FOUNTAIN ASSET

Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

Unaudited

Presented in Canadian Dollars

November 26, 2020

MANAGEMENT'S RESPONSIBILITY FOR THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying condensed interim consolidated financial statements of Fountain Asset Corp. (the “**Company**”) are the responsibility of the Board of Directors and executive management. The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board. These unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual consolidated financial statements and therefore should be read in conjunction with the Company’s audited annual consolidated financial statements and notes thereto for the year ended December 31, 2019. These unaudited condensed interim consolidated financial statements follow the same significant accounting policies and methods of application as those included in the Company’s most recent audited annual consolidated financial statements, except as described in note 2. Management acknowledges responsibility for the preparation and presentation of the unaudited condensed interim 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. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with IFRS appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the period presented by the unaudited condensed interim consolidated financial statements.

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) *"Michael Leskovec"*
Michael Leskovec
Chief Financial Officer

AUDITOR INVOLVEMENT

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements as at and for the nine months ended September 30, 2020 have not been reviewed by the Company's auditors.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Presented in Canadian Dollars

Unaudited

As at		September 30, 2020		December 31, 2019
ASSETS				
Cash	**$**	**689,963**	$	335,537
Short-term investments *(note 4)*		**40,000**		40,000
Amounts receivable and sundry assets		**593,088**		625,945
Loans and convertible debentures - fair value through profit or loss *(note 5)*		**1,472,674**		2,985,562
Investments - fair value through profit or loss *(note 6)*		**13,590,299**		14,406,297
	$	**16,386,024**	$	18,393,341
LIABILITIES				
Accounts payable and accrued liabilities	**$**	**221,885**	$	398,095
Accrued annual incentive plan *(note 11)*		**2,085,394**		2,085,394
Income taxes payable		**29,375**		29,375
		2,336,654		2,512,864
SHAREHOLDERS' EQUITY				
Share capital *(note 9(b))*		**29,153,357**		29,153,357
Contributed surplus *(note 9(c))*		**6,500,929**		6,369,593
Deficit		**(21,604,916)**		(19,642,473)
		14,049,370		15,880,477
	$	**16,386,024**	$	18,393,341

Contingencies and commitments *(note 15)*
Subsequent event *(note 16)*

The accompanying notes are an integral part of the condensed interim consolidated financial statements

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

Presented in Canadian Dollars

Unaudited

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Revenue				
Net unrealized gains (losses) on portfolio investments	**$ (29,421)**	$ (8,745,316)	**$ 1,638,319**	$ (9,759,780)
Structuring fees, consulting fees and bonuses	**-**	-	**657,237**	766,305
Interest and dividend income	**214**	12,020	**168,400**	269,212
Net realized gains (losses) on portfolio investments	**89,213**	(1,881,779)	**(3,710,183)**	(296,906)
	60,006	(10,615,075)	**(1,246,227)**	(9,021,169)
Expenses				
Salaries and consulting fees	**64,684**	82,652	**194,052**	259,009
Audit and legal fees	**92,816**	17,266	**193,712**	148,039
General and administrative	**46,255**	117,629	**143,567**	225,209
Commissions	**14,392**	30,978	**37,433**	110,189
Filing and listing fees	**7,797**	500	**16,116**	10,105
Stock-based compensation *(note 9(c))*	**86,830**	67,616	**131,336**	268,945
	312,774	316,641	**716,216**	1,021,496
Net income (loss) and comprehensive income (loss)	**$ (252,768)**	$ (10,931,716)	**$ (1,962,443)**	$ (10,042,665)
Net income (loss) per share - basic and diluted	**$ Nil**	$ (0.19)	**$ (0.03)**	$ (0.17)
Weighted average number of shares outstanding during the period:				
Basic	58,994,462	58,994,462	58,994,462	58,994,462
Diluted	58,994,462	58,994,462	58,994,462	58,994,462

Fully diluted weighted average common shares outstanding during the three months ended September 30, 2019 and the nine months ended September 30, 2020 and 2019 are not reflective of the outstanding stock options as their exercise would be anti-dilutive in the loss per share calculation.

