STRATEGEM
CAPITAL

Strength Through Strategy

STRATEGEM CAPITAL CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

Suite 210 – 240 11 Ave. SW, Calgary, Alberta T2R 0C3

TSX-V: SGE

DeVISSERGRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Strategem Capital Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Strategem Capital Corporation (the "Company"), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards ("IFRS").

Basis for Opinion

We conducted our audit 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 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 financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there is the following key audit matter to communicate in our auditor's report:

Key audit matter:	**How our audit addressed the key audit matter:**
Valuation of level 3 investments	Our approach to addressing the matter included the following procedures, among others:
Refer to note 3(a) – critical accounting judgements and estimates and Note 6 Short-term investments The Company's investment portfolio includes private investments for which reliable quotations are not readily available, or for which there is no closing bid price. Management uses various valuation methodologies with unobservable market inputs in its determination of the fair value of private investments which are outlined in Note 3(a) to the financial statements. We considered this a key audit matter due to (i) the inherently subjective nature of the valuation of private investments which involve the use of significant management judgement and unobservable market inputs and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of the private investment's fair value.	Evaluated the reasonableness of management's assessment of the fair value of level 3 investments, which included the following: • Evaluating the appropriateness of the financial statement disclosure related to the accounting judgements and estimates. • Reviewing relevant internal and external information, including industry information, to assess the reasonability of unobservable market inputs in instance where inputs were more subjective. • Discussions with the Company's management regarding potential indicators of impairment.

Other Information
Management is responsible for the other information. The other information comprises the information included in “Management’s Discussion and Analysis”, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is James Roxburgh.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
March 5, 2025

STRATEGEM CAPITAL CORPORATION
STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)

	Notes		December 31, 2024		December 31, 2023
ASSETS					
Current assets					
Cash and cash equivalents		$	695	$	231
Short-term investments	**6**		9,726		9,583
Total current assets			10,421		9,814
TOTAL ASSETS		$	10,421	$	9,814
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		$	30	$	29
Due to related parties	**9**		1		2
Total current liabilities			31		31
TOTAL LIABILITIES		$	31	$	31
EQUITY					
Share capital	**7**		11,471		11,508
Deficit			(1,081)		(1,725)
Total equity			10,390		9,783
TOTAL EQUITY AND LIABILITIES		$	10,421	$	9,814

These financial statements were authorized for issue by the Board of Directors on March 5, 2025.

These financial statements are signed on the Company's behalf by:

(signed) "Hon. Stockwell Day"
Director

(signed) "Desmond Balakrishnan"
Director

STRATEGEM CAPITAL

STRATEGEM CAPITAL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE DATA)

	Notes	Year ended December 31, 2024	2023
Revenues			
Interest, dividends and other income		$ 335	$ 477
Net gain on sale of investments		181	-
Net unrealized gain (loss) on investments		466	(1,508)
Total revenue (losses)		982	(1,031)
Expenses			
Management fees	**9**	228	226
Salaries		-	305
Director and committee fees	**9**	5	64
Professional fees	**9**	47	58
Office and general		16	22
Interest expense		32	-
Shareholder information and filing fees		17	13
Commission expense	**9**	31	1
Total expenses		376	689
Other items			
Foreign exchange gain (loss)		38	(9)
Net income (loss) and comprehensive income (loss) for the year		$ 644	$ (1,729)
Earnings (loss) per share - basic and diluted	**8**	$ 0.07	$ (0.19)

STRATEGEM CAPITAL

STRATEGEM CAPITAL CORPORATION
STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)

Issued and outstanding	Class A Number of Shares	Class A Share Capital	Class B Number of Shares	Class B Share Capital	Retained Earnings (Deficit)	Total Equity
Balance as at January 1, 2023	9,309,528	$ 11,597	220	$ 1	$ 4	$ 11,602
Net loss for the year	-	-	-	-	(1,729)	(1,729)
Normal course issuer bid	(108,500)	(90)	-	-	-	(90)
Balance as at December 31, 2023	9,201,028	11,507	220	1	(1,725)	9,783
Net income for the year	-	-	-	-	644	644
Normal course issuer bid	(87,000)	(37)	-	-	-	(37)
Balance as at December 31, 2024	9,114,028	$ 11,470	220	$ 1	$ (1,081)	$ 10,390

STRATEGEM CAPITAL CORPORATION

STATEMENTS OF CASH FLOWS

(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)

