Montfort

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND MAY 31, 2021

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 interim financial statements have not been reviewed by an auditor. The accompanying unaudited consolidated condensed 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 consolidated condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity's auditor.

MONTFORT CAPITAL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2022 AND DECEMBER 31, 2021
(Expressed in Canadian Dollars)

ASSETS		**June 30, 2022**		**December 31, 2021**
Cash	$	3,448,711	$	9,314,526
Restricted cash		-		443,506
Accounts receivable		803,104		687,596
Current portion of loans receivable (Note 3)		82,809,515		70,481,905
Prepaid expenses and deposits		162,953		150,566
Total Current Assets		87,224,283		81,078,099
Non-current assets				
Loans receivable (Note 3)		43,410,837		35,635,896
Equity investments (Note 4)		1,283,618		1,333,618
Right-of-use asset (Note 5)		162,124		202,655
Forward contract receivable (Note 10)		-		290,500
Goodwill (Note 6)		3,533,801		3,533,801
Intangible assets (Note 6)		2,733,703		3,005,400
TOTAL ASSETS	**$**	**138,348,366**	**$**	**125,079,969**
LIABILITIES				
Accounts payable and accrued liabilities (Note 14)	$	3,204,311	$	5,676,371
Current portion of debentures & co-investment obligations (Notes 8, 9)		19,082		105,488
Lease liability (Note 6)		179,963		218,618
Cash received in advance of equity issuance		322,150		941,524
Revolving credit facilities (Note 11)		-		4,485,129
Loans payable (Note 12)		84,097,744		67,810,891
Total Current Liabilities		87,823,250		79,238,021
Non-current liabilities				
Debentures & co-investment obligations (Notes 8, 9)		-		1,363,030
Deferred tax liability		738,099		838,080
Non-controlling interests (Notes 15)		33,766,750		30,513,576
TOTAL LIABILITIES		122,328,099		111,952,707
EQUITY				
Common shares (Note 13)	$	10,099,499		7,777,918
Preferred shares (Note 13)		9,560,495		9,560,495
Share-based payments reserve (Note 13)		1,809,220		1,608,314
Contributed surplus (Note 13)		82,070		68,370
Accumulated other comprehensive loss		3,235		(44,097)
Accumulated deficit		(5,534,252)		(5,843,738)
Total equity		16,020,267		13,127,262
TOTAL LIABILITIES AND EQUITY	**$**	**138,348,366**	**$**	**125,079,969**

Nature of operations, Commitments and contingencies and Subsequent events (Notes 1, 7, 19)

Approved on behalf of the Board of Directors:

/s/ "Howard Atkinson" — Howard Atkinson, Director

/s/ "David Demers" — David Demers, Director

See accompanying notes to the condensed interim consolidated financial statements.

MONTFORT CAPITAL CORP.
CONSOLIDATED CONDENSED INTERIM STATEMENTS OF NET INCOME (LOSS) (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED AT JUNE 30, 2022 AND MAY 31, 2021
(Expressed in Canadian Dollars)

	Three months ended June 30, 2022	Three months ended May 31, 2021	Six months ended June 30, 2022	Six months ended May 31, 2021
REVENUE				
Interest income	$ 3,743,968	$ 1,155,160	$ 7,277,551	$ 2,352,688
Income from transaction and other fees	634,214	145,941	1,223,998	242,103
Income from settlement of loans	755,106	536,573	755,106	513,698
Performance fee income	117,799		222,366	-
TOTAL REVENUE	5,251,087	1,837,674	9,479,021	3,108,489
EXPENSES				
Accounting and legal	147,408	65,741	398,651	105,493
Administrative, management and directors fees (Note 14)	790,686	330,475	1,663,590	730,436
Amortization	159,169	-	271,697	-
Expected credit loss	84,535	(75,316)	(111,802)	(36,436)
Investor relations, communications and regulatory fees	79,160	102,043	226,841	177,977
Interest expense	1,821,555	197,462	3,606,413	422,802
Marketing services and promotion	184,019	99,589	336,469	181,422
Office, travel, systems, and miscellaneous	213,791	163,494	385,679	276,995
Share-based payments	103,145	46,419	200,906	91,158
TOTAL EXPENSES	3,583,468	929,907	6,978,444	1,949,847
OPERATING INCOME	1,667,619	907,767	2,500,577	1,158,642
Foreign exchange losses (gains)	118,321	441,073	99,919	610,715
Loss on settlement of debentures	-	17,910	21,297	44,584
Gain on forward contract	-	(153,250)	(30,716)	(223,250)
Fund structuring and financing recovery	-		-	-
Acquisition costs	212,843		234,893	-
NET INCOME BEFORE TAXES	1,336,455	602,034	2,175,184	726,593
Income tax expense	-	-	20,790	
Deferred tax expense	(69,598)	-	(99,981)	-
NET INCOME	$ 1,406,053	$ 602,034	$ 2,254,375	$ 726,593
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the corporation	633,994	(255,576)	727,485	(571,002)
Non-controlling interest	772,059	857,610	1,526,890	1,297,595
NET INCOME	1,406,053	602,034	2,254,375	726,593
NET INCOME (LOSS) PER COMMON SHARE BASIC AND DILUTED	$ 0.02	$ (0.01)	$ 0.01	$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	59,481,591	46,107,450	59,481,591	46,147,772

See accompanying notes to the consolidated financial statements.

MONTFORT CAPITAL CORP.
CONSOLIDATED CONDENSED INTERIM STATEMENTS OF NET INCOME (LOSS) (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED AT JUNE 30, 2022 AND MAY 31, 2021
(Expressed in Canadian Dollars)

		Three months ended June 30, 2022		Three months ended May 31, 2021		Six months ended June 30, 2022		Six months ended May 31, 2021
OTHER COMPREHENSIVE INCOME (LOSS)								
Net income	$	1,406,053	$	602,034	$	2,254,375	$	726,593
Other comprehensive earnings (loss)								
Items that may be reclassified to net earnings (loss):								
Foreign currency translation adjustment		947,952		(1,009,263)		534,794		(1,478,918)
NET COMPREHENSIVE INCOME	$	2,354,005	$	(407,229)	$	2,789,169	$	(752,325)
Comprehensive Income attributable to:								
Shareholders of the corporation		704,342		(315,480)		774,815		(662,223)
Non-controlling interest		1,649,663		(91,749)		2,014,354		(90,102)
NET COMPREHENSIVE INCOME	$	2,354,005	$	(407,229)	$	2,789,169	$	(752,325)

See accompanying notes to the consolidated financial statements.

