

**BELGRAVIA**  
HARTFORD

**2020**

**Condensed Consolidated  
Interim Financial Statements**

for the six months ended June 30, 2020

(Unaudited – Expressed in CAD dollars)

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

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

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

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

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

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 124,249	\$ 653,975
Investments - current (note 4)	9,048,584	7,436,286
Receivables (note 3a)	54,638	126,441
Loan receivable (note 3b)	52,228	52,228
Prepaid expenses	114,190	168,392
	<u>9,393,889</u>	<u>8,437,322</u>
<b>Investments</b> (note 4)	82,189	77,569
<b>Equipment</b> (note 5)	<u>4,812</u>	<u>4,333</u>
	<u>\$ 9,480,890</u>	<u>\$ 8,519,224</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (notes 6,9)	\$ 97,026	\$ 171,753
Deferred revenue	33,400	128,600
<b>Total current liabilities</b>	<u>130,426</u>	<u>300,353</u>
<b>Shareholders' equity</b>		
Share capital (note 7)	106,739,953	106,739,953
Reserves (note 7)	13,310,349	13,310,349
Currency translation adjustment reserve	18,681,269	18,681,269
Deficit	<u>(129,381,107)</u>	<u>(130,512,700)</u>
	<u>9,350,464</u>	<u>8,218,871</u>
	<u>\$ 9,480,890</u>	<u>\$ 8,519,224</u>

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

**Contingencies** (note 13)

**On behalf of the Board:**

*"Mehdi Azodi"*

\_\_\_\_\_  
**Director**

*"John Stubbs"*

\_\_\_\_\_  
**Director**

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

**BELGRAVIA HARTFORD CAPITAL INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS)**  
**AND COMPREHENSIVE INCOME (LOSS)**  
(Unaudited – Expressed in CAD Dollars)

	<b>Three Month Period Ended Jun 30, 2020</b>	Three Month Period Ended Jun 30, 2019	<b>Six Month Period Ended Jun 30, 2020</b>	Six Month Period Ended Jun 30, 2019
<b>REVENUES</b>				
Management services revenue (note 3b)	\$ 50,100	\$ 89,220	\$ 110,200	\$ 139,220
<b>EXPENSES</b>				
Administration (note 9)	49,978	80,503	104,442	158,506
Business and market development	-	38,997	42,078	84,961
Consulting fees	18,950	75,774	151,258	128,128
Depreciation (note 5)	330	674	561	1,349
Foreign exchange gain (loss)	1,525	27,727	(3,461)	67,845
Investor relations	1,588	25,735	21,498	52,727
Professional fees	27,003	59,091	73,006	73,366
Regulatory fees	8,953	10,582	14,857	23,563
Rent	25,680	30,180	55,860	60,360
Travel	1,190	45,148	19,805	77,315
Wages and benefits (note 9)	106,961	252,049	252,732	718,395
<b>Operating loss</b>	<b>(242,158)</b>	<b>(646,460)</b>	<b>(732,636)</b>	<b>(1,446,515)</b>
Investment gain (loss) (note 4)	(169,177)	465,949	(382,234)	631,024
Unrealized investment gain (loss) (note 4)	3,760,957	(549,593)	2,197,189	1,111,454
Interest income	31	569	1,273	905
Bad debt expense	-	-	(60,000)	-
Loss on disposal of equipment	(339)	-	(2,199)	-
<b>Income and comprehensive income (loss)</b>	<b>\$ 3,399,414</b>	<b>\$ (640,315)</b>	<b>\$ 1,131,593</b>	<b>\$ 436,088</b>
<b>Basic and diluted loss per common share</b>	<b>\$ 0.01</b>	<b>\$ (0.00)</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>Weighted average number of common shares outstanding, basic and diluted</b>	<b>401,792,516</b>	<b>401,792,516</b>	<b>401,792,516</b>	<b>401,792,516</b>