	For the Year Ended December 31, 2024	2023
Cash flow from operating activities		
Net income (loss)	$ 644	$ (1,729)
Adjustments to reconcile to net cash flows from operating		
Gain on sale of investments	(181)	-
Unrealized (gain) loss on investments	(466)	1,508
Interest income	32	(134)
Foreign exchange (gain) loss	(40)	9
	(11)	(346)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	1	(13)
Due to related parties	(1)	(3)
	-	(16)
Changes in other items:		
Proceeds from sale of investments	5,266	6,754
Purchase of investments	(4,754)	(7,851)
	512	(1,097)
Net cash provided by (used in) operating activities	501	(1,459)
Cash flow from financing activities		
Normal course issuer bid	(37)	(90)
Net cash used in financing activities	(37)	(90)
Net change in cash and cash equivalents	464	(1,549)
Cash and cash equivalents, beginning of the year	231	1,780
Cash, end of the year	$ 695	$ 231
Supplemental cash flow information		
Dividends received	$ 243	$ 328
Interest received	$ 125	$ 118

1. Nature of operations and continuance of operations

Strategem Capital Corporation (the "Company" or "Strategem") invests in resource exploration and development opportunities, mining, energy production and agricultural protein products and is listed on the TSX Venture Exchange (the "TSX-V" or the "Exchange"). The Company's objective since inception in December 1994 is to own and manage operating businesses. The Company's head office is: Suite 210, 240 11 Avenue SW, Calgary, Alberta, Canada, T2R 0C3. The Company's Class A shares trade under the symbol "SGE" on the TSX Venture Exchange.

These financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") applicable to a going concern, 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. During the year ended December 31, 2024, the Company reported net income of $644 (2023 – net loss of $1,729). As at December 31, 2024, the Company had cash and cash equivalents of $695 (December 31, 2023 – cash and cash equivalents of $231) and working capital of $10,390 (December 31, 2023 - $9,783).

2. Basis of preparation

These financial statements are prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB).

These financial statements have been prepared on a historical cost basis (other than investments which are valued using fair value basis). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

These financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

3. Material accounting policies

a) Critical accounting judgements and estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

<u>Estimates</u>

- The carrying value of the investments, the estimated unrealized gains or losses recorded from the fair value fluctuations, and the recoverability of the carrying value which are included in the statements of financial position;
- The amount of the changes to comprehensive income (loss) and investments as a result of changes in prevailing interest rates, foreign exchange, economic and market conditions and company specific news.

3. Material accounting policies (continued)

a) Critical accounting judgements and estimates (continued)

Fair value of investments in private companies

The fair value of unquoted investments is established using valuation techniques. These may include the use of recent arm's length transactions, a Black-Scholes option pricing model, discounted cash flow analysis, a probability-weighted expected return model, or a current value method. Where a fair value cannot be estimated reliably, the investment is reported at the carrying value at the previous reporting date.

The Company assesses at each reporting period whether there is any objective evidence that the unquoted investments are impaired. The unquoted investments are deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future fair value of the investments that can be reliably measured.

b) Functional and Presentation Currency

The presentation currency of the Company and the functional currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the 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 not retranslated.

c) Cash and cash equivalents

Cash and cash equivalents consists of balances with banks and investments in financial instruments that are readily convertible into known amounts of cash and have original maturities within 90 days held for the purpose of meeting short-term cash commitments rather than for investing or other purposes.

d) Investments

At each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements.

Investments in shares of public companies traded on a recognized securities exchange are recorded at the closing bid prices on the last day the security traded on, or prior to, the statement of financial position date.

Derivative financial instruments, including futures contracts, warrants and options not traded on a recognized securities exchange, are recorded at fair value based upon the difference between the exercise price and the closing bid price of the underlying shares, adjusted for time value, volatility and liquidity. Any subsequent changes in the market value are recognized in the current period's statement of comprehensive income (loss).

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of investments, are recorded as an expense in the statement of comprehensive income (loss). Purchase and sales of securities are accounted for on a trade date basis.

The amounts at which investments in public companies could be disposed of currently may differ from fair values based upon market bid prices, as the value at which significant ownership positions are sold is often different from a quoted market price due to a variety of factors such as premiums paid for large blocks, or discounts due to liquidity.

3. Material accounting policies (continued)

e) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales tax or duty. The following specific recognition criteria must also be met before revenue is recognized:

Security transactions - Security transactions are recorded on a trade-date basis. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the statements of comprehensive income (loss) and are calculated on an average cost basis.

Interest, dividends, and other income - Interest is recorded on an accrual basis. Other income, including administration and advisory services fees, is received from investee and other companies and is recognized as the services are provided and collection is reasonably assured. Dividends are recorded when proceeds are received.

f) Earnings (loss) per share

The Company presents the basic and diluted earnings (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 earnings (loss) per share is determined by adjusting the income (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

g) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. Material accounting policies (continued)

h) Financial instruments

Financial assets are recognized at fair value and are subsequently classified and measured at amortized cost or 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.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to initial recognition and how changes in value are recorded. The following accounting policies apply to the subsequent measurement of financial assets:

(i) *Financial assets at amortized cost* - These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. The Company's cash and cash equivalents are recorded at amortized cost.