MONTFORT CAPITAL CORP.
CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND MAY 31, 2021
(Expressed in Canadian Dollars)

	Six months ended June 30, 2022	Three months ended May 31, 2021
OPERATING ACTIVITIES		
Net income for the period	$ 2,254,375	$ 124,559
Share-based payments	200,906	44,739
Current & deferred tax expenses (recovery)	(99,981)	-
Amortization	312,228	16,649
Interest revenue	(7,277,551)	17,564
Interest accrued and interest accretion	(8,658)	17,345
Expected credit (recovery) loss	(111,802)	38,880
Loss on extinguishment of debentures	21,297	26,674
Realized gain on investments	50,000	22,875
Unrealized gain on forward contract	-	(70,000)
Unrealized foreign exchange loss (gain)	(165,845)	409,655
Repayment of loans receivable	84,057,687	1,579,299
Advances of loans receivable	(96,614,220)	(2,361,630)
	(17,381,564)	(133,391)
Changes in non-cash working capital items:		
Restricted cash	443,506	-
Accounts receivable	(115,508)	12,509
Cash received in advance of share capital issuance	322,150	-
Deposits and prepaid expenses	(12,387)	(67,505)
Forward contract	290,500	-
Accounts payable and accrued liabilities	(2,550,876)	(202,654)
CASH USED IN OPERATING ACTIVITIES	(19,004,179)	(391,041)
FINANCING ACTIVITIES		
Payments on redemption of debentures and co-investors, net	(1,421,914)	(1,844,656)
Proceeds on issuance of common shares	1,233,749	-
Proceeds on issuance of Limited Partnership units	5,468,910	-
Proceeds on issuance of loans payable	49,791,833	-
Repayments of loans payable	(33,495,800)	-
Distributions paid through the Limited Partnerships	(4,230,088)	(683,418)
Dividends paid	(419,440)	-
Proceeds on exercise of options and warrants	146,977	-
Repayment of revolving credit facility	(4,485,129)	-
Purchase of common shares under NCIB	14,472	-
CASH PROVIDED BY FINANCING ACTIVITIES	12,603,570	(2,528,074)
CHANGE IN CASH DURING THE PERIOD	(6,400,609)	(2,919,115)
EFFECT OF FOREIGN EXCHANGE ON CASH	534,794	(466,780)
CASH, BEGINNING OF PERIOD	9,314,526	12,872,769
CASH, END OF PERIOD	$ 3,448,711	$ 9,486,874

The Company has not paid any income taxes and all interest paid has been disclosed above.
See accompanying notes to the consolidated financial statements.

MONTFORT CAPITAL CORP.
CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND MAY 31, 2021
(Expressed in Canadian Dollars)

	Common Shares		Preferred Shares		Share-based Payment Reserve	Contributed Surplus	Deficit	AOCL	Equity
	Number of Shares	Amount	Number of Shares	Amount					
As at December 1, 2020	45,776,225	5,807,175	5,210,994	4,584,495	1,465,059	82,070	(4,340,930)	(37,974)	7,559,895
Preferred shares issued	-	-	775,000	775,000	-	-	-	-	775,000
Share-based payments	-	-	-	-	91,158	-	-	-	91,158
Dividends paid	-	-	-	-	-	-	(109,952)	-	(109,952)
Shares repurchased and canceled	(443,503)	(56,262)	-	-	-	-	(50,579)	-	(106,841)
Warrants exercised	1,125,000	225,000	-		-	-	-	-	225,000
Other comprehensive loss	-	-	-	-	-	-	-	(91,219)	(91,219)
Net income (loss)	-	-	-	-	-	-	(571,002)	-	(571,002)
As at May 30, 2021	46,457,722	5,975,913	5,985,994	5,359,495	1,556,217	82,070	(5,072,463)	(129,193)	7,772,039
As at December 31, 2021	53,041,463	7,777,918	10,485,994	9,560,495	1,608,314	68,370	(5,843,738)	(44,097)	13,127,262
Shares issued for cash	6,253,571	2,175,273	-	-	-	-	-	-	2,175,273
Dividends declared	-	-	-	-	-	-	(419,440)	-	(419,440)
Share-based payments	-	-	-	-	200,906	-	-	-	200,906
Options exercised	319,146	57,479	-	-	-	-	-	-	57,479
Warrants exercised	298,326	89,498	-	-	-	-	-	-	89,498
Shares repurchased and canceled	(35,500)	(669)	-	-	-	13,700	1,441	-	14,472
Other comprehensive income	-	-	-	-	-	-	-	47,332	47,332
Net income (loss)	-	-	-	-	-	-	727,485	-	727,485
As at June 30, 2022	59,877,006	10,099,499	10,485,994	9,560,495	1,809,220	82,070	(5,534,252)	3,235	16,020,267

See accompanying notes to the condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS

Montfort Capital Corp. ("Montfort" or the "Company") is incorporated under the Business Corporations Act of British Columbia. The Company is listed on the TSX Venture Exchange (the "TSX-V") trading under the symbol "MONT" as well as the OTCQB Venture Market ("OTCQB") under the symbol of MONTF. In June 2022 the Company changed its name from TIMIA Capital Corporation to Montfort Capital Corporation.

The Company builds and manages private credit limited partnerships that have focused investing strategies for the institutional and accredited investors markets under two divisions: TIMIA Capital (TIMIA) and Pivot Financial (Pivot). In the technology space TIMIA utilizes a proprietary loan origination platform to originate, underwrite and service private-market, high-yield loan opportunities. TIMIA offers revenue-based investment to fast growing, business-to-business recurring revenue software businesses in North America. Pivot specializes in asset-based private credit targeting mid-market borrowers in Canada. Sources of revenue include interest income from loans receivable, as well as income from the settlement of loans and transaction fees from due diligence. In addition, Pivot earns loan servicing fees and performance fee income for loan management services performed. The Company's head office and principal place of business is 835-1100 Melville St, Vancouver, British Columbia, Canada. These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on August 24, 2022.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Montfort prepares its condensed interim consolidated financial statements ("financial statements") in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The preparation of condensed interim consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise judgment in applying Montfort's accounting policies. In 2021 the Company changed its financial reporting year-end from November 30 to December 31.

Basis of presentation

The condensed interim consolidated financial statements have been prepared using the historical cost basis except for certain financial instruments, which are measured at fair value. All amounts are expressed in Canadian dollars unless otherwise stated. Certain comparative figures in these condensed interim consolidated financial statements have been reclassified in order to conform with the current year presentation.