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

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

	Six Month Period Ended June 30, 2020	Six Month Period Ended June 30, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income for the period	\$ 1,131,593	\$ 436,088
Items not affecting cash:		
Depreciation	561	1,349
Realized loss (gain) on sale of investments	382,234	(631,024)
Unrealized investments gain	(2,197,189)	(1,111,454)
Bad debt expense	60,000	-
Loss on disposal of equipment	2,199	-
Changes in non-cash working capital items:		
Increase (decrease) in receivables	11,803	(40,699)
(Increase) decrease in prepaid expenses	54,202	(17,239)
Increase (decrease) in accounts payable and accrued li	(74,727)	217,426
Decrease in deferred revenue	(95,200)	(100,000)
Net cash used in operating activities	<u>(724,524)</u>	<u>(1,245,553)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investments	(1,524,820)	(1,571,558)
Proceeds from sale of investments	1,722,857	1,699,884
Equipment expenditures	(3,239)	-
Net cash used in investing activities	<u>194,798</u>	<u>128,326</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash provided by financing activities	<u>-</u>	<u>-</u>
<b>Change in cash for the period</b>	<b>(529,726)</b>	<b>(1,117,227)</b>
<b>Cash beginning of period</b>	<b>653,975</b>	<b>3,420,159</b>
<b>Cash, end of period</b>	<b>\$ 124,249</b>	<b>\$ 2,302,932</b>

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

**BELGRAVIA HARTFORD CAPITAL INC. (formerly Belgravia Capital International Inc.)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Unaudited – Expressed in CAD Dollars)

	Share Capital					
	Number of Shares	Amount	Reserves	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balances as at December 31, 2018	401,792,516	\$106,739,953	\$13,310,349	\$ 18,681,269	\$(130,274,045)	\$8,457,526
Loss and comprehensive income (loss)	-	-	-	-	436,088	436,088
Balance as at June 30, 2019	401,792,516	106,739,953	13,310,349	18,681,269	(129,837,957)	8,893,614
Balance as at December 31, 2018	401,792,516	106,739,953	13,310,349	18,681,269	(130,512,700)	8,218,871
Loss and comprehensive loss	-	-	-	-	1,131,593	1,131,593
Balance as at June 30, 2020	401,792,516	\$106,739,953	\$13,310,349	\$ 18,681,269	\$(129,381,107)	\$9,350,464

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

## **BELGRAVIA HARTFORD CAPITAL INC.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

June 30, 2020

(Unaudited - Expressed in CAD Dollars)

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Belgravia Hartford Capital Inc. (“Belgravia” or the “Company”) was incorporated under the Canada Business Corporations Act on November 8, 2002 and has continued into British Columbia from the jurisdiction of Canada on December 20, 2019. The Company’s registered office is 3 - 3185 Via Central, Kelowna, BC V1V 2A7. The Condensed Consolidated Interim Financial Statements (“Interim Financial Statements”) are comprised of the Company and its subsidiaries.

During the year ended December 31, 2017, the Company disposed of its interest in a wholly-owned subsidiary which was involved in the development of potash-related minerals. The Company is now focusing on merchant banking and providing management services in the resources, technology, developing healthcare products, as well as pursuing the royalty streams from its previous potash project.

The Company’s continuation as a going concern is dependent on cash flow from its investments, royalties, or operations and its ability to raise equity capital or borrowings sufficient to meet current and future obligations. While the Company currently has no source of operating revenue other than management services consulting fees, its working capital of \$9,263,463 at June 30, 2020 leads management to believe the Company has sufficient capital to fund its business activities and general working capital for at least the next 12 months. The Company’s financial success is dependent on its ability to identify, evaluate, negotiate, and exit investments in assets or businesses. These Condensed Consolidated Interim financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company is currently exploring alternatives to obtain financing. Such alternatives may involve debt, equity or alternative financing structures and may occur at the public company or subsidiary level.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **a) Statement of compliance:**

These Interim Financial Statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The Interim Financial Statements were authorized by the audit committee and board of directors of the Company on August 26, 2020.

##### **b) Basis of presentation:**

The Interim Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these Interim Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these Interim Financial Statements are in accordance with IFRS and have not been audited.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These Interim Financial Statements do not include all of the information required for annual financial statements.

The significant accounting policies for these Interim Financial Statements are consistent with those disclosed in the audited financial statements for the year-ended December 31, 2019. These Interim Financial Statements should be read in conjunction with the Company’s audited consolidated financial statements for the year-ended December 31, 2019.

**BELGRAVIA HARTFORD CAPITAL INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2020

(Unaudited - Expressed in CAD Dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)****c) Basis of consolidation:**

The Condensed Consolidated Interim Financial Statements of the Company include the following subsidiaries:

Name of subsidiary	Place of incorporation	Percentage ownership
Intercontinental Potash Corp.	Canada	100%
Trigon Exploration Utah Inc.	USA	100%

The Company consolidates the subsidiaries on the basis that it controls these subsidiaries when the Company possesses power over an investee, has exposure to variable returns from the investee, and has the ability to use its power over the investee to affect its returns. All intercompany transactions and balances are eliminated on consolidation.

