**64,414,462**		61,864,462

See accompanying notes to the condensed interim consolidated financial statements.

FOUNTAIN ASSET

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Presented in Canadian Dollars

Unaudited

	Share capital	Contributed surplus	Deficit	Total shareholders' equity
Balance as at December 31, 2023	**$ 29,799,107**	**$ 6,898,466**	**$ (30,038,394)**	**$ 6,659,179**
Stock based compensation	-	7,115	-	7,115
Comprehensive losss	-	-	(449,624)	(449,624)
Balance as at March 31, 2024	**29,799,107**	**6,905,581**	**(30,488,018)**	**6,216,670**
Balance as at December 31, 2024	**29,901,107**	**6,949,483**	**(31,337,641)**	**5,512,949**
Stock based compensation	**-**	**5,752**	**-**	**5,752**
Comprehensive income	**-**	**-**	**49,267**	**49,267**
Balance as at March 31, 2025	**$ 29,901,107**	**$ 6,955,235**	**$ (31,288,374)**	**$ 5,567,968**

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Presented in Canadian Dollars

Unaudited

For the three months ended March 31	**2025**	2024
Cash provided by (used in)		
Operations		
Net income (loss)	**$ 49,267**	$ (449,624)
Items not involving cash:		
Unrealized losses (gains) on portfolio investments	**962,752**	(38,199)
Realized losses (gains) on sale of portfolio investments	**(1,292,983)**	315,335
Proceeds from sale of investments	**1,976,170**	609,216
Purchase of investments	**(1,266,851)**	(787,640)
Purchase loans and convertible debentures	**(443,303)**	-
Non-cash consulting income	**(60,000)**	-
Non-cash dividend and interest income	**(2,827)**	-
Stock-based compensation expense	**5,752**	7,115
Change in non-cash working capital:		
Accounts receivable and prepaids	**16,642**	16,575
Accounts payable and accrued liabilities	**9,119**	34,115
Accrued annual incentive plan	**183,112**	-
Change in cash	**136,850**	(293,107)
Cash, beginning of period	**428,869**	655,703
Cash, end of period	**$ 565,719**	$ 362,596

Supplementary cash flow information (Note 9)

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 unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2025 (the “Interim Financial Statements”) have been approved for issuance by the Company’s board of directors on May 27, 2025.

2. MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

The Interim Financial Statements have been prepared in accordance with IFRS® Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 - *Interim financial reporting* (“IAS 34”) as issued by the IASB. Accordingly, they do not include all of the information required for full annual consolidated financial statements as required by IFRS.

The Interim Financial Statements should be read together with the annual audited consolidated financial statements as at and for the year ended December 31, 2024. The same accounting policies and methods of computation were followed in the preparation of the Interim Financial Statements as were followed in the preparation, and as described in Note 3, of the annual consolidated financial statements as at and for the year ended December 31, 2024, with the exception of new accounting standards and amendments adopted during the three months ended March 31, 2025 as outlined in Note 2(b).

(b) Recent accounting pronouncements

During the three months ended March 31, 2025, the Company adopted the following accounting policy changes, which did not have an effect on the Interim Financial Statements:

(i) Amendments to IAS 21 – *The Effects of Changes in Foreign Exchange Rates*

Effective January 1, 2025, the Company adopted 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.

(c) Basis of measurement

The Interim 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 through profit or loss (“FVTPL”). In addition, the Interim Financial Statements have been prepared using the accrual basis of accounting except for certain cash flow information presented herein.

(d) Functional and presentation currency

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

(e) 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
(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 one active subsidiary, being Fountain Advisors Corp.

As an investment entity, the Company is required to account for its subsidiaries at FVTPL rather than by consolidation. However, 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

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

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements require 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 Interim Financial Statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the Interim 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. Other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Unaudited, presented in Canadian Dollars

There is currently uncertainty regarding the impact of tariffs to be implemented by the new U.S. administration, which in turn increases the uncertainty of estimates used in financial reporting.

(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 recognized as standard within the industry. Information about assumptions and estimation uncertainties involved in the fair value are disclosed in Note 7.