Basis of consolidation

The Company uses the criteria outlined in IFRS 10 in order to determine whether it has control of its Limited Partnerships. In applying the criteria outlined in IFRS 10, judgment is required in determining whether TIMIA controls TIMIA Capital I Limited Partnership ("LP I"), TIMIA Capital II Limited Partnership ("LP II") and TIMIA Capital Preferred Return III Limited Partnership ("LP III"), together the "LPs". Making this judgment involves taking into consideration the concepts of power over LP I, LP II and LP III, exposure and rights to variable returns, and the ability to use power to direct the relevant activities of the LP's so as to generate economic returns. Using these criteria, management has determined that TIMIA does control the LP's and as a result consolidates the accounts of LP I, LP II and LP III. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies of such entities so as to obtain economic benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

These condensed interim consolidated financial statements include the accounts of the Company and the following subsidiaries:

Entity	**Country**	**Percentage Ownership of Parent** (based on units as at December 31, 2021)
TIMIA Capital Corp.	Canada	-
TIMIA Capital GP Inc.	Canada	100%
TIMIA Capital I Limited Partnership	Canada	12.39%
TIMIA Capital II Limited Partnership	Canada	5.02%
TIMIA Capital III Preferred Return Fund Limited Partnership	Canada	5.63%
TIMIA Capital III Preferred Return Fund	Canada	0%
TIMIA Capital II GP Inc.	Canada	100%
TIMIA Capital III GP Inc.	Canada	100%
TIMIA Capital Holdings Limited Partnership	Canada	100%
PIVOT Financial Services Inc.	Canada	100%
PIVOT Financial I Limited Partnership	Canada	100%
2862454 Ontario Inc.	Canada	100%

All significant intercompany balances and transactions have been eliminated on consolidation.

Significant accounting judgements and estimates

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Loans receivable are reviewed on a quarterly basis as to their collectability and an appropriate impairment charge is provided where considered necessary. The Company estimates an expected credit loss on a quarterly basis by reviewing the underlying loan portfolio. The allowance represents the Company's estimate of the expected credit losses inherent in the loan portfolio, net of the future income stream belonging to the holders of the co-investment agreements. In addition, the Company also completes a loan specific analysis to assess whether there are indications of impairment. The Company reviews a variety of factors such as maintenance of loan repayments in accordance with the contractual obligations, general economic conditions, the underlying stability of the company to which the loan was granted and has periodic discussions with the management of each company. The Company then makes an assessment using this information on whether or not the loan is impaired. Losses inherent in the loan portfolio, net of the future income stream belonging to the holders of the co-investment agreements. In addition, the Company also completes a loan specific analysis to assess whether there are indications of impairment. The Company reviews a variety of factors such as maintenance of loan repayments in accordance with the contractual obligations, general economic conditions, the underlying stability of the company to which the loan was granted and has periodic discussions with the management of each company. The Company then makes an assessment using this information on whether or not the loan is impaired.

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in these estimates and assessments may have a material impact on these condensed interim consolidated financial statements. The information about other significant areas of estimation uncertainty considered by management in preparing the condensed interim consolidated financial statements is:

- Variables used in determining expected credit losses;
- Fair value of equity investments not quoted in an active market;
- Measurement of equity and liability components of convertible debentures;
- Recognition of deferred tax assets;
- Estimated fair values of share-based payments awards;
- Fair value of identifiable assets acquired and liabilities assumed in business combination.

The information about significant areas of judgment considered by management in preparing the condensed interim consolidated financial statements are:

- Determination of control of entities, giving rise to the consolidation thereof; and
- Indicators of impairment of financial instruments, intangible assets and goodwill.

3. LOAN RECEIVABLE

The Company makes loans through two operating divisions: TIMIA Capital which offers revenue-based investment to fast growing, business-to-business recurring revenue software businesses in North America, and Pivot Financial which specializes in asset-based private credit targeting mid-market borrowers in Canada. The term of loans receivable range from on demand to six years.

	June 30, 2022	December 31, 2021
Opening balance	106,916,931	27,614,080
Loans acquired in Pivot acquisition	-	66,303,932
Advances on loans receivable	96,614,220	60,491,923
Interest revenue	7,277,551	7,649,247
Interest and principal payments	(63,244,824)	(39,625,310)
Settlement of investments	(20,812,863)	(15,354,934)
Foreign exchange	159,498	(162,007)
Closing balance	126,910,513	106,916,931
Less: current portion	(82,809,515)	(70,481,905)
Non-current portion	44,100,998	36,435,026
ECL (loan loss) provision, opening balance	(799,130)	(366,783)
ECL (loan loss) provision, acquired in Pivot acquisition	-	(376,307)
Add: ECL provision for outstanding loans (1)	111,802	(57,084)
Add: Fx translation adjustment	(2,833)	1,044
ECL (loan loss) provision, closing balance	(690,161)	(799,130)
Loans receivable, non-current portion	44,100,998	36,435,026
ECL (loan loss) provision, closing balance	(690,161)	(799,130)
Loans receivable, net of ECL, non-current portion	43,410,837	35,635,896

Details of the expected credit loss model can be found in Note 18 under the heading *Expected Credit Loss Measurement*.

(Expressed in Canadian Dollars)

3. LOAN RECEIVABLE (continued)

The expected credit loss provision for the period from January 1, 2022 to June 30, 2022 is calculated as follows:

	Stage 1	Stage 2	Stage 3	Total
Opening amortized loan balance	$ 104,470,715	$ 2,446,216	$ -	$ 106,916,931
Loans acquired in Pivot acquisition	-	-	-	-
Advances on loans receivable	96,614,220	-	-	96,614,220
Interest revenue, net of interest and principal payments	(55,615,956)	(351,317)	-	(55,967,273)
Foreign exchange	138,612	20,886	-	159,498
Loans receivable moved to stage 1	-	-	-	-
Loans receivable moved to stage 2	(1,684,543)	1,684,543	-	-
Loans receivable moved to stage 3	-	-	-	-
Settlement of investments	(20,812,863)	-	-	(20,812,863)
Closing balance	123,110,185	3,800,328	-	126,910,513
Less: current portion	(28,026,371)	(2,339,323)	-	(30,365,694)
Closing balance, non-current portion	$ 95,083,814	$ 1,461,005	$ -	$ 96,544,819
Expected Credit Loss, opening balance	$ (306,400)	$ (492,730)	$ -	$ (799,130)
ECL (loan loss) provision, acquired in Pivot acquisition	-	-	-	-
Add: ECL for outstanding loans	(265,194)	376,996	-	111,802
Foreign exchange translation adjustment	(2,833)	-	-	(2,833)
Expected Credit Loss, closing balance	$ (574,427)	$ (115,734)	$ -	$ (690,161)
Loans receivable, non-current portion	$ 95,083,814	$ 1,461,005	$ -	$ 96,544,819
ECL provision, closing balance	(574,427)	(115,734)	-	(690,161)
Loans receivable, net of ECL, non-current portion	$ 94,509,387	$ 1,345,271	$ -	$ 95,854,658

Loans receivable by type

The Company provides three main types of loan facilities.

- TIMIA offers **Interest Only Loans** that are designed for borrowers that anticipate achieving a financing milestone in the relatively near future. Typically, two to three years in length, these facilities require the borrower to pay approximately two thirds of the interest monthly. The remainder of the interest is accrued over the term of the loan and is due and payable at the end of the term.

- TIMIA offers **Amortized Loans** which are a type of growth capital provided to a company in which the timing of loan payments are tied to the forecast revenue of the company. Any unamortized amounts are due and payable at the end of the term.