The accompanying notes are an integral part of the condensed interim consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Presented in Canadian Dollars

	Share Capital	Contributed surplus	Deficit	Total shareholders' equity
Balance at December 31, 2018	**$ 29,153,357**	**$ 6,053,227**	**$ (1,137,362)**	**$ 34,069,222**
Stock based compensation	-	268,945	-	268,945
Comprehensive income	-	-	(10,042,665)	(10,042,665)
Balance at September 30, 2019	**29,153,357**	**6,322,172**	**(11,180,027)**	**24,295,502**
Stock based compensation	-	47,421	-	47,421
Comprehensive loss	-	-	(8,462,446)	(8,462,446)
Balance at December 31, 2019	**29,153,357**	**6,369,593**	**(19,642,473)**	**15,880,477**
Stock based compensation	-	131,336	-	131,336
Comprehensive loss	-	-	(1,962,443)	(1,962,443)
Balance at September 30, 2020	**$ 29,153,357**	**$ 6,500,929**	**$ (21,604,916)**	**$ 14,049,370**

The accompanying notes are an integral part of the condensed interim consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

Presented in Canadian Dollars

For the nine months ended September 30,	2020	2019
Cash provided by (used in)		
Operations		
Net income (loss)	**$ (1,962,443)**	$ (10,042,665)
Items not involving cash:		
Unrealized losses (gains) on portfolio investments	**(1,638,319)**	9,759,780
Realized losses (gains) on sale of portfolio investments	**3,710,183**	296,906
Proceeds from sale of investments	**5,049,136**	13,845,013
Purchase of investments	**(4,792,114)**	(14,262,236)
Acquired loans and convertible debentures	**-**	(4,113,376)
Repayments of loans and convertible debentures	**-**	3,639,575
Stock compensation expense	**131,336**	268,945
Change in non-cash working capital:		
Amounts receivable and sundry assets	**32,857**	25,641
Accounts payable and accrued liabilities	**(176,210)**	(188,259)
Change in cash and cash equivalents	**354,426**	(770,676)
Cash and cash equivalents, beginning of period	**335,537**	1,414,192
Cash and cash equivalents, end of period	**$ 689,963**	$ 643,516

Supplementary cash flow information *(note 10)*

The accompanying notes are an integral part of the condensed interim consolidated financial statements

1. NATURE OF OPERATIONS

Fountain Asset Corp. (the "**Company**") is a publicly traded company incorporated and domiciled in Canada. The Company is an investment company focused on creating shareholder value by offering various debt and/or equity financing solutions to companies across many industries such as manufacturing, retail, financial services, technology, cannabis, biotechnology, oil and gas, mining, and cryptocurrency. The Company's subordinate voting shares are listed on the TSX Venture Exchange ("**TSXV**") under the symbol "FA".

The address of the Company's registered head office is 99 Scollard Street, Toronto, Ontario, M5R 1G4.

The unaudited condensed interim consolidated financial statements as at and for the nine months ended September 30, 2020 have been approved for issue by the Board of Directors on November 26, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Company's unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"), and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**"). These unaudited condensed interim consolidated 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. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2019.

(b) Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for valuation of fair value through profit or loss ("**FVTPL**") financial assets and financial liabilities which are shown at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The Company classifies its expenses by function.

The statements of cash flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined using the indirect method. Net income is therefore adjusted for non-cash items, such as measurement gains or losses, changes in provisions, as well as changes from receivables, prepaid expenses, accounts payable and accrued liabilities and income taxes receivable and payable. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated. Interest received or paid is classified as operating cash flows. The cash flows from investing and financing activities are determined using the direct method. The Company's assignment to operating, investing and financing category depends on the business model (management approach).

(c) Principles of consolidation

(i) Subsidiaries

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. As an investment entity, the Company is required to account for its investments in subsidiaries (Somersby Park 2010 Limited Partnership, and the Auto repair finance company) at fair value through profit or loss rather than by consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Principles of consolidation (continued)

(i) Subsidiaries (continued)

The Company has concluded that Foothills Development Inc. ("**Foothills**"), and Foothills wholly-owned subsidiary Newborn Realty Corporation, should be consolidated as this entity provides services relating to the Company's investment activities. All intercompany balances, profits and transactions are eliminated in full.

