



STRATEGEM CAPITAL

Strength Through Strategy

STRATEGEM CAPITAL CORPORATION

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

NOTICE OF NO AUDITOR'S REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of Strategem Capital Corporation (the "Company") have been prepared by the management and approved by the Company's Audit & Corporate Governance Committee and by the Company's Board of Directors.

The accompanying unaudited 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 unaudited condensed interim financial statements.

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

	Notes	September 30, 2021	December 31, 2020
		(Unaudited)	(Audited)
ASSETS			
Current assets			
Cash and cash equivalents		\$ 4,845	\$ 4,773
Short-term investments	6	23,353	4,661
Total current assets		28,198	9,434
TOTAL ASSETS		\$ 28,198	\$ 9,434
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 18	\$ 15
Due to related parties	9	505	70
Total current liabilities		523	85
EQUITY			
Share capital	7	11,827	1
Retained earnings		15,848	9,348
Total equity		27,675	9,349
TOTAL EQUITY AND LIABILITIES		\$ 28,198	\$ 9,434

These financial statements were authorized for issue by the Board of Directors on November 17, 2021.

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

(signed) "Hon. Stockwell Day"
Director

(signed) "Desmond Balakrishnan"
Director

STRATEGEM CAPITAL CORPORATION
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE DATA)
(Unaudited)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2021	2020	2021	2020
Revenues					
Interest, dividends and other income		\$ 95	\$ 10	\$ 210	\$ 64
Net gain on sale of investments		14	-	374	-
Net unrealized gain on investments		406	33	6,319	169
Total revenues		515	43	6,903	233
Expenses					
Management fees	9	308	29	661	87
Salaries	9	50	-	50	-
Director and committee fees	9	2	11	73	32
Legal, accounting and audit		15	8	48	52
Office and general		12	4	23	11
Shareholder information and filing fees		5	4	17	17
Commission expense		-	-	11	-
Total expenses		392	56	883	199
Other items					
Foreign exchange gain (loss)		8	(16)	9	20
Income (loss) before income taxes		131	(28)	6,029	54
Income tax recovery		471	-	471	4
Net income (loss) and comprehensive income (loss) for the period		\$ 602	\$ (28)	\$ 6,500	\$ 58
Earnings (loss) per share - basic	8	\$ 0.06	\$ (0.01)	\$ 0.95	\$ 0.01
Earnings (loss) per share - diluted	8	\$ 0.04	\$ (0.01)	\$ 0.69	\$ 0.01

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

		Class A	Class A	Class B	Class B		
		Number of	Share	Number of	Share	Retained	Total
		Shares	Capital	Shares	Capital	Earnings	Equity
Issued and outstanding							
Balance as at January 1, 2020	(Audited)	4,321,699	\$ -	220	\$ 1	\$ 11,222	\$ 11,223
Net income for the period		-	-	-	-	58	58
Balance as at September 30, 2020	(Unaudited)	4,321,699	-	220	1	11,280	11,281
Net loss for the period		-	-	-	-	(1,758)	(1,758)
Normal course issuer bid		(76,000)	-	-	-	(174)	(174)
Balance as at December 31, 2020	(Audited)	4,245,699	-	220	1	9,348	9,349
Private Placement		5,191,229	11,826	-	-	-	11,826
Net income for the period		-	-	-	-	6,500	6,500
Balance as at September 30, 2021	(Unaudited)	9,436,928	\$ 11,826	220	\$ 1	\$ 15,848	\$ 27,675

STRATEGEM CAPITAL CORPORATION
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)
(Unaudited)

	For the nine months ended	
	September 30,	
	2021	2020
Cash flow from operating activities		
Net income	\$ 6,500	\$ 58
Adjustments to reconcile to net cash flows from operating activities:		
Gain on sale of investments	(374)	-
Unrealized gain on investments	(6,319)	(169)
Foreign exchange gain	(11)	(46)
	(204)	(157)
Changes in non-cash working capital items:		
Prepaid expenses and deposits	-	21
Accounts payable and accrued liabilities	3	(1)
Due to related parties	435	-
Income tax payable	-	(476)
	438	(456)
Changes in other items:		
Proceeds from sale of investments	4,904	-
Purchase of investments	(16,892)	-
	(11,988)	-
Net cash used in operating activities	(11,754)	(613)
Cash flow from financing activities		
Private placement, net of costs	11,826	-
Net cash provided by financing activities	11,826	-
Effect of exchange rate changes on cash and cash equivalents	-	40
Net change in cash and cash equivalents	72	(573)
Cash and cash equivalents, beginning of the period	4,773	9,484
Cash and cash equivalents, end of the period	\$ 4,845	\$ 8,911

