

BELGRAVIA
HARTFORD

2020

**Consolidated
Financial Statements**

for the year ended December 31, 2020

(Audited – Expressed in CAD dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Belgravia Hartford Capital Inc.

Opinion

We have audited the accompanying consolidated financial statements of Belgravia Hartford Capital Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of income (loss) and comprehensive income (loss), cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Catherine Tai.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 21, 2021

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

| | December 31, 2020 | December 31, 2019 |
|--|----------------------|----------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 108,627 | \$ 653,975 |
| Investments - current (note 4) | 15,241,347 | 7,436,286 |
| Receivables (note 3a) | 72,797 | 126,441 |
| Loan receivable (note 3b) | 56,406 | 52,228 |
| Prepaid expenses | 45,696 | 168,392 |
| | <u>15,524,873</u> | <u>8,437,322</u> |
| Investments (note 4) | 4,029 | 77,569 |
| Equipment (note 5) | <u>4,151</u> | <u>4,333</u> |
| | <u>\$ 15,533,053</u> | <u>\$ 8,519,224</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current | | |
| Accounts payable and accrued liabilities (notes 6,9) | \$ 184,893 | \$ 171,753 |
| Deferred revenue | - | 128,600 |
| Total current liabilities | <u>184,893</u> | <u>300,353</u> |
| Shareholders' equity | | |
| Share capital (note 7) | 106,739,953 | 106,739,953 |
| Reserves (note 7) | 14,236,476 | 13,310,349 |
| Currency translation adjustment reserve | 18,681,269 | 18,681,269 |
| Deficit | <u>(124,309,538)</u> | <u>(130,512,700)</u> |
| | <u>15,348,160</u> | <u>8,218,871</u> |
| | <u>\$ 15,533,053</u> | <u>\$ 8,519,224</u> |

Nature of operations and going concern (note 1)

Contingencies (note 14)

Subsequent events (note 15)

On behalf of the Board:

"Mehdi Azodi"

Director

"John Stubbs"

Director

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

BELGRAVIA HARTFORD CAPITAL INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31
(Expressed in CAD Dollars)

| | 2020 | 2019 |
|--|---------------------|---------------------|
| REVENUES | | |
| Management services revenue | \$ 143,600 | \$ 232,670 |
| EXPENSES | | |
| Administration (note 9) | 519,018 | 321,635 |
| Business and market development | 42,078 | 313,508 |
| Consulting fees | 293,356 | 287,149 |
| Depreciation (note 5) | 1,223 | 2,698 |
| Foreign exchange (gain) loss | (2,064) | 74,718 |
| Investor relations | 50,211 | 226,710 |
| Professional fees | 185,314 | 164,261 |
| Regulatory fees | 27,268 | 42,773 |
| Rent | 89,220 | 120,720 |
| Share-based compensation (note 8) | 926,127 | - |
| Travel | 50,056 | 142,668 |
| Wages and benefits (note 9) | 1,331,597 | 1,183,511 |
| Total expenses | (3,513,404) | (2,880,351) |
| Investment gain (note 4) | 1,300,466 | 526,335 |
| Unrealized investment gain (note 4) | 8,366,044 | 1,879,463 |
| Interest income | 5,456 | 3,228 |
| Bad debt expense | (96,801) | - |
| Loss on disposal of equipment | (2,199) | - |
| Income and comprehensive income (loss) | \$ 6,203,162 | \$ (238,655) |
| Basic and diluted income per common share | \$ 0.15 | \$ (0.01) |
| Weighted average number of common shares outstanding, basic and diluted | 40,179,248 | 40,179,248 |