(ii) Status as investment entity

The following are the criteria within IFRS 10, Consolidated financial statements, which the Company used to evaluate and determine that it continues to meet 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, except for Foothills, subsidiaries which otherwise would have been consolidated are carried at fair value.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these 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. These 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 methodology of level 2 and level 3 investments. Refer to note 8 for more details.

(b) Critical accounting judgments

Management exercises judgment in applying criteria in IFRS 10, which determines the Company's status as an investment entity. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy choice which involves judgments or assessments made by management.

Presented in Canadian Dollars

4. SHORT-TERM INVESTMENTS

The Company has outstanding $40,000 in a short-term guaranteed investment certificate with its financial institution at September 30, 2020 (December 31, 2019 - $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

FVTPL	Instrument	Interest rate / term	Financial instrument hierarchy	Dec. 31, 2019 Cost	Dec. 31, 2019 Fair value	**Sep 30, 2020** Cost	**Sep 30, 2020** **Fair value**
2400918 Ontario Inc.	Term debt	15%, < 1 year	Level 3	$ 3,024,129		$ 3,024,129	
Advantagewon Oil Corp.	Convertible debt	24% & 12%, > 1 yr	Level 3	48,611		48,611	
Central Coast	Convertible debt	8%, > 1 year	Level 3	268,040		268,040	
Compression Capital Corp.	Convertible debt	5%, > 1 year	Level 3	500,000		500,000	
Cool Holdings Ltd.	Convertible debt	12%, < 1 year	Level 3	786,267		-	
Cura Partners	Convertible debt	8%, > 1 year	Level 3	327,611		-	
Humble & Fume Inc.	Convertible debt	8%, > 1 year	Level 3	300,000		300,000	
Popreach Incorporated	Convertible debt	8%, > 1 year	Level 3	250,000		-	
Rise Life Sciences	Convertible debt	12%, > 1 year	Level 3	250,000		250,000	
Wayland Group Corp.	Convertible debt	9%, > 1 year	Level 3	250,000		250,000	
Ways Security Inc.	Convertible debt	6%, < 1 year	Level 3	62,095		62,095	
Cryptologic Corp.	Convertible debt	8%, > 1 year	Level 3	568,598		-	
				$ 6,635,351	**$ 2,985,562**	$ 4,702,875	**$ 1,472,674**

Presented in Canadian Dollars

6. INVESTMENTS - FVTPL

The following chart lists the investments carried at FVTPL. See note 8 for fair value measurement techniques and evaluations.