**d) Cash:**

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

**e) Investments:**

All investments except investments in debt instruments are classified upon initial recognition at fair value through profit or loss ("FVTPL"), with changes in fair value reported in profit or loss. Purchases and sales of investments are recognized on the settlement date. Investments at FVPTL are initially recognized at fair value. Transaction costs are expensed as incurred in the statement of loss and comprehensive loss. Investments in debt instruments are initially measured at fair value then subsequently measured at amortized cost using the effective interest rate method.

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the FVTPL investments are recognized in profit or loss.

Investments in common shares of public companies are measured at fair value based on published market prices with unrealized gains and losses recognized through profit or loss. The valuation of these shares has been determined in whole by reference to the close price of the shares on the TSX, TSX Venture Exchange or Canadian Securities Exchange ("CSE") at each reporting date. Various warrants have been received as attachments to share purchase units and do not trade in an active market. At the time of purchase, the per unit cost is allocated to common shares and warrants using the residual value method. The value of the warrants is subsequently determined at the measurement date using the Black-Scholes option pricing model.

All privately held investments are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may, depending upon the circumstances, be adjusted with unrealized gains and losses recognized through profit or loss.



**BELGRAVIA HARTFORD CAPITAL INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

June 30, 2020

(Unaudited - Expressed in CAD Dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)****f) Significant accounting estimates and judgments:**

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

**g) Revenue recognition**

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

**3. RECEIVABLES AND LOAN RECEIVABLE****a) Receivables are comprised of:**

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
GST receivable <sup>(i)</sup>	\$ 10,807	\$ 20,411
Management services fees receivable <sup>(ii)</sup>	\$ 43,831	\$ 106,030
Total	\$ 54,638	\$ 126,441

i) The Company had GST receivable of \$10,807 at June 30, 2020.

ii) The Company provides management services to several companies. Pursuant to management services agreements, the Company is owed \$43,831 at June 30, 2020.

The Company advanced a total of \$52,000 to an arm's length party. The loan bears interest of 8%, is unsecured and is due on December 11, 2020.

**BELGRAVIA HARTFORD CAPITAL INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

June 30, 2020

(Unaudited - Expressed in CAD Dollars)

**4. INVESTMENTS**

The Company's investments include common shares and warrants of Canadian companies that are listed on various Canadian stock exchanges and investments in private Canadian and U.S. companies as well as certain investment funds, such as money market funds and bond funds, held through Canadian investment dealers and debt instruments. The fair values of the common shares of the publicly traded companies have been directly referenced to published price quotations in an active market. The fair value of investments in private companies is referenced to the most recent equity financing completed by each private company. The investments in unlisted warrants of companies that are publicly traded are valued using the Black-Scholes option pricing model, with the following weighted average assumptions:

	Period ended June 30, 2020	Year ended December 31, 2019
Risk-free interest rate	0.25%	1.71%
Expected life of warrants	1.7 years	1.17 years
Annualized volatility	135.66%	131.30%
Dividend rate	0.00%	0.00%

As at June 30, 2020, fair value of the investments was \$9,130,773 (2019 - \$6,696,767). This includes the value of equity investments of \$7,412,752 (2019 - \$5,544,247), debt instruments of \$325,000 (2019 - \$325,000), and value of warrants of \$1,393,021 (2019 - \$827,500).

During the six-month period ended June 30, 2020, the Company recorded an unrealized gain of \$1,459,897 (2019 - \$529,462) for equity investments and an unrealized gain of \$737,292 (2019 - \$581,992) for warrants.

During the six-month period ended June 30, 2020, the Company sold certain of its investments for proceeds totalling \$1,216,636 (2019 - \$1,699,684) and recognized a loss of \$382,234 (2019 - gain of \$631,024).

**BELGRAVIA HARTFORD CAPITAL INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
June 30, 2020  
(Unaudited - Expressed in CAD Dollars)