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

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

| | 2020 | 2019 |
|--|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income (loss) for the year | \$ 6,203,162 | \$ (238,655) |
| Items not affecting cash: | | |
| Depreciation | 1,223 | 2,698 |
| Share-based compensation | 926,127 | - |
| Realized gain on sale of investments | (1,300,466) | (526,335) |
| Unrealized investments gain | (8,366,044) | (1,879,463) |
| Accrued interest receivable | (4,178) | (228) |
| Bad debt expense | 96,801 | - |
| Loss on disposal of equipment | 2,199 | - |
| Changes in non-cash working capital items: | | |
| Increase in receivables | (43,157) | (40,608) |
| (Increase) decrease in prepaid expenses | 122,696 | (108,867) |
| Increase in accounts payable and accrued liabilities | 13,139 | 74,116 |
| (Decrease) increase in deferred revenue | (128,600) | 28,600 |
| Net cash used in operating activities | <u>(2,477,098)</u> | <u>(2,688,742)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of investments | (2,613,435) | (2,425,928) |
| Proceeds from sale of investments | 4,548,424 | 2,400,486 |
| Loan receivable | - | (52,000) |
| Equipment expenditures | (3,239) | - |
| Net cash used in investing activities | <u>1,931,750</u> | <u>(77,442)</u> |
| Change in cash for the year | (545,348) | (2,766,184) |
| Cash beginning of year | <u>653,975</u> | <u>3,420,159</u> |
| Cash, end of year | <u>\$ 108,627</u> | <u>\$ 653,975</u> |

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

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

| | Share Capital | | | | | Total |
|----------------------------------|------------------|----------------|---------------|--|---------------------|---------------|
| | Number of Shares | Amount | Reserves | Accumulated Other Comprehensive Income | Accumulated Deficit | |
| Balances as at December 31, 2018 | 40,179,248 | \$ 106,739,953 | \$ 13,310,349 | \$ 18,681,269 | \$ (130,274,045) | \$ 8,457,526 |
| Loss and comprehensive loss | - | - | - | - | (238,655) | (238,655) |
| Balance as at December 31, 2019 | 40,179,248 | 106,739,953 | 13,310,349 | 18,681,269 | (130,512,700) | 8,218,871 |
| Share-based compensation | - | - | 926,127 | - | - | 926,127 |
| Income and comprehensive income | - | - | - | - | 6,203,162 | 6,203,162 |
| Balance as at December 31, 2020 | 40,179,248 | \$ 106,739,953 | \$ 14,236,476 | \$ 18,681,269 | \$ (124,309,538) | \$ 15,348,160 |

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

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 Consolidated Financial Statements (“Financial Statements”) are comprised of the Company and its subsidiaries.

The Company focuses 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, equal to 75% of return from the sale of water or water rights from the potash project up to a maximum of US\$12.2 million.

During March 2021, the Company completed a share consolidation on the basis of one (1) post-Consolidation Share for every ten (10) pre-Consolidation Shares (the “Consolidation”). All share and per share amounts have been restated to reflect the consolidation.

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 \$15,339,980 at December 31, 2020 leads management to believe the Company has sufficient resources to fund its business activities for at least the next 12 months. The Company’s financial success is dependent on its ability to identify, evaluate, negotiate, and exit investments in assets or businesses. These consolidated 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 Financial Statements have been prepared in accordance with IAS 1 “Presentation of Financial Statements” (“IAS 1”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The Financial Statements were authorized by the audit committee and board of directors of the Company on April 21, 2021.

b) Basis of presentation:

The Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Foreign currency translation

The consolidated financial statements are presented in CAD dollar. The functional currency of the Company and its subsidiaries is the CAD dollar.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

c) Foreign currency translation (cont'd...)

Transactions in foreign currencies are translated into the entities functional currency at the exchange rates at the date of the transactions. Monetary assets and liabilities of the Company's operations denominated in a currency other than the functional currency are translated using the exchange rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates in effect at the date of the underlying transaction, except for depreciation related to non-monetary assets, which is translated at historical exchange rates. Exchange differences are recognized in profit or loss in the year in which they occur.

d) Basis of consolidation:

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

| Name of subsidiary | Place of incorporation | Percentage ownership |
|--|------------------------|----------------------|
| Belgravia Hartford Gold Asset Corp. (formerly Intercontinental Potash Corp.) | Canada | 100% |
| Belgravia Hartford Estates Corp. (formerly 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.

e) Cash:

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

f) Financial Instruments

i) Classification and Measurement

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI.