Investment	Instrument	Financial instr. hierarchy	Dec. 31, 2019 Cost	Dec. 31, 2019 Fair value	Sep 30, 2020 Cost	Sep 30, 2020 Fair value
1616 Media Ltd.	Equity	3	$ 32,920		$ 32,920	
1014379 BC Limited	Equity	3	-		7,500	
2459160 Ontario Inc.	Equity	3	217,763		217,763	
2459160 Ontario Inc.	Warrants	3	112,237		112,237	
African Cannabis Corp.	Equity	3	450,000		450,000	
Agriforce Growing Systems Ltd.	Equity	3	176,008		176,008	
Agriforce Growing Systems Ltd.	Warrants	3	81,492		81,492	
Attorneys Title Guaranty Fund Inc.	Equity	3	413,000		413,000	
BabelBark Inc.	Equity	3	729,618		729,618	
Beacon Hill Brands Inc.	Equity	3	400,855		400,855	
Bravio Technologies Limited	Equity	3	360,525		360,525	
Brazil Investments Inc.	Equity	3	202,595		202,595	
The BRN Group Inc.	Equity	3	305,479		305,479	
Canapar Corp.	Equity	3	199,800		199,800	
CannAgri Blockchain Inc.	Equity	3	119,849		119,849	
CannAgri Blockchain Inc.	Warrants	3	60,151		60,151	
Cannbiorex Pharmaceuticals Corp.	Equity	3	190,700		190,700	
Casters Holdings Inc.	Equity	3	497,825		497,825	
Canncure Investments Inc.	Equity	3	392,820		-	
Copeland Biosciences Corp.	Equity	3	505,000		505,000	
Cultivate Capital Corp.	Equity	3	355,166		-	
Cultivate Capital Corp.	Warrants	3	44,834		-	
Embark Health Inc.	Equity	3	138,509		138,509	
Embark Health Inc.	Warrants	3	11,491		11,491	
Emerge Commerce	Equity	3	-		99,000	
Gage Cannabis	Equity	3	682,500		682,500	
Gen X Biosciences	Equity	3	250,000		250,000	
Goodee Inc.	Equity	3	250,002		250,002	
Heavenly RX Ltd.	Equity	3	80,000		80,000	
Hemp Hydrate International	Equity	3	219,509		219,509	
Hemp Hydrate International	Warrants	3	30,491		30,491	
Holistic Industries Inc.	Equity	3	130,873		130,873	
Impulsa Capital LLC	Equity	3	66,510		66,510	
Katexco Pharmaceuticals Corp.	Equity	3	240,700		240,700	
Legacy Eight Group Ltd.	Equity	3	427,180		427,180	
Miraculo Inc.	Equity	3	105,000		105,000	
Molecular Science Corp.	Equity	3	250,000		250,000	
Molecule Inc.	Equity	3	100,000		50,000	
Newt Inc.	Equity	3	50,000		50,000	
Payfare Inc.	Equity	3	100,000		100,000	
Pilz Bioscience Corp.	Equity	3	-		9,000	
Pluribus Technologies Inc.	Equity	3	-		149,971	
Promedia Investments Incorporated	Equity	3	263,120		263,120	
Prominex Resources Corp.	Equity	3	18,650		18,650	
Reciprocity Corp.	Equity	3	140,000		140,000	
S1 Capital Corp.	Equity	3	50,000		50,000	
Sentia Wellness, Inc.	Equity	3	-		71,857	
Somersby Park 2010 Ltd Partnership	Equity	3	772,079		772,079	
Southern Sun Pharma	Equity	3	99,999		99,999	
Taste Brands Corp.	Equity	3	200,000		200,000	
Trait Biosciences Incorporated	Equity	3	192,000		192,000	
Private company investments - FVTPL			$ 10,717,250	**$ 10,095,197**	$ 10,211,758	**$ 8,707,851**