(ii) *Financial assets at FVTPL* - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. The Company's investments are recorded at FVTPL.

Financial liabilities are recognized at fair value and are subsequently classified and measured at amortized cost. The Company's accounts payable and accrued liabilities and due to related parties are recorded at amortized cost.

<u>Classification of financial instruments</u>

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

<u>Disclosure and presentation</u>

The Company follows IFRS 7 *Financial Instruments – disclosures*, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the reporting date, and how the entity manages such risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. Together, these disclosures provide an overview of the entity's use of financial instruments and the exposures to risks they create.

This IFRS disclosure also requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The accounting standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

3. Material accounting policies (continued)

h) Financial instruments (continued)

Disclosure and presentation (continued)

The Company also follows IAS 32, *Financial Instruments – Presentation,* which establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

i) Share Capital

The Company records its share capital proceeds from share issuances, net of issue costs. The proceeds from the issuance of units are allocated between common shares and share purchase warrants based on the residual value method. This method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component. The Company measures the common shares at their fair value, as determined by the closing quoted bid price on the Exchange on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

j) New accounting standards and interpretations – to update

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2023 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued by are not yet effective:

- *IAS 1, Presentation of Financial Statements* – Classification of liabilities as current vs. non-current

The Company anticipated that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

4. Management of capital

The Company manages its common shares, stock options and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue suitable equity investments and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it 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, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. The Company does not have any externally imposed capital requirements.

5. Financial risk factors

In the normal course of business, the Company's activities expose it to a variety of financial risks that may affect its operating performance. These risks are credit risk and market risk (including interest rate risk, currency risk and other price risk). The level of risk to which the Company is exposed depends on the type of investments the Company holds. The value of investments can fluctuate daily as a result of changes in prevailing interest rates, economic and market conditions and company specific news.

(a) Credit risk

Credit risk is the risk that a security issuer or counterparty to a financial instrument will fail to meet its financial obligations. The Company is not exposed to significant credit risk on its cash and cash equivalents since they are placed with major financial institutions and brokers. The credit risk exposure of the Company's investments is represented by their fair values disclosed.

(b) Market risk

Market risk is the risk that changes in market factors, such as commodity prices, interest rates or foreign exchange rates, will affect the value of the Company's financial statements. The Company's investment policy states that investments will be made on the basis of investing for purposes of control or for the purpose of being actively involved in management and restricts passive investments. Changes in the future pricing and demand of certain commodities may have a material impact on the market value of the Company's resource, energy, and other investments. The nature of such investments is normally dependent on the invested company being able to raise additional capital to further development and to determine the commercial viability of its resource properties. The value of each investment is also influenced by the outlook of the issuer and by general economic and political conditions. Management mitigates the risk of loss resulting from this concentration by monitoring the trading value of the investments on a regular basis. All securities present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value.

A 1% change in future pricing and trading value of its investments as at December 31, 2024 would change the Company's market value of its investments annually by approximately $97.

(c) Interest rate risk

Interest rate risk is the risk that the fair value of interest-bearing investments will fluctuate due to changes in prevailing levels of market interest rates. The Company's exposure is limited to its investments in income trusts and other interest-earning instruments which will be affected by changes in applicable interest rates.

A 1% change in the interest rate would change the Company's annual net income (loss) by approximately $7.

(d) Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the functional currency of the Company. As a result, the Company may be exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates.

A 1% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's annual net income (loss) by approximately $3.

(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE DATA)

6. Short-term Investments

The Company held the following short-term investments as at December 31, 2024:

	Cost	Fair Market Value
Public company securities	$ 19,652	$ 9,200
Term deposits	36	36
Private company	302	490
Total Investments	**$ 19,990**	**$ 9,726**

The Company held the following short-term investments as at December 31, 2023:

	Cost	Fair Market Value
Public company securities	$ 16,766	$ 5,918
Term deposits	3,234	3,273
Private company	302	392
Total Investments	**$ 20,302**	**$ 9,583**

Short-term investments in public company securities are held for trading and are classified as Level 1 Financial Instruments. Short-term investments in term deposits are held for a minimum of 90 days and are classified as Level 1 Financial Instruments. Short-term investments in private companies are classified as Level 3 Financial Instruments.

(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE DATA)

7. Share capital

(a) Authorized:

- Unlimited Class A voting common shares without par value;
- Unlimited Class B voting common shares without par value; and
- Unlimited Class A non-voting preference shares without par value.