The classification determines the method by which the financial assets are carried on the statement of financial positions subsequent to inception and how changes in value are recorded. Receivables are measured at amortized cost with subsequent impairments recognized in profit or loss. Cash and investments in equity instruments are measured at FVTPL with subsequent changes recognized in profit or loss. Investments in debt instruments and receivable are classified and measured at amortized cost using the effective interest rate method.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

f) Financial Instruments (cont'd...)

i) Classification and Measurement (cont'd...)

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified as amortized cost and carried on the statement of financial position at amortized cost.

ii) Impairment and uncollectibility of financial assets

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

g) 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 profit or 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

h) Equipment:

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use including associated borrowing costs and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Carrying amounts of equipment are depreciated to their estimated residual value over the estimated useful lives of the assets. Where an item of equipment is composed of major components with different useful lives, the components are accounted for as separate items of equipment.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Depreciation is provided using the declining balance basis at the following annual rates:

| | |
|--------------------|-----------------------|
| Computer equipment | 45% declining balance |
|--------------------|-----------------------|

The Company conducts an annual assessment of the residual values, useful lives and depreciation methods being used for equipment and any impairment arising from the assessment is recognized in profit or loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

i) Impairment:

At the end of each reporting period, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the . For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

j) Related party transactions:

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

k) 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.

l) Significant accounting estimates and judgments:

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

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Assessment of control and significant influence

Classification of investments requires judgment on whether the Company controls, has joint control or significant influence over the strategic financial and operating decisions relating to the activity of the investee. In assessing the level of control or influence that the Company has over an investment, management considers ownership percentages, board representation as well as other relevant provisions in shareholder agreements. If an investor holds 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated.

Functional currency

The Company determined that the Canadian dollar is the functional currency of the Company and its subsidiaries. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

l) Significant accounting estimates and judgments (cont'd...)

Fair value of private company investments

Where the fair values of investments in private companies recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair value and this value may not be indicative of recoverable value.

Valuation of share-based payments and derivative financial assets

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments and derivative financial assets (e.g. investments in warrants). Option pricing models require the input of subjective assumptions including expected price volatility, interest rates and forfeiture rates. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Weight is attached to tax planning opportunities that are within the Company's control and are feasible and implementable without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting year, the Company reassesses unrecognized income tax assets.

m) Impact of COVID 19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The pandemic resulted in unprecedented actions by governments around the world to curtail the spread of the disease. These events have resulted in a high level of uncertainty and volatility in the financial markets in addition to disruptions to businesses worldwide. The pandemic has had an enormous impact on consumers in all sectors. Governments have responded with fiscal measures to curtail the adverse effects of the pandemic, though the outcome and timeframe remains highly unpredictable and as such, the financial impact cannot be estimated. Fluctuation in security prices, larger bid/ask spreads and lower liquidity caused by the pandemic may impact valuation of investments, classification of fair value hierarchy, and assumptions by the Company to make accounting estimates. The Company continues to closely monitor the impact of the COVID-19 pandemic and its effects on the investment's risk exposures.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

n) Share capital:

Common shares are classified as share capital. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity.

o) Warrants issued in equity financing transactions:

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. Warrants that are part of units are assigned a value based on the residual value, if any, and included in reserves.

Warrants that are issued as payment for agency fees or other transaction costs are assigned a value based on the Black-Scholes pricing model and included in reserves. When warrants are exercised, any reserves related to those warrants are reclassified from reserves to share capital.

p) Share-based compensation:

The Company's stock option plan allows eligible Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

Equity-settled share-based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

q) Income (loss) per share:

The Company presents basic and diluted income (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

BELGRAVIA HARTFORD CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2020
 (Expressed in CAD Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

r) **Income taxes:**

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. RECEIVABLES AND LOAN RECEIVABLE

a) Receivables are comprised of:

| | December 31, 2020 | December 31, 2019 |
|---|--------------------------|--------------------------|
| GST receivable ⁽ⁱ⁾ | \$ 72,797 | \$ 20,411 |
| Management services fees receivable ⁽ⁱⁱ⁾ | \$ Nil | \$ 106,030 |
| Total | \$ 72,797 | \$ 126,441 |

- i) The Company had GST receivable of \$72,797 as of December 31,2020 (2019 - \$20,411).
 - ii) The Company provides management services to several companies. Pursuant to management services agreements, the Company is owed \$nil as of December 31, 2020 (2019 - \$106,030).
- b) The Company advanced a total of \$52,000 to an arm's length party. The loan bears interest of 8%, is unsecured and the term is extended to December 11, 2021.