(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 2(e).

4. SHORT-TERM INVESTMENTS

The Company has $40,000 in a short-term guaranteed investment certificate with its financial institution as at March 31, 2025 (December 31, 2024 - $40,000). These investments are held as security on its credit card line with a Schedule A Canadian chartered bank.

5. 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.

			Financial Instr.	**March 31, 2025**		December 31, 2024	
FVTPL	Instrument	Interest rate / term	Hierarchy	**Cost**	**Fair Value**	Cost	Fair Value
Auric Minerals Corp	Convertible debt	8%, < 3 year	Level 2	$ **52,627**	**$**	$ -	$
Metals One plc	Convertible debt	0%, < 1 year	Level 2	**390,676**		-	
TipTapPay Micropayments Ltd.	Debt	6.25%, < 1 year	Level 3	**58,029**		58,029	
				$ **501,332**	**$ 637,441**	$ 58,029	$ 58,029

Unaudited, presented in Canadian Dollars

6. INVESTMENTS – FVTPL

A summary of the investments carried at FVTPL that have a fair value greater than $nil as at March 31, 2025 is presented below.

Investment	Instrument	Financial Instr. Hierarchy	March 31, 2025 Cost	March 31, 2025 Fair Value
1616 Media Ltd.	Equity	3	**32,920**	
1616 Media Ltd.	Warrants	3	**-**	
Aeropost Holdings Corporation	Equity	3	**251,440**	
Alabs - 12.64 fund	Equity	3	**484,120**	
Attorneys Title Guaranty Fund Inc.	Equity	3	**413,000**	
Black Swan Tech	Equity	3	**94,905**	
Bothwell Road Capital Corp	Equity	3	**520**	
Broomloan Road Capital Corp.	Equity	3	**520**	
Crecero Technologies	Equity	3	**50,000**	
Edmiston Drive Capital Corp	Equity	3	**520**	
Futura Health & Wellness Inc.	Equity	3	**100,000**	
Goodee Inc.	Equity	3	**250,002**	
Goram Capital Corp	Equity	3	**520**	
Holistic Industries Inc.	Equity	3	**98,157**	
Inabuggy Inc.	Equity	3	**45,850**	
Inabuggy Inc.	Warrants	3	**5,150**	
Insuramedix Inc.	Equity	3	**255,055**	
Interactive Entertainment Group Inc.	Equity	3	**200,000**	
James Bell Capital Corp	Equity	3	**520**	
OpenSky Opportunities Fund Ltd.	Equity	3	**183,582**	
Reliq Health Technologies	Equity	3	**176,270**	
Reliq Health Technologies	Warrants	3	**64,198**	
Sency	Equity	3	**63,395**	
TipTapPay Micropayments Ltd	Equity	3	**69,131**	
Trait Biosciences Incorporated	Equity	3	**192,000**	
Level 3 company investments - FVTPL			**3,031,775**	**1,597,163**