**4. INVESTMENTS (cont'd...)**

Investments at June 30, 2020	Number of Shares	Cost	Fair Value
<b>Public Companies:</b>			
Azincourt Energy Corp	12,550,000	\$ 490,735	\$ 376,500
Blackrock Gold Corp.	12,240,000	\$ 1,374,308	\$ 4,039,200
IMEX Systems Inc.	1,428,571	\$ 100,000	\$ -
Imperial Mining GRP Ltd	7,724,000	\$ 465,875	\$ 424,820
Magna Terra Minerals Inc.	1,140,000	\$ 31,162	\$ 17,100
Nexus Gold Corp.	5,004,500	\$ 250,225	\$ 425,383
Noble Mineral	500,000	\$ 17,915	\$ 27,500
Weekend Unlimited Inc.	374,628	\$ 400,000	\$ 43,082
Zonetail Inc.	2,637,500	\$ 501,125	\$ 92,313
<b>Private Companies:</b>			
Coinstrike Inc.	2,000,000	\$ 200,000	\$ 200,000
CX One Inc.(formerly GPCR Pharm.)	2,680,000	\$ 131,000	\$ 670,000
Reciprocity Corp	779,590	\$ 218,000	\$ 1,036,855
Uni-Scan Global Inc.	500,000	\$ 60,000	\$ 60,000
<b>Investments in Bridge Loan</b>	n/a	\$ 325,000	\$ 325,000
<b>Investments in Warrants</b>	n/a	\$ 116,667	\$ 1,393,020
<b>Total</b>		<b>\$ 4,682,012</b>	<b>\$ 9,130,773</b>

	June 30, 2020	December 31, 2019
Current investments	\$ 9,048,584	\$ 7,436,286
Non-current investments	82,189	77,569
	<b>\$ 9,130,773</b>	<b>\$ 7,513,855</b>

**BELGRAVIA HARTFORD CAPITAL INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
June 30, 2020  
(Unaudited - Expressed in CAD Dollars)

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**5. EQUIPMENT**

Equipment consists of the following:

<b>Cost</b>	<b>Computer equipment</b>
As at December 31, 2018	\$ 10,819
Additions	-
Disposal	-
<b>As at December 31, 2019</b>	<b>10,819</b>
Additions	3,239
Disposals	(6,988)
<b>As at June 30, 2020</b>	<b>\$ 7,070</b>
<b>Depreciation</b>	
As at December 31, 2018	\$ 3,788
Additions	2,698
Disposal	-
<b>As at December 31, 2019</b>	<b>6,486</b>
Additions	561
Disposal	(4,789)
<b>As at June 30, 2020</b>	<b>\$ 2,258</b>
<b>Net book value:</b>	
As at December 31, 2019	\$ 4,333
<b>As at June 30, 2020</b>	<b>\$ 4,812</b>

**BELGRAVIA HARTFORD CAPITAL INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2020

(Unaudited - Expressed in CAD Dollars)

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	June 30, 2020	December 31, 2019
Trade payables	\$ 65,485	\$ 97,573
Accrued liabilities	25,000	59,620
Other	6,541	14,560
Total	\$ 97,026	\$ 171,753

**7. SHARE CAPITAL AND RESERVES****Common shares**

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

Refer to the Condensed Consolidated Interim Statements of Changes in Shareholders' Equity for a summary of changes in share capital and reserves for the period ended June 30, 2020. Reserves relate to stock options and warrants that have been issued by the Company (note 8).

During the period ended June 30, 2020, the Company issued nil common shares.

During the period ended June 30, 2019, the Company issued nil common shares.

**8. STOCK OPTIONS AND WARRANTS****Stock options**

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

As at June 30, 2020, the Company had stock options outstanding, enabling the holders to acquire the following number of common shares:

Number of Options	Exercise Price	Average Contractual Life Remaining (years)	Expiry Date
2,500,000	\$ 0.08	0.93	June 6, 2021
2,500,000			

**BELGRAVIA HARTFORD CAPITAL INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2020

(Unaudited - Expressed in CAD Dollars)

**8. STOCK OPTIONS AND WARRANTS (cont'd...)****Stock options (cont'd...)**

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding December 31, 2018	39,000,000	\$ 0.10
Cancelled	(36,500,000)	0.13
Outstanding December 31, 2019	2,500,000	0.08
Outstanding June 30, 2020	2,500,000	\$ 0.08
Number of options exercisable at June 30, 2020	2,500,000	\$ 0.08

During the period ended June 30, 2020, the Company granted nil (2019 – nil) stock options to consultants, officers, employees and directors of the Company. All options vested at the grant date.

The fair value of the options granted during the period ended June 30, 2020, as determined by the Black-Scholes option pricing model, was \$nil (2019 - \$nil) or \$nil per option (2019 - \$nil).

Share-based compensation recognized during the period was \$nil (2019 - \$nil).

**Warrants**

As at June 30, 2020, the Company had nil warrants outstanding.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at December 31, 2018	133,990,000	\$ 0.06
Expired	(133,990,000)	0.06
Outstanding as at December 31, 2019	-	-
Outstanding as at June 30, 2020	-	\$ -

**Broker warrants**

As at June 30, 2020, the Company had nil broker warrants outstanding.