Presented in Canadian Dollars

6. INVESTMENTS - FVTPL (continued)

Investment	Instrument	Financial instr. hierarchy	Dec. 31, 2019 Cost	Dec. 31, 2019 **Fair value**	**Sep 30, 2020** Cost	**Sep 30, 2020 Fair value**
3 Sixty Risk Solutions Ltd.	Equity	1	$ 110,857		$ -	
79North Ltd.	Equity	1	-		25,000	
Abraplata Resources Corp.	Equity	1	-		16,706	
Abraplata Resources Corp.	Warrants	3	-		3,301	
Advantagewon Oil Corp.	Equity	1	245,456		193,479	
Arizona Metals Corp.	Equity	1	-		70,364	
Artemis Gold Inc.	Equity	1	16,318		-	
Artemis Gold Inc.	Warrants	3	10,682		3,561	
BevCanna Enterprises Inc.	Equity	1	50,000		25,000	
Bluma Wellness Inc.	Equity	1	-		392,820	
Bragg Gaming Group	Equity	1	817,062		506,267	
Bragg Gaming Group	Warrants	3	106,263		106,263	
Caldas Gold Corp.	Warrants	3	-		33,750	
Canntrust Holdings Inc.	Warrants	3	20,458		-	
Cansortium Inc.	Equity	1	2,834,575		2,834,575	
Cansortium Inc.	Warrants	3	528,545		528,545	
Captor Capital Corp.	Warrants	3	36,268		-	
CGX Energy Inc.	Equity	1	52,660		-	
Converge Technology Solutions	Equity	1	-		21,115	
Cool Holdings Inc.	Equity	1	-		1,330,759	
Cool Holdings Inc.	Warrants	3	475,488		801,990	
Cryptologic Corp.	Equity	1	-		243,360	
Cryptologic Corp.	Warrants	3	110,393		-	
Curaleaf Holdings Inc.	Equity	1	-		89,383	
Docebo Inc.	Equity	1	240		-	
Duncan Park Holdings Corp.	Equity	1	-		45,000	
Eco Atlantic Oil & Gas Inc.	Equity	1	67,238		-	
Engine Media Holdings Inc.	Equity	1	99,993		61,190	
Engine Media Holdings Inc.	Warrants	3	18,030		18,030	
Freeman Gold Corp.	Equity	1	-		250	
Global Care Capital Inc.	Equity	1	-		23,207	
Global Care Capital Inc.	Warrants	3	-		1,793	
Green Growth Brands Ltd.	Equity	1	1,938,677		-	
Green Growth Brands Ltd.	Warrants	3	176,997		176,997	
High Tide Inc.	Equity	1	283,022		236,001	
HTC Purenergy Inc.	Equity	1	41,866		-	
HTC Purenergy Inc.	Warrants	3	38,432		38,432	
Isracann Biosciences Inc.	Equity	1	34,000		-	
Kew Media Inc.	Equity	1	81,545		81,545	
Kew Media Inc.	Warrants	1	315,000		315,000	
Liberty Health Sciences Inc.	Warrants	3	64,539		-	
Maritime Resources Corp.	Equity	1	-		39,998	
Mydecine Innovations Group Inc.	Equity	1	-		9,048	
Nighthawk Gold Corp.	Equity	1	-		66,877	
Nighthawk Gold Corp.	Warrants	3	-		9,623	
Organto Foods Inc.	Warrants	3	10,109		-	
Pacific Rim Cobalt Corp.	Warrants	3	8,198		-	
Popreach Incorporated	Equity	1	-		357,314	
Popreach Incorporated	Warrants	3	-		301,229	
Reconnaissance Energy Africa Ltd.	Equity	1	-		10,845	
Reconnaissance Energy Africa Ltd.	Warrants	3	-		10,155	
Red White & Bloom Brands Inc.	Equity	1	528,034		75,000	
Red White & Bloom Brands Inc.	Warrants	3	15,361		-	
Rise Life Sciences Corp.	Warrants	3	98,204		98,204	
Saturn Oil & Gas Inc.	Warrants	3	110,977		44,199	
Slang Worldwide Inc. .	Equity	1	-		369,166	
SOL Global Investments Corp.	Equity	1	602,764		-	
Spectra7 Microsystems Inc.	Equity	1	919,788		-	
Spectra7 Microsystems Inc.	Warrants	3	60,885		60,885	
Sweet Natural Trading Co. Ltd	Equity	1	225,339		225,339	
Sweet Natural Trading Co. Ltd .	Warrants	3	19,917		19,917	

Presented in Canadian Dollars

6. INVESTMENTS - FVTPL (continued)

Investment	Instrument	Financial instr. hierarchy	Dec. 31, 2019 Cost	Dec. 31, 2019 Fair value	Sep 30, 2020 Cost	Sep 30, 2020 Fair value
Talisker Resources Ltd.	Equity	1	-		34,588	
Talisker Resources Ltd.	Warrants	3	-		5,412	
Turmalina Metals Corp.	Warrants	3	-		12,246	
Wayland Group Corp.	Equity	1	741,761		741,761	
Wayland Group Corp.	Warrants	3	296,479		296,479	
Zoomd Technologies Ltd.	Equity	1	473,000		215,000	
Public company investments - FVTPL			$ 12,685,420	**$ 4,311,100**	$ 11,226,965	**$ 4,882,448**
			$ 23,402,670	**$ 14,406,297**	$ 21,438,723	**$ 13,590,299**

7. SUBSIDIARIES AND ASSOCIATES

The Company's subsidiaries are as follows:

Subsidiary/Associate	2020 Ownership	2019 Ownership	Place of business
Somersby Park 2010 Limited Partnership	73%	73%	United States
Auto repair finance company	50%	50%	Canada

The Company is the parent company of the general partner of GC Global Capital Lending Partners Limited Partnership and Somersby Park 2010 General Partner Inc. (Somersby). The General Partner has unlimited liability for the liabilities and obligations of the partnerships in excess of the contributions of the limited partners. As at September 30, 2020, there were no outstanding liabilities or obligations for which the Company was contingently liable.