Unaudited, presented in Canadian Dollars

		Financial Instr.	March 31, 2025	
Investment	Instrument	Hierarchy	**Cost**	**Fair Value**
Alaska Energy Metals Corporation	Warrants	2	**3,382**	
Alaska Energy Metals Corporation	Warrants	2	**10,545**	
Auric Minerals Corp.	Warrants	2	**22,373**	
Avanti Gold Corp	Equity	1	**128,000**	
Black Swan Graphene Inc.	Equity	1	**150,000**	
BNS Corporate Tiered Investment Savings	Equity	1	**317,827**	
Britannia Life Sciences Inc.	Equity	1	**59,854**	
Clara Technologies Corp.	Equity	1	**300,000**	
Emerita Resources Corp	Warrants	2	**9,189**	
Falcon Energy Materials plc	Equity	1	**233,255**	
Fintechwerx International Software Services	Equity	1	**300,200**	
Frontier Lithium	Warrants	2	**2,648**	
Greenhawk Resources Inc	Equity	1	**184,510**	
Hub Cyber Security Ltd	Equity	1	**477,681**	
Hub Cyber Security Ltd	Warrants	1	**48,797**	
IberAmerican Lithium Inc.	Warrants	2	**19,956**	
Kuya Silver Corp	Warrants	2	**9,049**	
Kwesst Micro Systems	Warrants	1	**63,586**	
Lithos Group Ltd	Equity	1	**209,101**	
Lithos Energy Ltd	Warrants	2	**19,133**	
Luca Mining Corp.	Warrants	2	**12,639**	
Metasphere Labs Inc.	Warrants	2	**40,295**	
NTG Clarity Networks Inc.	Equity	1	**121,314**	
NTG Clarity Networks Inc.	Warrants	2	**39,686**	
NU E Power Corp	Equity	1	**97,343**	
NU E Power Corp	Warrants	2	**17,761**	
Rio2 Limited	Equity	1	**39,000**	
Simply Better Brands	Equity	1	**9,082**	
Stallion Uranium Corp	Warrants	2	**8,486**	
Syntheia Corp.	Equity	1	**50,829**	
Syntheia Corp.	Warrants	2	**1,671**	
Wedgemount Resources Corp	Equity	1	**51,503**	
Wedgemount Resources Corp	Warrants	2	**35,647**	
WonderFi Technologies Inc.	Equity	1	**164,368**	
Public company investments - FVTPL			**3,258,710**	**3,021,914**
Total private and public investments - FVTPL			**6,290,485**	**4,619,077**

Unaudited, presented in Canadian Dollars

A summary of the investments carried at FVTPL that have a fair value greater than $nil as at December 31, 2024 is presented below.

		Financial Instr.	**December 31, 2024**	
Investment	Instrument	Hierarchy	**Cost**	**Fair Value**
1616 Media Ltd.	Equity	3	**32,920**	
1616 Media Ltd.	Warrants	3	**-**	
Aeropost Holdings Corporation	Equity	3	**251,440**	
Alabs - 12.64 fund	Equity	3	**484,120**	
Attorneys Title Guaranty Fund Inc.	Equity	3	**413,000**	
Black Swan Tech	Equity	3	**94,905**	
Bothwell Road Capital Corp	Equity	3	**520**	
Broomloan Road Capital Corp.	Equity	3	**520**	
Crecero Technologies	Equity	3	**50,000**	
Edmiston Drive Capital Corp	Equity	3	**520**	
Futura Health & Wellness Inc.	Equity	3	**100,000**	
Goodee Inc.	Equity	3	**250,002**	
Goram Capital Corp	Equity	3	**520**	
Holistic Industries Inc.	Equity	3	**98,157**	
Inabuggy Inc.	Equity	3	**45,850**	
Inabuggy Inc.	Warrants	3	**5,150**	
Insuramedix Inc.	Equity	3	**255,055**	
Interactive Entertainment Group Inc.	Equity	3	**200,000**	
James Bell Capital Corp	Equity	3	**520**	
OpenSky Opportunities Fund Ltd.	Equity	3	**183,582**	
Reliq Health Technologies	Equity	3	**176,270**	
Reliq Health Technologies	Warrants	3	**64,198**	
Sency	Equity	3	**63,395**	
TipTapPay Micropayments Ltd	Equity	3	**69,131**	
Trait Biosciences Incorporated	Equity	3	**192,000**	
Level 3 company investments - FVTPL			**3,031,775**	**1,611,678**