BELGRAVIA HARTFORD CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020
(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:

| | Year ended December 31, 2020 | Year ended December 31, 2019 |
|---------------------------|---------------------------------|---------------------------------|
| Risk-free interest rate | 0.20% | 1.71% |
| Expected life of warrants | 1.61 years | 1.17 years |
| Annualized volatility | 132.74% | 131.30% |
| Dividend rate | 0.00% | 0.00% |

As at December 31, 2020, fair value of the investments was \$15,245,376 (2019 - \$7,513,855). This includes the value of equity investments of \$12,438,150 (2019 - \$6,633,126), debt instruments of \$325,000 (2019 - \$325,000), and value of warrants of \$2,482,226 (2019 - \$555,729).

During the year ended December 31, 2020, the Company recorded an unrealized gain of \$6,537,925 (2019 - \$1,559,493) for equity investments and an unrealized gain of \$1,828,119 (2019 - \$319,970) for warrants.

During the year ended December 31, 2020, the Company exercised certain investment warrants and recorded a gain of \$7,472 (2019 - \$165,910).

During the year ended December 31, 2020, the Company sold certain of its investments for proceeds totalling \$4,548,424 (2019 - \$2,400,486) and recognized a gain of \$1,292,994 (2019 - \$360,425).

BELGRAVIA HARTFORD CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020
(Expressed in CAD Dollars)

4. INVESTMENTS (cont'd...)

| Investments at December 31, 2020 | Number of Shares | Cost | Fair Value |
|-----------------------------------|------------------|--------------|---------------|
| Public Companies: | | | |
| Azincourt Energy Corp | 7,000,000 | \$ 284,728 | \$ 315,000 |
| Blackrock Gold Corp. | 10,125,000 | \$ 1,058,471 | \$ 8,910,000 |
| Cross River Ventures Corp | 420,000 | \$ 110,000 | \$ 142,800 |
| IMEX Systems Inc. | 1,428,571 | \$ 100,000 | \$ - |
| Imperial Mining GRP Ltd | 11,111,181 | \$ 694,490 | \$ 1,222,230 |
| Nexus Gold Corp. | 9,509,091 | \$ 528,674 | \$ 760,727 |
| Weekend Unlimited Inc. | 56,194 | \$ 300,000 | \$ 12,082 |
| Zonetail Inc. | 1,425,000 | \$ 270,750 | \$ 106,875 |
| Private Companies: | | | |
| Autumn Resources Inc. | 1,500,000 | \$ 18,750 | \$ 75,000 |
| Coinstrike Inc. | 2,000,000 | \$ 200,000 | \$ 200,000 |
| CX One Inc. | 2,680,000 | \$ 131,000 | \$ 321,600 |
| Reciprocity Corp | 779,590 | \$ 218,000 | \$ 311,836 |
| Uni-Scan Global Inc. | 500,000 | \$ 60,000 | \$ 60,000 |
| Investments in Bridge Loan | n/a | \$ 325,000 | \$ 325,000 |
| Investments in Warrants | n/a | \$ 116,667 | \$ 2,482,226 |
| Total | | \$ 4,416,530 | \$ 15,245,376 |

| | December 31, 2020 | December 31, 2019 |
|-------------------------|-------------------|-------------------|
| Current investments | \$ 15,241,347 | \$ 7,436,286 |
| Non-current investments | 4,029 | 77,569 |
| | \$ 15,245,376 | \$ 7,513,855 |

BELGRAVIA HARTFORD CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020
(Expressed in CAD Dollars)