- Pivot Financial provides **Term Loan** and **Factored Facilities** that are asset-based loans with fixed or determinable payments. Factored facilities earn administration fees up to 1.5% and are purchased with recourse. Term loans have generally fixed interest rates ranging from 9.5% - 15%, secured and range in maturity generally are due on demand or in a period less than one year.

3. LOAN RECEIVABLE

The following table presents a breakdown of the loan portfolio by type of loan.

	At June 30, 2022 Carrying Value	At December 31, 2021 Carrying Value
Interest Only Loans (TIMIA)	13,128,309	17,447,964
Amortized Loans (TIMIA)	32,871,850	20,905,388
Term Loans (Pivot)	76,468,381	63,455,852
Factored Facilities (Pivot)	3,751,812	4,308,597
Total	**$126,220,352**	**$106,117,801**

Loans receivable by geography

The Company advances loans in Canada and the United States of America. The following table presents a breakdown of the loan portfolio by geography, denominated in Canadian dollars. At year-end, restricted cash relates to cash held on behalf of a portfolio company.

	At June 30, 2022	At December 31, 2021
Canada	$86,798,967	$74,781,519
United States of America	$39,421,385	31,336,282
Total	**$126,220,352**	**$106,117,801**

4. EQUITY INVESTMENTS

As at June 30, 2022 and December 31, 2021, the Company held the following equity investments:

Investees	Common Shares	Cost	June 30, 2022 Fair Value	December 31, 20201 Fair Value
Moj.io Inc.	427,998	$ 43	$ 462,300	$ 462,300
Lambda Solutions Inc.	185,000	46,538	77,700	77,700
CamDo Solutions Inc.	1,062,500	25,100	425,100	425,100
Greenspace Brands Inc.	1,428,572	100,000	35,715	85,715
AvenueHQ	50,000	282,803	282,803	282,803
		$ 454,484	**$ 1,283,618**	**$ 1,333,618**

5. RIGHT-OF-USE ASSET AND LEASE LIABILITY

In May 2021, the Company's head office relocated and entered into a lease agreement for office space in Vancouver for a monthly lease payment of $6,721 with a term of three years. There is no extension contemplated in the lease agreement. Under IFRS 16, the Company recognizes lease liabilities measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates. The rate applied to the lease liabilities on May 1, 2021 was 8%. The details of the right-of-use assets and lease liabilities recognized as at June 30, 2022 are as follows:

(Expressed in Canadian Dollars)

5. RIGHT-OF-USE ASSET AND LEASE LIABILITY (continued)

Right-of-use asset

		June 30, 2022		December 31, 2021
Beginning balance	$	202,655	$	26,565
Present value of lease payments		-		230,132
Amortization		(40,531)		(54,042)
Ending balance	**$**	**162,124**	**$**	**202,655**

Lease liability

		June 30, 2022		December 31, 2021
Beginning balance	$	218,618	$	29,430
Present value of lease payments		-		227,266
Accrued interest		8,030		13,153
Cash payment		(46,685)		(51,231)
Ending balance	**$**	**179,963**	**$**	**218,618**

6. INTANGIBLE ASSETS AND GOODWILL

Intangible assets consist of a customer relationship and service contract acquired through the Company's business acquisition of Pivot. Identifiable intangible assets acquired by TIMIA includes the contract to provide sub-adviser services to a third party fund. The contract has a limited life and the intangible asset is amortized on a straight-line basis over the useful life, estimated to be approximately seven years from acquisition. In addition, a customer relationship was acquired. This relationship is amortized on a straight-line basis over the useful life, estimated to be approximately five years.

Goodwill was acquired as part of the Pivot acquisition and is tested for impairment on an annual basis.

		Intangible assets			
		Service contract		Customer relationship	Goodwill
Beginning balance - January 1, 2022	$	2,485,400	$	520,000	3,533,801
Less: amortization		(191,061)		(80,636)	-
Ending balance - June 30, 2022	$	2,294,339	$	439,364	3,533,801

		Intangible assets			
		Service contract		Customer relationship	Goodwill
Beginning balance - December 1, 2020	$	-	$	-	-
Additions through business acquisition (see Note 3)		2,584,000		520,000	3,533,801
Less: amortization		(98,600)		-	-
Ending balance - December 31, 2021	$	2,485,400	$	520,000	3,533,801

(Expressed in Canadian Dollars)

7. COMMITMENTS AND CONTINGENCIES

The Company has provided guarantees and limited recourse guarantees to certain lenders with respect to loan payable agreements in place. These arrangements were acquired as part of the Pivot acquisition. Recourse is limited to the lender's right, title and interest in collateral under the loan agreement, such as cash and other assets defined.

8. DEBENTURES

During fiscal 2018 and 2019 the Company issued Series E debentures for a total of $1,320,000 with warrants. This private placement which was priced at $100 per unit resulted in a total issuance of 13,200 debentures and 440,000 warrants. The debentures bear an interest rate of 12% per annum, payable quarterly in arrears, have a term of five years from November 30, 2018 and are secured against the assets of the Company. The warrants are exercisable for five years from November 30, 2018, at a price of $0.30 per share. A total commission of $28,700 and 95,666 broker warrants, exercisable at $0.30 with a two-year term, were paid as part of this transaction.

On March 31, 2022, the Company repaid all issued and outstanding Series E debentures ahead of the scheduled maturity date. Total repayment amount including principal and interest was $1,103,864. A loss on settlement of debentures of $21,297 (2021 - $44,584) was recorded in the consolidated statement of net income (loss). Warrants associated with these debentures expired on May 31, 2022.

		2022		2021
Series D debentures	$	-	$	-
Series E debentures		-		1,198,749
Total Debentures	**$**	**-**	**$**	**1,198,749**
Less: current portion		-		(12,475)
Debentures balance - June 30, 2022 and December 31, 2021	**$**	**-**	**$**	**1,186,274**

9. CO-INVESTMENT OBLIGATIONS

The Company entered into co-investment agreements that provide non-dilutive capital in exchange for the ability for qualified investors to participate directly in the Company's portfolio of investments ("Co-investors"). Under this model, Co-investors enter into an agreement that entitles them to receive a fixed percentage of all cash flow derived from a specified portfolio of investments. The co-investment agreements will terminate upon the discharge of all of the obligations of the respective parties that make up the underlying loans receivable portfolio. The actual amounts paid and timing of payments under the co-investment agreements depend on the performance of the underlying loans receivable. Total amounts owing at June 30, 2022 are recorded as Co-investment obligations on the consolidated statement of financial position.

10. FOREIGN CURRENCY FORWARD CONTRACT

On April 16, 2020, the Company entered into a forward contract to secure access to US funds for a fixed foreign exchange rate. The Company uses foreign currency forward contracts to manage risk related to variable foreign exchange rates. Under the forward contract, the Company agreed to sell US$2,500,000 for $3,493,750 on April 29, 2021. In March 2021, the maturity date was extended to August 31, 2021. In August 2021 the maturity date was extended to December 31, 2021 and the settlement amount revised to $3,460,000. In November 2021 the maturity date was extended to January 14, 2022.