Unaudited, presented in Canadian Dollars

Investment	Instrument	Financial Instr. Hierarchy	**December 31, 2024** Cost	**December 31, 2024** Fair Value
Alaska Energy Metals Corporation	Warrants	2	**3,382**	
Alaska Energy Metals Corporation	Warrants	2	**10,545**	
Auric Minerals Corp.	Equity	1	**300,250**	
Avanti Gold Corp	Equity	1	**128,000**	
Avanti Helium Corp	Warrants	2	**25,826**	
Black Swan Graphene Inc.	Equity	1	**150,000**	
Britannia Life Sciences Inc.	Equity	1	**59,854**	
Emerita Resources Corp	Warrants	2	**9,189**	
Evome Medical Technologies Inc.	Warrants	2	**24,349**	
Falcon Energy Materials plc	Equity	1	**249,058**	
Frontier Lithium	Warrants	2	**2,648**	
Greenhawk Resources Inc	Equity	1	**184,510**	
Hub Cyber Security Ltd	Equity	1	**477,681**	
Hub Cyber Security Ltd	Warrants	1	**48,797**	
IberAmerican Lithium Inc.	Warrants	2	**19,956**	
Kuya Silver Corporation	Warrants	2	**9,049**	
Kwesst Micro Systems Inc.	Warrants	1	**63,586**	
Lithos Group Ltd	Equity	1	**209,101**	
Lithos Energy Ltd	Warrants	2	**19,133**	
Luca Mining Corp.	Warrants	2	**12,639**	
Metasphere Labs Inc.	Warrants	2	**40,295**	
NTG Clarity Networks Inc.	Equity	1	**121,314**	
NTG Clarity Networks Inc.	Warrants	2	**39,686**	
NU E Power Corp	Equity	1	**61,500**	
NU E Power Corp	Warrants	2	**17,761**	
Rio2 Limited	Equity	1	**39,000**	
Simply Better Brands	Equity	1	**9,082**	
Stallion Uranium Corp	Warrants	2	**8,486**	
Syntheia Corp.	Equity	1	**50,829**	
Syntheia Corp.	Warrants	2	**1,671**	
Wedgemount Resources Corp	Equity	1	**51,503**	
WonderFi Technologies Inc.	Equity	1	**127,890**	
Public company investments - FVTPL			**2,576,570**	**3,459,769**
Total private and public investments - FVTPL			**5,608,345**	**5,071,447**

Unaudited, presented in Canadian Dollars

7. 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 March 31, 2025	Level 1	Level 2	Level 3	Total
Cash and short term investments	$ 605,719	$ -	$ -	$ 605,719
Loans and convertible debt - FVTPL	-	572,965	64,476	637,441
Investments - FVTPL	2,818,335	203,579	1,597,163	4,619,077
	$ 3,424,054	$ 776,544	$ 1,661,639	$ 5,862,237

As at December 31, 2024	Level 1	Level 2	Level 3	Total
Cash and short term investments	$ 468,869	$ -	$ -	$ 468,869
Loans and convertible debt - FVTPL	-	-	58,029	58,029
Investments - FVTPL	3,321,924	137,845	1,611,678	5,071,447
	$ 3,790,793	$ 137,845	$ 1,669,707	$ 5,598,345

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 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 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.

Unaudited, presented in Canadian Dollars

The following table presents the changes in fair value measurements of investments classified as level 3 for the three months ended March 31, 2025 and the year ended December 31, 2024.

Balance - December 31, 2023	$	3,047,614
Transfers (to) from Level 1		(308,189)
Purchases		352,750
Proceeds on dispositions		(263,343)
Realized losses		(951,556)
Change in unrealized losses		(207,569)
Balance - December 31, 2024	$	1,669,706
Change in unrealized losses		(8,067)
Balance - March 31, 2025	**$**	**1,661,639**

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 March 31, 2025:

Description		**Fair value at March 31, 2025**	**Valuation Method**	**Inputs**		**Fair Value Change +/- 10%**
Equity instruments	$	514,154	Recent transactions New investment	Recent purchase price	$	51,415
Equity instruments		655,020	Calibration	Market trends, Enterprise value and market cap of industry peer group		65,502
Equity instruments		398,456	Asset based approach	Company specific financials		39,846
Loans and convertible debentures		64,476	Black-Scholes model on conversion and discounted cash flow	Market prices, volatility, discount rate		6,448
Warrants		29,533	Black-Scholes model	Market prices, volatility, discount rate		2,953
	$	**1,661,639**			**$**	**166,164**

Unaudited, presented in Canadian Dollars

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, 2024:

Description		Fair value at December 31, 2024	Valuation Method	Inputs		Fair Value Change +/- 10%
Equity instruments	$	514,570	Recent transactions New investment	Recent purchase price	$	51,457
Equity instruments		653,434	Calibration	Market trends, Enterprise value and market cap of industry peer group		65,343
Equity instruments		406,562	Asset based approach	Company specific financials		40,656
Loans and convertible debentures		58,029	Black-Scholes model on conversion and discounted cash flow	Market prices, volatility, discount rate		5,803
Warrants		37,112	Black-Scholes model	Market prices, volatility, discount rate		3,711
	$	**1,669,707**			**$**	**166,970**

8. 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.