4. INVESTMENTS (cont'd...)

| Investments at December 31, 2019 | Number of Shares | Cost | Fair Value |
|-----------------------------------|------------------|---------------------|------------------|
| Public Companies: | | | |
| Azincourt Energy Corp | 3,050,000 \$ | 152,775 \$ | 76,250 |
| Blackrock Gold Corp. | 9,780,000 \$ | 933,000 \$ | 2,249,400 |
| Black Tusk Resources Inc | 1,333,333 \$ | 200,000 \$ | 60,000 |
| C21 Investment Inc. | 162,000 \$ | 205,410 \$ | 119,880 |
| Captor Capital Corp. | 41,300 \$ | 165,200 \$ | 10,738 |
| IMEX Systems Inc. | 1,428,571 \$ | 100,000 \$ | 28,571 |
| Imperial Mining GRP Ltd | 6,816,667 \$ | 422,649 \$ | 340,833 |
| Magna Terra Minerals Inc. | 1,140,000 \$ | 41,162 \$ | 22,800 |
| Maritime Resources Corp. | 2,550,545 \$ | 255,055 \$ | 204,044 |
| Nexus Gold Corp. | 2,080,000 \$ | 210,908 \$ | 135,200 |
| Planet 13 Holdings Inc. | 156,250 \$ | 296,958 \$ | 401,563 |
| Plus Products Inc. | 124,999 \$ | 347,405 \$ | 206,248 |
| Tartisan Nickel Corp. | 5,219,000 \$ | 524,960 \$ | 521,900 |
| Vital Hub Corp. | 810,000 \$ | 114,050 \$ | 141,750 |
| Weekend Unlimited Inc. | 4,682,847 \$ | 500,000 \$ | 93,657 |
| Zonetail Inc. | 3,562,500 \$ | 676,950 \$ | 53,437 |
| Private Companies: | | | |
| 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 |
| Investments in Bridge Loan | n/a \$ | 325,000 \$ | 325,000 |
| Investments in Warrants | n/a \$ | 36,667 \$ | 555,729 |
| Total | \$ | 6,117,149 \$ | 7,513,855 |

BELGRAVIA HARTFORD CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020
(Expressed in CAD Dollars)

5. EQUIPMENT

Equipment consists of the following:

| Cost | Computer equipment |
|--------------------------------|-----------------------|
| As at December 31, 2018 | \$ 10,819 |
| Additions | - |
| Disposal | - |
| As at December 31, 2019 | 10,819 |
| Additions | 3,239 |
| Disposal | (6,988) |
| As at December 31, 2020 | \$ 7,070 |
| Depreciation | |
| As at December 31, 2018 | \$ 3,788 |
| Depreciation | 2,698 |
| As at December 31, 2019 | 6,486 |
| Depreciation this year | 1,223 |
| Disposal | (4,790) |
| As at December 31, 2020 | \$ 2,919 |
| Net book value: | |
| As at December 31, 2019 | \$ 4,333 |
| As at December 31, 2020 | \$ 4,151 |

BELGRAVIA HARTFORD CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020
(Expressed in CAD Dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | December 31, 2020 | December 31, 2019 |
|---------------------|-------------------|-------------------|
| Trade payables | \$ 18,458 | \$ 97,573 |
| Accrued liabilities | 125,000 | 59,620 |
| Other | 41,435 | 14,560 |
| Total | \$ 184,893 | \$ 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 Consolidated Statements of Changes in Shareholders' Equity for a summary of changes in share capital and reserves for the year ended December 31, 2020; Reserves relate to stock options and warrants that have been issued by the Company (note 8).

During the year ended December 31, 2020, the Company issued nil common shares.

During the year ended December 31, 2019, the Company issued nil common shares.

On March 5, 2021 the Company consolidated on the basis of one (1) post-Consolidation Share for every ten (10) pre-Consolidation Shares (the "Consolidation"). No fractional Shares were issued pursuant to the Consolidation. Any fractional Shares equal to or greater than one-half resulting from the Consolidation were rounded up to the next whole number of Shares, and any fractional Shares less than one-half resulting from the Consolidation were rounded down to the nearest whole number. This reduced the number of issued and outstanding common shares of the company from 401,792,516 to 40,179,248 effective March 8, 2021.