Somersby Park 2010 Limited Partnership (Somersby) owns vacant real estate in the United States. There were no sales during the nine months ended September 30, 2020.

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 September 30, 2020	Level 1	Level 2	Level 3
Cash and short term investments	$ 729,963	$ -	$ -
Loans and convertible debt - FVTPL	-	-	1,472,674
Investments - FVTPL	4,047,641	-	9,542,658
	$ 4,777,604	$ -	$ 11,015,332

As at December 31, 2019	Level 1	Level 2	Level 3
Cash and short term investments	$ 375,537	$ -	$ -
Loans and convertible debt - FVTPL	-	-	2,985,562
Investments - FVTPL	3,744,717	-	10,661,580
	$ 4,120,254	$ -	$ 13,647,142

Fair value estimation

The Company’s management review and approve 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.

8. FAIR VALUE MEASUREMENTS (continued)

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 equity 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 established companies for which there has not been any recent independent funding or secondary private market transaction are valued by using revenue or earnings multiples. When valued on a multiple basis, the maintainable revenue or earnings of a portfolio company are multiplied by an appropriate multiple. The multiple is derived from the market capitalization of a peer group. Companies are selected for the peer group that are comparable with the portfolio company to be valued as to their business model and size. If the portfolio company to be valued differs in certain aspects compared with features of companies in the peer group, discounts or premiums are applied to the relevant multiple or resulting valuation.
- Investments in early-stage companies not generating sustainable revenue or earnings and for which there has not been any recent independent funding are valued using alternative methodologies. The Company considers investee company performance relative to plan, going concern risk, continued funding availability, comparable peer group valuations, exit market conditions and general sector conditions and calibrates its valuation of each investment as appropriate.
- 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.

Presented in Canadian Dollars

8. FAIR VALUE MEASUREMENTS (continued)

- 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.

During the nine months ended September 30, 2020, the reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

Balance - December 31, 2019	$ 13,647,142
Transfers (to) from Level 1	(1,441,620)
Purchases	398,359
Change in unrealized gains (losses)	(1,588,549)
Balance - September 30, 2020	**$ 11,015,332**

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 September 30, 2020:

Investment	Method	Inputs	Fair Value Change + / - 10%
Equity Instruments	Transaction price	Recent purchase price	404,764
Convertible Debt	Black Scholes model on conversion	Market prices, volatility, discount rate	35,140
Warrants	Black Scholes model	Market prices, volatility, discount rate	68,639

9. SHARE CAPITAL

(a) Authorized Capital

Unlimited number of:

Multiple voting shares ("**MVS**")

Subordinate voting shares ("**SVS**")

Preferred shares

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

Presented in Canadian Dollars

9. SHARE CAPITAL (continued)

(b) Issued

Multiple Voting Shares	Number of shares	Consideration
Balance - December 31, 2019 and September 30, 2020	87,760	$ 160,028

Subordinate Voting Shares	Number of shares	Consideration
Balance - December 31, 2019 and September 30, 2020	58,906,702	$ 28,993,329
Total MVS and SVS Shares - Dec. 31, 2019 and Sep. 30, 2019	**58,994,462**	**$ 29,153,357**

(c) Contributed Surplus

Share-based Payment Reserve

Balance - December 31, 2019	$ 6,369,593
Stock-based compensation	131,336
Balance - September 30, 2020	**$ 6,500,929**

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 Subordinate Voting Shares.

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 which is the subject of any option 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 Exchange 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 Exchange, 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 shares. It has been the Company's policy for options to vest upon issuance, however it remains open to change at the Board's discretion.

(c) Contributed Surplus

	Number of options	Weighted average exercise price
Balance - December 31, 2019	3,805,000	$ 0.43
Granted	1,275,000	0.15
Balance - September 30, 2020	**5,080,000**	**$ 0.36**

Presented in Canadian Dollars

9. SHARE CAPITAL (continued)

(c) Contributed Surplus (continued)

Stock Options (continued)

A summary of the Company's outstanding stock options at September 30, 2020 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	3.7
January 23, 2017	350,000	350,000	$0.30	1.3
November 8, 2017	1,100,000	1,100,000	$0.3625	2.1
June 4, 2018	1,250,000	1,250,000	$0.455	2.7
August 31, 2018	300,000	200,000	$0.455	2.9
November 29, 2018	575,000	383,334	$0.505	3.2
July 16, 2025	1,275,000	425,000	$0.145	4.8
	5,080,000	3,938,334	$0.36	3.1

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. The options issued to non-employees were valued using the fair value of the equity instrument granted in the absence of a reliable estimate of the fair value of the goods or services received.