(b) Issued

Multiple Voting Shares	Number of Shares		Consideration
Balance - December 31, 2024 and March 31, 2025	87,760	$	160,028

Unaudited, presented in Canadian Dollars

Subordinate Voting Shares	Number of Shares		Consideration
Balance - December 31, 2023	61,776,702	$	29,639,079
Issuance of common shares on settlement of debt [1]	2,550,000		102,000
Balance - December 31, 2024 and March 31, 2025	64,326,702	$	29,741,079
Total MVS and SVS Shares - December 31, 2024 and March 31, 2025	**64,414,462**	**$**	**29,901,107**

[1] In order to reduce its administrative costs, the Company terminated the CEO's initial employment agreement (the "Initial CEO Agreement") and entered into a new agreement with an effective date of August 1, 2024 (the "New CEO Agreement"). The Initial CEO Agreement contained a clause providing that in the event of termination without cause, the Company is required to pay the CEO the greater of (i) eighteen months of base salary and benefits continuation; and (ii) the minimum entitlements required by the Ontario Employment Standards Act, 2000 (the "Termination Payment"). As a result of the execution of the New CEO Agreement, the Company owed the CEO a total of $127,500, calculated as the difference between the original salary and the new reduced salary per annum, pro-rated over the eighteen month period prescribed for within the calculation of the Termination Payment. In November, 2024, the Company issued 2,550,000 SVS as payment for the $127,500 owed to the CEO for the Termination Payment. At the time of issuing the SVS to the CEO, the Company's SVS were trading at $0.04 per share and were thus valued at a total amount of $102,000 resulting in a gain on debt settlement recognized on the statements of loss and comprehensive loss of $25,500 during the year ended December 31, 2024.

(c) Contributed Surplus

Share-based Payment Reserve

Balance - December 31, 2023	$	6,898,466
Stock-based compensation		51,017
Balance - December 31, 2024	$	6,949,483
Stock-based compensation		5,752
Balance - March 31, 2025	**$**	**6,955,235**

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.

Unaudited, presented in Canadian Dollars

A summary of the changes in the Company's stock options during the three months ended March 31, 2025 and the year ended December 31, 2024 is presented in the table below:

	Number of options		Weighted average exercise price
Balance - December 31, 2023	4,080,000	$	0.17
Expired	(230,000)		0.40
Forfeited	(150,000)		0.12
Issued	1,950,000		0.05
Balance - December 31, 2024 and March 31, 2025	**5,650,000**	**$**	**0.12**

During the year ended December 31, 2024, 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
05-Dec-29	1,950,000	$0.05	0%	$0.03	2.93%	5.0	120%

The options vest 1/2 on the date of grant and 1/2 on the one year anniversary. The total fair value of the options granted during the year ended December 31, 2024 was $46,020.

During the three months ended March 31, 2025, the Company recognized $5,752 (March 31, 2024 - $7,115) in stock-based compensation expense relating to the vesting of stock options.

A summary of the Company's outstanding stock options as at March 31, 2025 is presented below:

Grant date	Options outstanding	Options exercisable	Exercise price ($)	Weighted average remaining life (years)
July 16, 2020	950,000	950,000	0.145	0.29
June 3, 2021	850,000	850,000	0.265	1.18
December 19, 2022	1,900,000	1,900,000	0.12	2.72
December 5, 2024	1,950,000	975,000	0.05	4.68
	5,650,000	**4,675,000**	**0.12**	**2.76**

9. SUPPLEMENTAL CASH FLOW INFORMATION

For the three months ended March 31,		2025		2024
Interest income received	$	786	$	1,013

Unaudited, presented in Canadian Dollars

10. RELATED PARTY TRANSACTIONS

(a) Compensation to key management personnel and directors during the three months ended March 31, 2025 and 2024 were as follows:

For the three months ended March 31,	2025	2024
Salaries, consulting fees, and benefits	$ **42,143**	$ 71,991
Director fees	**7,500**	22,500
Annual incentive plan expense	**183,112**	-
Stock-based compensation	**5,752**	7,115
	$ **238,507**	$ 101,606

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 three months ended March 31, 2025, an amount of $183,112 (March 31, 2024 - $nil) was accrued relating to the annual incentive plan bonus on the statements of income (loss) and comprehensive income (loss).