On January 14, 2022, the forward contract matured and was net settled with the counterparty. The gross amount receivable was $3,130,538 and a gain of $30,716 was recognized in the period.

(Expressed in Canadian Dollars)

11. REVOLVING CREDIT FACILITIES

On January 17, 2022, the outstanding revolving credit facility with accrued interest was repaid in the amount of $4,508,423.

12. LOANS PAYABLE

Loans payable consists of the following as at June 30, 2022 and December 31, 2021:

	Interest Rate	Security	June 30, 2022	December 31, 2021
Loans payable	10%	Unsecured	1,000,000	1,340,000
Loans payable	10.75%	Unsecured	9,000,000	5,500,000
Loans payable	11%	Unsecured	7,002,074	11,120,891
Loans payable	Higher of prime + 5.3 or 9.25%	Secured	10,595,670	8,850,000
Loans payable	Higher of prime + 5.3 or 9.25%	Unsecured	0	8,850,000
Loans payable	Higher of prime + 5.5 or 9.5%	Secured	56,500,000	41,000,000
			84,097,744	**76,660,891**

For all loans payable, the initial term is set at one year. The lender has the option to extend while the Company has the option to repay at any time, therefore all loans payable are classified as current liabilities.

The secured loans payable is a revolving credit facility from a senior lender and has a combined authorized limit of $60,000,000. The security on the secured loan payable to the lender is a general security agreement and directly related to a loan receivable from a related party. The agreement also includes covenants regarding reporting requirements, liens on account, distribution limitations and cash investment limits. The loan is designated as FVTPL to ensure measurement consistency with the credit risk associated with the related loan receivable that is security to the loan.

All loans include covenants which the Company is required to report on a regular basis. Covenants restrict total debt levels relative to permitted investments as well as total net debt relative to subordinated debt. The Company was in compliance with all covenants as at June 30, 2022.

13. SHARE CAPITAL

(a) Common shares:

An unlimited number of common voting shares are authorized without par value. As of June 30, 2022 TIMIA has 59,877,006 common shares issued and outstanding. On January 5, 2022, the Company closed a private placement having raised an aggregate of $2,188,750 and issued 6,253,571 units at a price of $0.35 per unit. Each unit consists of one common share and one half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.50 for a period of 24 months following the closing date.

(Expressed in Canadian Dollars)

13. SHARE CAPITAL (continued)

(b) Preferred shares:

As of June 30, 2022, TIMIA has 10,485,994 non-cumulative Series A Preferred shares issued and outstanding. Holders of Preferred shares will be entitled to receive fixed non-cumulative preferential cash dividends, if, as and when declared by the board of Directors of the Company at an annual rate equal to $0.08 per Preferred share. Dividends, if declared, will be payable on the last day of December, March, June and September in each year, or if such day is not a business day, on the next business day, at a quarterly rate of $0.02 per Preferred Share.

The Preferred Shares will rank senior to the Common shares of the Company with respect to declared but unpaid dividends. The Preferred Shares are retractable by the Corporation at any time on or after the date that is three years after the Closing Date. On or after the date that is three years after the closing date, the Company may, at its option, upon 10 days' prior written notice, retract all or any number of the Preferred shares. Upon notice of retraction by the Company, holders of the Preferred Shares may elect to receive either: (a) a cash payment equal to the offering price; or (b) one Common share in exchange for each one Preferred share, subject to adjustment. The Preferred shares do not have a fixed maturity date and are not redeemable at the option of the holders of Preferred shares. Holders of the Preferred shares may elect to convert the Preferred shares into Common shares on the basis of one Common share for each Preferred share held, subject to adjustment, at any time.

(c) Dividends declared:

On a quarterly basis the Company's Board of Directors declared and paid dividends on Series A Preferred shares as follows:

Dividend declaration date	Dividend payment date	Dividend rate		Total dividends paid
March 9, 2022	March 31, 2022	0.0200	$	209,720
May 26, 2022	June 30, 2022	0.0200	$	209,720
			$	**419,440**

(d) Stock options and share unit plan:

Stock options

The Company has adopted an equity incentive plan for granting options to directors, employees and consultants, under which the total outstanding options are limited to 10% of the issued and outstanding Common Shares as at the grant date. Under the plan, the exercise price of an option shall not be less than the discounted market price at the time of granting, or as permitted by the policies of TSX-V. Options granted may not exceed a term of ten years from the grant date. The vesting period for all other options will be determined by the Board of Directors at the time of each grant.

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2020	**4,075,000**	**$ 0.18**
Issued	1,355,000	0.32
Exercised	(600,000)	0.14
Balance, December 31, 2021	**4,830,000**	**$ 0.22**
Issued	730,000	0.42
Expired	(15,854)	0.20
Exercised	(319,146)	0.18
Balance, June 30, 2022	**5,225,000**	**$ 0.25**

(Expressed in Canadian Dollars)

13. SHARE CAPITAL (continued)

(d) Stock options and share unit plan: (continued)

Additional information regarding stock options outstanding as at June 30, 2022 is as follows:

	Outstanding			Exercisable	
Exercise Price	**Number of Options**	**Weighted Average Remaining Contractual Life (years)**	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
0.14	480,000	0.00	0.14	480,000	0.14
0.17	500,000	0.86	0.17	500,000	0.17
0.18	75,000	1.63	0.18	75,000	0.18
0.19	480,000	3.56	0.19	231,014	0.19
0.22	870,000	1.87	0.22	870,000	0.22
0.20	565,000	2.69	0.20	434,457	0.20
0.17	600,000	2.93	0.17	600,000	0.17
0.17	50,000	2.98	0.17	33,653	0.17
0.30	275,000	4.23	0.30	70,685	0.30
0.44	600,000	4.33	0.44	404,384	0.44
0.42	700,000	4.60	0.42	96,639	0.42
0.375	30,000	4.90	0.38	958.90	0.38
	5,225,000	**2.76**	**0.25**	**3,796,790**	**0.22**

Option-pricing requires the use of highly subjective estimates and assumptions including the expected stock price volatility. The expected volatility used in valuing stock options is based on volatility observed in historical periods. Changes in the underlying assumptions can materially affect the fair value estimates. The fair value of the options re-priced and granted to officers, directors, consultants, and employees was calculated using the Black-Scholes Option Pricing Model with following weighted average assumptions and resulting grant date fair value:

	2022	**2021**
Weighted average assumptions:		
Risk-free interest rate	0.41% - 2.62%	0.41% - 1.42%
Expected dividend yield	-	-
Expected option life (years)	5	5
Expected stock price volatility	79% - 89%	89%
Weighted average fair value at grant date	$0.38-$0.42	$0.32
Expected forfeiture rate	-	-

(Expressed in Canadian Dollars)

13. SHARE CAPITAL (continued)

(d) Stock options and share unit plan: (continued)

The Company has a share unit (SU) plan that allows for the granting of restricted share units (RSUs), performance share units (PSUs), deferred share units (DSUs) and Stock Appreciation Rights (SARs) to directors and employees. The maximum number of the Company's common shares that may be issued under the share unit plan as of June 30, 2022 is 5,959,867.