10. SUPPLEMENTAL CASH FLOW INFORMATION

For the nine months ended September 30,		**2020**		2019
Interest income received	**$**	**167,900**	$	257,192
Interest paid	**$**	**-**	$	2,244

11. COMPENSATION OF KEY MANAGEMENT

The remuneration of directors and other key management personnel of the Company consisted of the following:

	Three months ended September 30,				Nine months ended September 30,			
		2020		2019		**2020**		2019
Cash compensation	**$**	**60,700**	$	74,750	**$**	**182,100**	$	222,500
Fair value of stock options		**86,830**		94,630		**131,336**		268,945
	$	**147,530**	$	169,380	**$**	**313,436**	$	491,445

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 will be based on certain performance metrics based on the Company's net realized capital gains, plus interest and dividends over certain hurdle rates, calculated on an annual basis. As at September 30, 2020, $nil was accrued for the 2020 annual incentive plan (December 31, 2019 - $nil).

Presented in Canadian Dollars

12. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to directors and executive management and entities over which they have control or significant influence were as follows:

	Amounts Receivable/Investment **September 30, 2020**	 December 31, 2019
Somersby Park 2010 Limited Partnership	**$ 428,592**	$ 600,825

Transaction	Note	Transaction value for the nine months ended **September 30, 2020**	 September 30, 2019	Balance outstanding as at **September 30, 2020**	 December 31, 2019
Consulting	*(1)*	**$ 45,000**	$ 45,000	**$ -**	$ -

(1) During the nine months ended September 30, 2020, the Company paid financial consulting fees of $45,000 (nine months ended September 30, 2019 - $45,000) to 2245448 Ontario Inc., a company controlled by Michael Leskovec, the Chief Financial Officer of the Company. At September 30, 2020, the balance owed was $nil (December 31, 2019 - $nil).

These transactions have been recorded at the exchange amounts established and agreed to by the related parties.

The Company often receives the right to nominate a member to the Board of Directors of companies to which it provides an investment. The nominees may be of the Company, and accordingly, the investee company may become related to the Company. The table below identifies the related party, the name of the related officer or director of the Company and the position they held with the investee company.

Investment	Ownership	Officer/Director Name	Position Held
BabelBark Inc.	<10%	Paul Kelly	Director
CannAgri Blockchain Inc.	<10%	Michael Galloro	Director
Cansortium Inc.	<10%	Roger Daher	Director
Cool Holdings Inc.	<10%	Michael Galloro	Director
Nighthawk Gold Corp.	<10%	Morris Prychidny	Director
Nighthawk Gold Corp.	<10%	Michael Leskovec	Officer
Somersby Park 2010 Limited Partnership	<10%	Andrew Parks	Director
Talisker Resources Ltd.	<10%	Morris Prychidny	Officer
The BRN Group Inc.	<10%	Andrew Parks	Director

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.

The Company includes the following in its capital:

As at	**September 30, 2020**	December 31, 2019
Shareholders' equity comprised of		
Share capital	**$ 29,153,357**	$ 29,153,357
Contributed surplus	**6,500,929**	6,369,593
Deficit	**(21,604,916)**	(19,642,473)
	$ 14,049,370	$ 15,880,477

13. CAPITAL MANAGEMENT (continued)

There were no changes to the Company's capital management objectives during the period. 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 period. 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.

14. 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 period.

Presented in Canadian Dollars

14. MANAGEMENT OF FINANCIAL RISK AND SENSITIVITY ANALYSIS (continued)

(a) Liquidity risk

Liquidity risk is the risk that the Company will 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 declines, 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. The Company's accounts payable, accrued liabilities and due to broker, all have contractual maturities of less than 30 days and are subject to normal trade terms. The syndicated loans carry similar terms and conditions and have various terms ranging from 9 to 30 months. Management is not aware of any trends or expected fluctuations that would create any liquidity deficiencies.