Broker warrants transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at December 31, 2018	3,649,200	\$ 0.19
Expired	(3,649,200)	0.19
Outstanding as at December 31, 2019	-	-
Outstanding as at June 30, 2020	-	\$ -

**BELGRAVIA HARTFORD CAPITAL INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
 June 30, 2020  
 (Unaudited - Expressed in CAD Dollars)

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**9. RELATED PARTY TRANSACTIONS AND BALANCES**

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

	June 30, 2020	December 31, 2019
Key management personnel	\$ 54,360	\$ 82,053
	<u>\$ 54,360</u>	<u>\$ 82,053</u>

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

	Quarter ended	
	June 30, 2020	June 30, 2019
Short-term benefits *	\$ 90,000	\$ 479,000
Directors' fees **	51,250	102,500
Total remuneration	<u>\$ 141,250</u>	<u>\$ 581,500</u>

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

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

**10. SEGMENTED INFORMATION**

The Company has one operating segment focused on merchant banking as well as providing management services and pursuing the royalty streams from its previous potash project. All of the Company's capital assets are located in Canada.

**11. MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to invest to earn a risk-appropriate return for shareholders. The Company does not have any externally imposed capital requirements to which it is subject. The capital of the Company consists of items in shareholders' equity. The Company had no bank indebtedness at June 30, 2020. The Board of Directors do not establish quantitative return on capital criteria for management, but rather rely on the expertise of the Company's management to sustain future development of the business.

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

The Company's investment policy is to invest its cash necessary to fund operations for the next 12 months in demand investment instruments in high credit quality financial institutions to provide liquidity over the expected time of expenditures from continuing operations. The Company also invests some of its excess cash in common shares and other securities of private and public companies.

There were no significant changes in the Company's approach to capital management during the period ended June 30, 2020.

**BELGRAVIA HARTFORD CAPITAL INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

June 30, 2020

(Unaudited - Expressed in CAD Dollars)

**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

IFRS 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

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

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

As at June 30, 2020, the Company's classification of financial instruments measured at fair value within the fair value hierarchy are summarized below:

	Level 1	Level 2	Level 3	Total
Cash	\$ 124,249	\$ -	\$ -	\$ 124,249
Equity investments	5,445,897	-	3,359,876	8,805,773
	\$ 5,570,146	\$ -	\$ 3,359,876	\$ 8,930,022

As at December 31, 2019, the Company's classification of financial instruments within the fair value hierarchy are summarized below:

	Level 1	Level 2	Level 3	Total
Cash	\$ 653,975	\$ -	\$ -	\$ 653,975
Investments	4,666,271	-	2,522,584	7,188,855
	\$ 5,320,246	\$ -	\$ 2,522,584	\$ 7,842,830



**BELGRAVIA HARTFORD CAPITAL INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

June 30, 2020

(Unaudited - Expressed in CAD Dollars)

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

*Financial instruments (cont'd...)*

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

*Credit risk*

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash is held at reputable financial institutions, from which management believes the risk of loss to be remote. Receivables consist primarily of amounts due from government agencies, and from management services customers, which the Company believes will be fully collected.

*Liquidity risk*

As at June 30, 2020, the Company had a cash balance of \$124,249 to settle current liabilities of \$97,026. The Company is not subject to significant liquidity risk.

*Interest rate risk*

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

*Foreign currency risk*

The Company's functional currency is the Canadian dollar; however, there are few transactions and investments in U.S. dollars and the Company keeps some of its cash in U.S. currency. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility in these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. A 10% change in the foreign exchange rate would have had an approximate \$200 impact on foreign exchange gain or loss.

*Market risk*

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. The Company's investments are primarily concentrated in the junior healthcare, natural resource, and technology industries, which results in exposure to higher volatility than broader market investments and indexes. The Company's investments are accounted for at fair value and are sensitive to changes in market bid prices, such that changes in market prices result in a proportionate change in the carrying value of the Company's investments. The Company holds investments in private and public traded equity securities. Market prices for equity securities are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Some investments may not be very liquid and dispositions may take time or may be sold at less than market prices. A 10% change in the fair values of the Company's investments at June 30, 2020 would have an \$913,000 impact on results from operations.

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**13. CONTINGENCIES**

The Company is involved in certain claims and legal actions in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters is not determinable. No amounts have been accrued in the financial statements as at June 30, 2020.