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 December 31, 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 |
|-------------------|----------------|--|-----------------|
| 250,000 | \$ 0.80 | 0.43 | June 6, 2021 |
| 590,000 | \$ 0.50 | 1.75 | October 1, 2022 |
| 3,150,000 | \$ 0.50 | 4.75 | October 1, 2025 |
| 3,990,000 | | | |

BELGRAVIA HARTFORD CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020
(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 | 3,900,000 | \$ 1.00 |
| Cancelled | <u>(3,650,000)</u> | 1.30 |
| Outstanding December 31, 2019 | 250,000 | 0.80 |
| Granted | <u>3,740,000</u> | 0.50 |
| Outstanding December 31, 2020 | <u>3,990,000</u> | \$ 0.52 |
| Number of options exercisable at December 31, 2020 | <u>3,990,000</u> | \$ 0.52 |

During the year ended December 31, 2020, the Company granted 3,740,000 (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 year ended December 31, 2020, as determined by the Black-Scholes option pricing model, was \$926,127 (2019 - \$nil) or \$0.25 per option (2019 - \$nil).

Share-based compensation recognized during the year was \$926,127 (2019 - \$nil).

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the year ended December 31, 2020:

| | Year ended December 31, 2020 | Year ended December 31, 2019 |
|--------------------------|---------------------------------|---------------------------------|
| Risk-free interest rate | 0.33% | - |
| Expected life of options | 3.27 years | - |
| Annualized volatility | 304.48% | - |
| Dividend rate | 0.00% | - |
| Forfeiture rate | <u>0.00%</u> | - |

Warrants

As at December 31, 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 | 13,399,000 | \$ 0.60 |
| Expired | <u>(13,399,000)</u> | 0.60 |
| Outstanding as at December 31, 2019 | - | - |
| Outstanding as at December 31, 2020 | <u>-</u> | \$ - |

BELGRAVIA HARTFORD CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020
(Expressed in CAD Dollars)

8. STOCK OPTIONS AND WARRANTS (cont'd...)

Broker warrants

As at December 31, 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 | 364,920 | \$ 1.90 |
| Expired | (364,920) | 1.90 |
| Outstanding as at December 31, 2019 | - | - |
| Outstanding as at December 31, 2020 | - | \$ - |

9. RELATED PARTY TRANSACTIONS AND BALANCES

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

| | December 31, 2020 | December 31, 2019 |
|--------------------------|-------------------|-------------------|
| Key management personnel | \$ 85,920 | \$ 82,053 |
| | <u>\$ 85,920</u> | <u>\$ 82,053</u> |

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

| | | |
|--------------------------|---------------------|-------------------|
| Short-term benefits * | \$ 825,000 | \$ 704,930 |
| Directors' fees ** | 405,000 | 205,000 |
| Share-based compensation | 657,213 | - |
| Total remuneration | <u>\$ 1,887,213</u> | <u>\$ 909,930</u> |

* Amounts are included within wages and benefits on the statement of income (loss) and comprehensive income (loss).

** Amounts are included within administration on the statement of income (loss) and comprehensive income (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 December 31, 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 year ended December 31, 2020.

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 December 31, 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 | \$ 108,627 | \$ - | \$ - | \$ 108,627 |
| Equity investments | 11,469,714 | - | 3,450,662 | 14,920,376 |
| Bridge loan | 325,000 | - | - | 325,000 |
| | \$ 11,903,341 | \$ - | \$ 3,450,662 | \$ 15,354,003 |

BELGRAVIA HARTFORD CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020
(Expressed in CAD Dollars)

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

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 |
| Bridge loan | 325,000 | - | - | 325,000 |
| | \$ 5,645,246 | \$ - | \$ 2,522,584 | \$ 8,167,830 |

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, bridge loan 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 December 31, 2020, the Company had a cash balance of \$108,627 to settle current liabilities of \$184,893. The Company also has \$15,241,347 in current investments that can be easily liquidated to cash. 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 \$7,800 impact on foreign exchange gain or loss.