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, or future cash flows from, 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 fair value through profit or loss 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 Board monitors changes in the market on an ongoing basis and adjusts the Company's 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 stock exchange. Changes in the fair value of investments designated as fair value through profit and loss are reported in the statement of comprehensive income.

The following table shows the estimated sensitivity on the statement of comprehensive income for the nine months ended September 30, 2020 from a change in closing price of the Company's publicly-listed investments, not including share purchase warrants and options (refer to note 8 for sensitivity of warrant and option inputs), of $4,047,641 with all other variables held constant as at September 30, 2020:

Percentage of change in closing prices	Change in comprehensive income (net of tax) from % increase in closing price	Change in comprehensive income (net of tax) from % decrease in closing price
5%	$ 202,382	$ (202,382)
10%	$ 404,764	$ (404,764)

Presented in Canadian Dollars

14. MANAGEMENT OF FINANCIAL RISK AND SENSITIVITY ANALYSIS (continued)

(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 these convertible debentures and term debt 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 September 30, 2020, if interest rates were higher by 1% per annum, the potential effect to the Company would be an increase in net income of approximately $47,029 (December 31, 2019 – $69,668).

(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 September 30, 2020, gross accounts receivable of $nil and $nil of convertible loans and debentures were past due and not impaired (December 31, 2019 - $nil and $nil of convertible loans and debentures).

As at	**September 30, 2020**	December 31, 2019
Amounts receivable	$ 470,092	$ 607,325
Loans and convertible debentures	1,472,674	2,985,562
	$ 1,942,766	$ 3,592,887

(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.

Presented in Canadian Dollars

14. MANAGEMENT OF FINANCIAL RISK AND SENSITIVITY ANALYSIS (continued)

(e) Currency risk (continued)

The Company has cash and cash equivalents, certain receivables, convertible debentures and investments in companies denominated in a foreign currency. For the nine months ended September 30, 2020 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 income for the year would have increased or decreased by approximately $357,753 (December 31, 2019 - $609,021).

(f) Concentration risk

Included in Investments - FVTPL is one investment which comprises 10% of the balance (2019 - 12%).

15. CONTINGENCIES AND COMMITMENTS

The Company is the parent company of the general partner of GC Global Capital Lending Partners Limited Partnership and Somersby Park 2010 General Partner Inc. The General Partner has unlimited liability for the liabilities and obligations of the partnerships in excess of the contributions of the limited partners. As at September 30, 2020, there were no outstanding liabilities or obligations for which the Company was contingently liable.

On September 4, 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 believes the claim against the Company and its former CEO is without merit and frivolous, and has been commenced in an attempt to delay the outcome of the Company's claims against FGD in existing proceedings commenced by the Company on February 3, 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 24, 2017 order of the Ontario Superior Court of Justice, the Company's Application will be pursued as a counterclaim in the FGD Action. The Company will vigorously defend the FGD Action and will vigorously pursue its claims against FGD. Specifically, the Company will seek damages of at least $6,015,000, equal to the difference between the purchase price per share under the Options/Warrants, and the highest trading value to date, as well as punitive and exemplary damages of $2,000,000. The counterclaim by the Company against FGD and others is difficult to precisely quantify as the Company's claim is in respect of the enforcement of rights under certain options and warrants, not only pure damages.

No amounts have been accrued in the financial statements with respect to this matter.

The Company is committed to and contingently liable for annual rental payments for premises as follows:

2020	$	75,000
2021		75,000
	$	150,000

16. SUBSEQUENT EVENT

Subsequent to period end, the Company's Board of Directors approved the settlement of $1,505,000 debt, related to the accrued annual incentive plan, through the issuance of subordinate voting shares of the Company (the "**Debt Settlement**"). Pursuant to the Debt Settlement, the Company would issue 3,010,000 subordinate voting shares of the Company (the "**Shares**") at a deemed price of $0.50 per Share to certain creditors of the Company, including certain of its officers and consultants (the "**Creditors**"). The issuance of Shares to the Creditors is subject to the approval of the TSX Venture Exchange.