RSUs granted entitle participants to receive one common share of the Company for each share unit granted if certain vesting and performance conditions are achieved. PSUs entitle participants to receive common shares of the Company if certain performance and vesting criteria are achieved. DSUs granted entitle participants the right to receive one common share of the Company for each share unit granted if certain vesting conditions are achieved. Each DSU shall initially have a value equal to the market price of a common share as at the date the DSU is granted.

SARs granted entitle participants to receive one common share of the Company, a cash payment or a combination thereof for each right if certain performance and vesting criteria are achieved. Under the plan, the exercise price of an option shall not be less than the market price at the time of grant.

The performance criteria of the share units may be based upon the achievement of corporate or individual goals, and may be applied relative to performance relative to an index or comparator group, or on any other basis determined by the Board. The Board may modify the performance criteria as necessary to align them with the Corporation's corporate objectives.

On June 9, 2022, the Company granted 600,000 RSUs to independent members of the board of directors of the Company. The RSUs will vest one year from the grant date and have a two-year term.

Additional information regarding the RSUs outstanding as at June 30, 2022 is as follows:

Outstanding		Exercisable	
Number of Units	**Weighted Average Remaining Contractual Life (years)**	**Number of Units**	**Weighted Average Remaining Contractual Life (years)**
600,000	1.95	34,521	1.95
600,000	**1.95**	**34,521**	**1.95**

(e) *Normal Course Issuer Bid*

On February 24, 2021, the TSXV approved and the Company announced its intention to commence a normal course issuer bid (NCIB) to repurchase the Company's common shares. Under the NCIB the Company may purchase for cancellation up to 3,313,699 common shares over a 12-month period ending February 28, 2022. Transactions were executed from time to time in the open market in accordance with the rules and policies of the TSXV. Purchase and payment for the shares made by the Company were made in accordance with the rules of the TSXV and the price that the Company paid for any shares acquired by it at the market price of the shares at the time of acquisition. The Company entered into a share purchase plan with a broker in order to facilitate the repurchase of its shares under the NCIB which covers the period from March 1, 2021 to February 28, 2022. Under the Plan, the Company's broker was able to repurchase common shares under the NCIB. Purchases were made by Montfort's broker based upon the parameters prescribed by the TSX and the terms of the plan.

(Expressed in Canadian Dollars)

13. SHARE CAPITAL (continued)

(e) Normal Course Issuer Bid (continued)

During the 3 months ended June 30, 2022, the Company canceled 35,500 shares previously repurchased under the 2021 NCIB.

(f) Warrants:

	Number of Warrants		Weighted Average Exercise Price
Balance, November 30, 2020	6,550,239	$	0.30
Exercised	(1,202,596)		0.20
Expired	(4,915,976)		-0.20
Balance, December 31, 2021	431,667	$	0.22
Granted	2,511,681		0.50
Expired	(133,339)		0.30
Exercised	(298,328)		0.30
Balance, June 30, 2022	2,511,681	$	0.50

Additional information regarding warrants outstanding and exercisable as at June 30, 2022 is as follows:

Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life (years)		Weighted Average Exercise Price
0.50	2,511,681	1.52	$	0.50

14. RELATED PARTY TRANSACTIONS AND EXECUTIVE COMPENSATION

The Company may have transactions in the normal course of business with individuals (as well as their family members or entities they control) who are related to the Company either as key management personnel or a member of the board of directors. Any such transactions are in the normal course of operations and are measured at market based on exchange amounts. The Company had the following related party transactions:

(a) During the six months ended June 30, 2022, $4,438 (May 31, 2021: $16,208) of interest from debentures was accrued or paid to certain directors, officers, family members of directors and officers and a company controlled by a director.

(b) Accounts payable of $86,645 (December 31, 2021: $586) was due to directors and/or officers identified as key management personnel as at June 30, 2022.

(d) Rent expense of $19,832 (May 31, 2021: $9,942) was accrued or paid during the 6 months ended June 30, 2022 to a third party company controlled by the CFO.

(e) Investments held by officers and directors, and their family members or companies controlled by them, for $5,010,269 of Limited Partner net assets as at June 30, 2022 and $4,824,909 at December 31, 2021.

(Expressed in Canadian Dollars)

14. RELATED PARTY TRANSACTIONS AND EXECUTIVE COMPENSATION (continued)

(f) The Company has loans receivable due from an entity in the amount of $66,017,496 (December 31, 2021: $48,398,641) where the entity is related by virtue of a member of the Company's management is a significant shareholder of the entity and a member of the entity's board of directors. The Company earned administration fees of $233,822 (May 31, 2021: $nil) which were recorded in other revenue in the period ended June 30, 2022 related to these arrangements.

The Company considers the Chief Executive Officer, Chief Financial Officer, Chief Credit Officer, and Directors as key management personnel. Key management compensation for the 6 months ended June 30, 2022 and May 31, 2021 were as follows:

(a) Directors fees of $75,597 (May 31, 2021: $53,154) were accrued or paid during the 6 months ended June 30, 2022.

(b) Management compensation of $150,500 (May 31, 2021: $160,000) was accrued or paid during the 6 months ended June 30, 2022.

(c) Share-based payments expenses of $168,670 (May 31, 2021: $66,759) were recorded for directors and certain officers identified as key management personnel for the 6 months ended June 30, 2022.

15. NON-CONTROLLING INTEREST ("NCI")

The investments in TIMIA Capital LP's by those other than TIMIA Capital Corp are presented in non-controlling interests in the consolidated statement of financial position. The term of LP I is ten years plus 3 optional 1 year extensions and the term of LP II is five years with 2 optional 1 year extensions. Details of the change in non-controlling interest for the year were as follows:

	TIMIA Capital I LP	TIMIA Capital II LP	TIMIA Capital III LP	Gross limited partners' interests
NCI Balance, December 31, 2021	$ 5,956,600	$ 24,556,976	$ -	$ 30,513,576
Contributions	-	-	5,468,910	5,468,910
Distributions paid to limited partners	(2,116,513)	(1,987,908)	(132,861)	(4,237,282)
Reinvestment of distributions	-	-	7,192	7,192
Net income (loss) attributable to NCI	235,923	1,253,625	37,345	1,526,892
Foreign currency translation	-	398,656	88,806	487,462
NCI Balance, June 30, 2022	**$ 4,076,009**	**$ 24,221,349**	**$ 5,469,392**	**$ 33,766,750**