(b) During the three months ended March 31, 2025, the Company recorded $3,000 of rent expense (March 31, 2024 - $3,000), 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 statements of income (loss) and comprehensive income (loss). As at March 31, 2025 a balance of $1,000 (December 31, 2024 - $1,000) remains in accounts payables and accrued liabilities for rent expense owed to the CEO of the Company.

(c) 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 March 31, 2025.

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

Unaudited, presented in Canadian Dollars

11. 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.

		March 31, 2025		December 31, 2024
Shareholders' equity comprised of				
Share capital	**$**	**29,901,107**	$	29,901,107
Contributed surplus		**6,955,235**		6,949,483
Deficit		**(31,288,374)**		(31,337,641)
	$	**5,567,968**	$	5,512,949

There were no changes to the Company's capital management objectives during the three months ended March 31, 2025.

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 three months ended March 31, 2025. 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.

12. BASIC AND DILUTED EARNINGS PER SHARE

During the three months ended March 31, 2025, the basic and diluted earnings per share was $nil (March 31, 2024 – loss per share of $0.01). Excluded from the diluted earnings per share calculation was 5,650,000 stock options (March 31, 2024 – 4,080,000 stock options) which have an anti-dilutive effect.

13. 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 three months ended March 31, 2025.

(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.

As at March 31, 2025, the Company's financial liabilities are comprised of accounts payable and accrued liabilities and accrued annual incentive plan 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.

Unaudited, presented in Canadian Dollars

(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 income (loss) and comprehensive income (loss).

The following table shows the estimated sensitivity on the statement of income and comprehensive income for the three months ended March 31, 2025 from a change in closing price of the Company's publicly-listed investments, not including share purchase warrants and options, of $2,818,335 with all other variables held constant as at March 31, 2025:

Percentage of change in closing prices	Change in comprehensive income from % increase in closing price	Change in comprehensive income from % decrease in closing price
5%	140,917	(140,917)
10%	281,833	(281,833)

The following table shows the estimated sensitivity on the statement of loss and comprehensive loss for the year ended December 31, 2024 from a change in closing price of the Company's publicly-listed investments, not including share purchase warrants and options, of $3,321,923 with all other variables held constant as at December 31, 2024:

Percentage of change in closing prices	Change in comprehensive loss from % increase in closing price	Change in comprehensive loss from % decrease in closing price
5%	166,096	(166,096)
10%	332,192	(332,192)

(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 income 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.

Unaudited, presented in Canadian Dollars

As at March 31, 2025, if interest rates were higher by 1% per annum, the potential effect to the Company would be a change in net income of approximately $6,374 (December 31, 2024 – $580).

(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 March 31, 2025, $64,476 of loans (December 31, 2024 - $nil) were past due. Subsequent to the three months ended March 31, 2025, the overdue loan was settled with the issuance of shares.

As at		**March 31, 2025**		December 31, 2024
Accounts receivable	**$**	**-**	$	-
Loans and convertible debentures		**637,441**		58,029
	$	**637,441**	$	58,029

(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 three months ended March 31, 2025 management estimates that if the United States dollar and Great British Pound had strengthened or weakened by 10% against the Canadian dollar, assuming all other variables remained constant, net income for the period would have increased or decreased by approximately $124,060 (December 31, 2024 - $128,699).

(f) Concentration risk

As at March 31, 2025, the Company has one investment (December 31, 2024 – one investment) which comprises 26.2% (December 31, 2024 – 43.3%) of the total balance of investments – FVTPL on the statement of financial position.