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

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. The Company's investments are primarily concentrated in the natural resources, junior healthcare, and technology industries, which results in exposure to higher volatility than broader market investments and indexes. The Company's investments are accounted for at fair value and are sensitive to changes in market bid prices, such that changes in market prices result in a proportionate change in the carrying value of the Company's investments. The Company holds investments 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 December 31, 2020 would have an \$1,525,000 impact on results from operations.

13. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

| | 2020 | 2019 |
|--|--------------|--------------|
| Income (loss) for the year | \$ 6,203,132 | \$ (238,655) |
| Expected income tax (recovery) | \$ 1,675,000 | \$ (64,000) |
| Change in statutory, foreign tax, foreign exchange rates and other | 207,000 | 161,000 |
| Permanent difference | 250,000 | 1,000 |
| Impact of change in future tax rate | - | 1,000 |
| Adjustment to prior years provision versus statutory returns | (157,000) | (251,000) |
| Change in unrecognized deductible temporary differences | (1,975,000) | 152,000 |
| Total income tax expense (recovery) | \$ - | \$ - |

The significant components of the Company's deferred tax assets that have not been recognized on the consolidated statement of financial position are as follows:

BELGRAVIA HARTFORD CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020
(Expressed in CAD Dollars)

13. INCOME TAXES (cont'd...)

The significant components of the Company's deferred tax assets that have not been recognized on the consolidated statement of financial position are as follows:

| | 2020 | 2019 |
|--|-------------|--------------|
| Deferred tax assets (liabilities) | | |
| Mineral property | \$ 29,000 | \$ 29,000 |
| Property and equipment | 6,000 | 5,000 |
| Share issue costs | 31,000 | 56,000 |
| Allowable capital losses | 17,000 | 4,000 |
| Non-capital losses available for future period | 8,186,000 | 10,150,000 |
| | 8,269,000 | 10,244,000 |
| Unrecognized deferred tax assets | (8,269,000) | (10,244,000) |
| Net deferred tax assets | \$ - | \$ - |

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

| | 2020 | Expiry Date Range | 2019 | Expiry Date Range |
|---|------------|----------------------|------------|----------------------|
| Temporary differences | | | | |
| Investment tax credit | \$ 40,000 | 2026 to 2027 | \$ 40,000 | 2026 to 2027 |
| Property and equipment | 21,000 | No expiry date | 18,000 | No expiry date |
| Share issue costs | 114,000 | 2041 to 2042 | 208,000 | 2040 to 2042 |
| Allowable capital losses | 64,000 | No expiry date | 13,000 | No expiry date |
| Non-capital losses available for future period | 30,419,000 | 2026 to 2040 | 37,698,000 | 2026 to 2039 |
| Canada | 39,583,000 | 2026 to 2040 | 36,332,000 | 2026 to 2039 |
| USA | 1,337,000 | 2027 to 2037 | 1,366,000 | 2027 to 2037 |

Tax attributes are subject to review, and potential adjustment, by tax authorities.

14. 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 of December 31, 2020.

15. SUBSEQUENT EVENTS

On March 5, 2021 the Company announced that the Company's common shares ("Shares") would be consolidated on the basis of one (1) post-Consolidation Share for every ten (10) pre-Consolidation Shares (the "Consolidation"). No fractional Shares were issued pursuant to the Consolidation. Any fractional Shares equal to or greater than one-half resulting from the Consolidation were rounded up to the next whole number of Shares, and any fractional Shares less than one-half resulting from the Consolidation were rounded down to the nearest whole number. This reduced the number of issued and outstanding common shares of the Company from 401,792,516 to 40,179,248 effective March 8, 2021.

On February 23, 2021, the Company initiated its Normal Course Issuer Bid ("NCIB") to repurchase up to 2,008,963 post-Consolidation shares, representing 5% of the issued and outstanding common shares. As of March 31, 2021, the Company has purchased a total of 350,000 common shares for a total of \$73,810 at an average price of \$0.21/share under the NCIB. The NCIB will terminate on the earlier of February 23, 2022 and the date on which the maximum number of Common Shares that can be acquired pursuant to the NCIB have been purchased. Any common shares purchased pursuant to the NCIB will be cancelled by the Company.