	TIMIA Capital I LP	TIMIA Capital II LP	Gross limited partners' interests
NCI Balance, November 30, 2020	$ 9,031,885	$ 17,762,911	$ 26,794,796
Contributions by limited partners	-	7,375,973	7,375,973
Distributions paid to limited partners	(4,230,961)	(2,204,749)	(6,435,710)
Net income (loss) attributable to NCI	1,155,676	2,045,897	3,201,573
Foreign currency translation	-	(423,056)	(423,056)
NCI Balance, December 31, 2021	**$ 5,956,600**	**$ 24,556,976**	**$ 30,513,576**

(Expressed in Canadian Dollars)

15. NON-CONTROLLING INTEREST ("NCI") (continued)

Summarized financial information

Statements of financial position as at June 30, 2022:

	TIMIA Capital I LP	TIMIA Capital II LP	TIMIA Capital III LP
Total current assets	$ 1,264,705	$ 1,243,453	$ 908,353
Total non-current assets	4,428,416	25,508,376	6,018,669
Total Assets	**5,693,120**	**26,751,829**	**6,927,022**
Total liabilities	134,807	472,177	117,941
Partners' capital	5,558,313	26,866,267	6,687,880
Translation adjustment	-	(586,615)	121,200
Total liabilities & Partners' capital	**$ 5,693,120**	**26,751,829**	**6,927,022**

For the 6 months ended June 30, 2022	TIMIA Capital I LP	TIMIA Capital II LP	TIMIA Capital III LP
Total revenue	$ 504,160	$ 2,510,367	$ 305,834
Total expense and other income	119,042	473,606	260,565
Total net income and comprehensive income	**$ 385,118**	**$ 2,036,760**	**$ 45,268**

Statements of financial position as at December 31, 2021:

	TIMIA Capital I LP	TIMIA Capital II LP
Total current assets	$ 3,865,525	$ 4,902,594
Total non-current assets	4,887,751	21,882,885
Total Assets	**8,753,276**	**26,785,479**
Total liabilities	1,122,882	792,337
Partners' capital	7,630,393	27,003,046
Translation adjustment	-	(1,009,905)
Total liabilities & Partners' capital	**$ 8,753,275**	**26,785,478**

For the 6 months ended May 31, 2021	TIMIA Capital I LP	TIMIA Capital II LP
Total revenue	$ 1,241,588	$ 1,077,758
Total expense and other income	834,715	(164,186)
Total net income and comprehensive income	**$ 406,873**	**$ 1,241,944**

(Expressed in Canadian Dollars)

15. NON-CONTROLLING INTEREST ("NCI") (continued)

TIMIA Capital I LP

Since inception the Company has completed financings for a total of $18,420,000 ("Committed Capital") financing in its first Limited Partnership ("LP I"). In addition to holding units in LP I, TIMIA is entitled to receive a management fee of 1.5% of Committed Capital for the first six years and 0.75% thereafter. In addition, LP I reimburses TIMIA for operating expenses incurred on its behalf.

TIMIA Capital II LP

Since inception of LP II, the Company closed financings of $27,146,565 (US $16,215,000) The Company is invested in LP II and is entitled to receive a management fee of 1.5% of Invested Capital and a performance fee based upon the profit of LP II for the life of the fund. In addition, LP II reimburses TIMIA for operating expenses incurred on its behalf.

TIMIA Capital III LP

During the period ended June 30, 2022, the Company launched TIMIA Capital III Preferred Return Fund (The "Trust") and TIMIA Capital III Preferred Return Fund LP ("LP III"). The primary business of the Trust will be to invest in units of the LP. Since inception the Trust and LP III have closed financings for a total of $6,447,554. The Company is invested in LP III and is entitled to receive a management fee of 1.5% of Invested Capital and a performance fee. In addition, LP III reimburses TIMIA for operating expenses incurred on its behalf.

16. FINANCIAL INSTRUMENTS AND RISK

Financial instruments

The following table summarizes information regarding the carrying values and classification of the Company's financial instruments as of the periods ended June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Cash & restricted cash - FVTPL	$ 3,448,711	$ 9,758,032
Accounts receivable - Amortized cost	803,104	687,596
Loans receivable - Amortized cost	126,220,352	106,117,801
Equity investments - FVTPL	1,283,618	1,333,618
Forward contract receivable - FVTPL	-	290,500
Accounts payable - Amortized cost	2,956,664	5,674,751
Loans payable (Note 13) - Amortized cost	27,597,744	26,810,891
Loans payable (Note 13) - FVTPL	56,500,000	41,000,000
Revolving credit facilities - Amortized cost	-	4,485,129
Debentures & co-investment obligations - Amortized cost	19,082	1,468,518
Non-controlling interests - Amortized cost	33,766,750	30,513,576

16. FINANCIAL INSTRUMENTS AND RISK (continued)

Financial Instruments (continued)

The estimated fair values of cash and accounts payable approximate their respective carrying values due to their nature and short terms to maturity. Equity investments and forward contract receivable are carried at their fair value. Loans receivable, accounts receivable, co-investment obligations, revolving credit facility, and debentures are carried at amortized cost. Loans payable are split between amortized cost and FVTPL.

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
(a) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The following table presents the Company's financial instruments, measured at fair value on the consolidated statements of financial position and categorized into levels of the fair value hierarchy:

	Balance at June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	3,448,711	3,448,711	-	-
Equity investments	1,283,618	35,715	-	1,247,903

There were no transfers from Level 1 to 2 or Level 2 to 1 during the period.

The investment operations of the Company's business involve the purchase and sale of securities, and accordingly, a portion of the Company's assets are currently composed of financial instruments. The use of financial instruments can expose the Company to several risks, a discussion of which is provided below.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is dependent on obtaining regular financings in order to continue as a going concern. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash consists of cash deposited in business accounts held by high credit quality financial institutions.

(Expressed in Canadian Dollars)

16. FINANCIAL INSTRUMENTS AND RISK (continued)

Liquidity risk (continued)

	Carrying amount	Contractual cash flows	Within 1 year	Within 2 years	Within 5 years
	$	$	$	$	$
Accounts payable	2,956,664	2,956,664	2,956,664	-	-
Loans payable	84,097,744	84,097,744	84,097,744	-	
Non-controlling interests	33,766,750	33,766,750	4,702,748	9,486,363	19,577,640
Debentures & Co-investment obligations	19,082	19,082	19,082	-	-
Total	120,840,240	120,840,240	91,776,238	9,486,363	19,577,640

Cash flows relating to non-controlling interests are based on expected cash flows. The Company is obligated to return the net assets attributable to limited partners at the end of each partnership agreement. Timing in the above table is based on estimated cash flows and expected maturities of the investments held.

Foreign exchange risk

The Company's foreign exchange risk is due to the Company's loan investments totaling US$30,592,414 which are currently valued at $39,421,385.

The Company also consolidates two limited partnerships which operate with a functional currency of US dollars. Changes in US and Canadian dollar exchange rates will give rise to foreign currency translation adjustments that may have a material impact on the other comprehensive income recognized by the Company. A 10% movement in the US dollar exchange rate would increase/decrease the accumulated other comprehensive translation adjustment on the consolidated statement of financial position by $756,724.

Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. The Company's practice has been to invest cash at floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders. A 10% change in the interest rate would not result in a material impact on the Company's operations.

Market risk

Market risk is the risk that the fair value of, or future cash flows from the Company's financial instruments will significantly 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 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. Additionally, the Company adjusts its investments to fair value at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which could have a significant unfavourable effect on the Company's financial position.

The Company manages market risk by having a portfolio of investments not singularly exposed to any one issuer; however, its investment activities are currently concentrated primarily in the technology sector. The Company also manages its market risk by reviewing commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

16. FINANCIAL INSTRUMENTS AND RISK (continued)

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and loan receivables. The Company limits exposure to credit risk by maintaining its cash with financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The Company’s maximum exposure to credit risk at the reporting date is the carrying value of cash, restricted cash, accounts receivable, forward contract and loans receivable.

Credit risk measurement

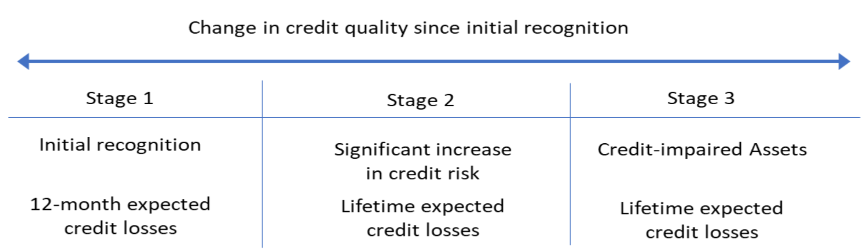
In monitoring credit risk, the Company performs ongoing credit evaluations of its investees’ financial condition. The evaluation considers delinquency trends, sales volumes and the investee’s ability to maintain its financial condition. In accordance with IFRS 9, the Company calculates an expected credit loss as outlined below.

Expected credit loss measurement

IFRS 9 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in ‘Stage 1’ and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to ‘Stage 3’.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

The following diagram summarizes the impairment requirements under IFRS 9:



The Company assigns each loan in the portfolio to a credit quality stage of Stage 1, Stage 2 or Stage 3. This credit quality staging is then used to calculate the lifetime ECL. The lifetime ECL is the maximum loss in default adjusted for the probability of loss. At each reporting period, the ECL is calculated for each loan receivable. The Company periodically reviews the ECL model to determine if industry trends or macro-economic factors have changed, causing a need to adjust the ECL model. The expected credit loss recorded in the consolidated statement of net income (loss) is a recovery of $196,337 for the 6 months ended June 30, 2022 and the expected credit loss accrued on the consolidated statement of financial position is $690,161 as at June 30, 2022.

Significant increase in credit risk (SICR)

The Company considers a financial instrument to have experienced a SICR when one or more of the following quantitative or qualitative criteria have been met:

16. FINANCIAL INSTRUMENTS AND RISK (continued)

Credit risk (continued)

- The investment is more than 30 days but less than 90 days in arrears on its contractual payment obligations;
- The Company's management believes the cash resources available to the investment may not be sufficient to meet ongoing needs; or
- The investment has significantly underperformed with respect to revenue growth and expense control.

A loan is considered to be in stage 3 if:

- The borrower is 90 days past due on contractual payments;
- The borrower is in long-term forbearance;
- The borrower is insolvent; or
- The borrower is in material breach of financial covenants.

Expected credit loss model

The Company determines the lifetime expected credit loss to be the maximum loss in a default adjusted for the probability of loss. At each reporting period, the ECL is calculated for each loan receivable.

The maximum default loss is a function of the relative exposure of the Company to a particular investment. The Company assesses this as a ratio of the enterprise value of the underlying entity to the amortized loan balance. Based on this ratio, the Company assigns the loan receivable to a maximum default loss band. Each band has a loss percentage based on historic experience.

The probability of default represents the likelihood that the borrower defaults on its financial obligation. As such it is dependent on the stage of the investment at the measurement date. An investment in stage 3 is in default by definition so the likelihood of default is 100%. Stage 1 and stage 2 credits are assigned default probabilities based on historic experience and an assessment of forward looking macro-economic trends. If Company management determines that a segment of the portfolio is facing macro-economic trends that differ from other investments in the portfolio, the probability of default will be adjusted accordingly for that segment.

The Company reviews the stage of each loan receivable and recalculates the ECL every reporting period. Changes to the ECL are recognized on the consolidated statement of income (loss) in the period of the change.

Credit risk exposure

The Company's credit risk exposure by ECL staging is included in a table in Note 3 Loans receivable.

17. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to: a) identify and to invest in investments with strong cash-flow and long-term growth potential; b) to maintain financial strength, to protect its ability to meet its ongoing liabilities and to continue as a going concern and maintain creditworthiness; c) maximize returns for shareholders over the long-term. If the Company does not receive sufficient cash flows from its activities, it may have to undertake a private placement to cover its cash outflows.

The Company is subject to certain restrictions on its assets as described in Notes 9, 10, 12 and 13. The Company's share capital is not subject to external restrictions. The capital of the Company comprises shareholders' equity, Limited Partnership capital, note payable, debentures and co-investment obligations.

The Company manages and adjusts the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets.

18. SEGMENT DISCLOSURES

The Company has one reportable segment. The Company utilizes a proprietary loan origination platform to originate, underwrite and service private-market, high-yield loan opportunities. The Company has two operating divisions: TIMIA Capital which offers revenue-based investment to fast growing, business-to-business recurring revenue software businesses in North America and Pivot Financial, which specializes in asset-based private credit targeting mid-market borrowers in Canada. The Company's operations are all related to providing debt financing and the earnings attributable to shareholders' is primarily fees earned on assets under management.

19. SUBSEQUENT EVENTS

On August 16, 2022, the Company announced that it has entered into a definitive share purchase agreement to acquire Brightpath Capital Corporation, Brightpath Servicing as well as certain holding corporations, collectively (collectively, "Brightpath"). Brightpath is one of Canada's leading private providers of residential mortgages focused on Ontario and British Columbia. The purchase price of the acquisition is $30,500,000 comprising a combination of 31,250,000 common shares (at a deemed price of $0.40 per common share) and 18,000,000 series A preferred shares (at a deemed value of $1.00 per preferred share). In connection with the closing, the Company granted a total of 5,300,000 performance share units (PSUs) and 900,000 stock options. One of the shareholders of Brightpath is on the Board of Directors of the Company. As the transaction was recently completed, the initial accounting for the acquisition, including allocation of the purchase price to the net assets acquired and liabilities assumed, has not been completed.

Due diligence and legal negotiations continue in respect of the Letter of Intent announced on May 12, 2022, that disclosed the Company's agreement to acquire approximately 77% of a Canadian-based leading provider of specialty finance lending company, for a purchase price of approximately $9,240,000. The total common share valuation of the specialty finance company is $12,000,000.