(b) Issued and outstanding

Class A Shares	Number of Shares	Value
Balance, December 31, 2023	9,201,028	$ 11,507
Normal Course Issuer Bid	(87,000)	(37)
Balance, December 31, 2024	**9,114,028**	**$ 11,470**

Class B Shares	Number of Shares	Value
Balance, December 31, 2024 and December 31, 2023	**220**	**$ 1**

As at December 31, 2024, the Company had 9,114,028 Class A common shares and 220 Class B common shares issued and outstanding. Each Class B common share can be exchanged for one Class A common share. Upon exchange, the Class B voting common shares will be cancelled by the Company.

(c) Warrants

The Company's warrants as at December 31, 2024 are:

	Number of Warrants	Weighted-Average Exercise Price
Balance, December 31, 2023	5,191,229	$ 2.75
Expired May 17, 2024	(5,191,229)	$ (2.75)
Balance, December 31, 2024	**-**	**$ -**

Each warrant entitled the holder to purchase one common share of the Company at a price of $2.75 per share on or before May 17, 2024. On May 17, 2024, the warrants expired.

(d) Normal Course Issuer Bid

On October 15, 2024, the Company obtained an approval from the Exchange to undertake a Normal Course Issuer Bid to allow the Company to purchase up to 457,826 of its Class A common shares, representing approximately 5% of its issued and outstanding shares. Purchases may be made on the open market through the facilities of the Exchange by the designated broker until October 14, 2025.

During the year ended December 31, 2024, 87,000 Class A common shares (2023 – 108,500 Class A common shares) were purchased for $37 (2023 – $90) under the Company's Normal Course Issuer Bid. These common shares were returned to treasury and cancelled.

(e) Stock options

There were no options outstanding as of December 31, 2024 and December 31, 2023.

(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE DATA)

8. Earnings (loss) per share

		2024		2023
Earnings (loss) attributable to common shareholders	$	644	$	(1,729)
Weighted average shares outstanding - basic and diluted		9,178,907		9,237,969
Earnings (loss) per share - basic and diluted	$	0.07	$	(0.19)

9. Key management compensation and related party expenses

		2024		2023
Management fees	$	228	$	226
Salaries		-		305
Director fee & committee fees		5		64
Legal fees		25		42
Commission expense		3		1
	$	261	$	638

At December 31, 2024, key management personnel includes five directors and four members of the management executive team (December 31, 2023 - five directors and four members of the management executive team). For the year December 31, 2024, two of the four members of the management executive team waived their compensation. For the year ended December 31, 2024, four of the five directors waived their director fees. One director is a partner of McMillan LLP, a firm which provides legal services to the Company. For the year ended December 31, 2024, legal fees paid to this related party were $25 (2023 – $42). One director is the Head of Private Client Group, Canada for Canaccord Genuity Wealth Management. For the year ended December 31, 2024, commission paid to the related party was $3 (2023 – $1).

At December 31, 2024, $1 payable to McMillan LLP was included in due to related parties (December 31, 2023 - $2 payable to McMillan LLP).

(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE DATA)

10. Income taxes

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

	2024	2023
Income (loss) before income taxes	644	(1,729)
Expected income tax expense (recovery)	174	(467)
Non-deductible items	-	(22)
Non-taxable items and other	(65)	(89)
Recognition of prior year non-capital losses	(47)	-
Change in tax assets not recognized	(62)	578
Net income tax expense (recovery)	-	-

The significant components of the Company's deferred income tax assets and liabilities at December 31, 2024 based on a combined statutory tax rate of 27% (2023 – 27%) are as follows:

	2024	2023
Deferred income tax assets:		
Non-capital loss carry-forwards	3,400	3,447
Capital loss carry-forwards	21	21
Financings costs	3	7
	3,424	3,475
Deferred income tax liability		
Investments	(76)	(18)
Net deferred income tax asset (liability)	3,348	3,457

The Company has elected not to recognize the deferred tax asset. The Company has available for deduction against future taxable income non-capital losses of $12,593 (2023 – $12,766) which are set to expire between 2041 and 2043.

STRATEGEM CAPITAL

Strength Through Strategy

Board of Directors
Honourable Stockwell Day, Chairman
Desmond Balakrishnan
Matthew Cicci, CFA
Gordon Flatt
Dickson Gould

Executive Officers
Jo-Anne O'Connor, President & Chief Executive Officer
Carol Fozo, CPA, CMA, Chief Financial Officer and Secretary
Gordon Flatt, Managing Partner & Chief Investment Strategist
Dr. John Waterer, PhD, Consultant

Legal
McMillan LLP

Auditor
DeVisser Gray LLP, Chartered Professional Accountants
Vancouver, British Columbia, Canada

Committees

Audit & Corporate Governance Committee
Desmond Balakrishnan, Chairman
Matthew Cicci
Honourable Stockwell Day

Office of the President
Gordon Flatt, Chairman
Jo-Anne O'Connor

Science and Technology Advisory Committee (STAC)
Graydon Flatt, Chairman
Dr. John Waterer, PhD
Gordon Flatt