STRATEGEM CAPITAL CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE DATA)
(Unaudited)

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 International Financial Reporting 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 three and nine months ended September 30, 2021, the Company reported net income of \$602 and \$6,500, respectively (three and nine months ended September 30, 2020 - net loss of \$28 and net income of \$58, respectively). As at September 30, 2021, the Company had cash and cash equivalents of \$4,845 (December 31, 2020 - \$4,773) and working capital of \$27,675 (December 31, 2020 - \$9,349).

2. Basis of preparation

These condensed interim financial statements are prepared in accordance with IFRS, including International Accounting Standard (“IAS”) 34 Interim Financial Reporting, as issued by the IASB. These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS and include information necessary or useful to understanding the Company’s business and financial statement presentation.

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. Significant accounting policies

The accounting policies applied in these condensed interim financial statements are consistent with those applied in the preparation of the Company’s annual financial statements, except for the addition of the accounting policies related to share capital as included below. These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2020. Areas of judgement that have the most significant effect on the amounts recognized in the interim financial statements are disclosed in Note 2(c) of the Company’s financial statements for the year ended December 31, 2020. There have been no significant changes to the areas of estimation and judgement during the nine months ended September 30, 2021.

STRATEGEM CAPITAL CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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3. Significant accounting policies (continued)

In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the three and nine months ended September 30, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021.

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.

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.

These condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements. These statements should be read in conjunction with the annual financial statements as at December 31, 2020. There have been no changes in the risk management or any risk management policies since year end.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
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(Unaudited)

6. Short-term Investments

The Company held the following short-term investments as at September 30, 2021:

	Cost	Fair Market Value
Public company securities	\$14,563	\$ 23,039
Private company	310	314
Total Investments	\$14,873	\$ 23,353

The Company held the following investments as at December 31, 2020:

	Cost	Fair Market Value
Public company securities	\$ 2,467	\$ 1,991
Money market funds	2,670	2,670
Total Investments	\$ 5,137	\$ 4,661

Short-term investments are held for trading and are classified as Level 1 Financial Instruments.

7. Share capital

(a) Authorized:

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

(b) Issued and outstanding

Class A Shares	Number of Shares	Value
Balance, December 31, 2020	4,245,699	-
Issue of shares, net of costs	5,191,229	\$ 11,826
Balance, September 30, 2021	9,436,928	\$ 11,826

Class B Shares	Number of Shares	Value
Balance, December 31, 2020 and September 30, 2021	220	\$ 1

On May 17, 2021, the Company closed a non-brokered private placement of 5,191,229 units of the Company (the "Units") at \$2.29 per Unit for aggregate gross proceeds of \$11,826. Each Unit consists of one common share of the Company (the "Shares") and one common share purchase warrant (the "Warrants") see Note 7(c). The Shares were subject to a four-month holding period which expired on September 18, 2021, in accordance with applicable securities legislation.

As at September 30, 2021, the Company had 9,436,928 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.

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7. Share capital (continued)

(c) Warrants

The Company's Warrants as at September 30, 2021 are:

	Number of Warrants	Weighted-Average Exercise Price
Balance, December 31, 2020	-	\$ -
Private Placement	5,191,229	\$ 2.75
Balance, September 30, 2021	5,191,229	\$ 2.75

On May 17, 2021, 5,191,229 common share purchase warrants (the "Warrants") were issued with the private placement (Note 7(b)). Each Warrant entitles the holder to purchase one common share of the Company at a price of \$2.75 per share on or before May 17, 2024. If at any time the closing price of the Company's Share is equal to or greater than \$10.00 per share for a period of 15 consecutive trading days, the Company may accelerate the expiry date of the Warrants by giving notice to the holders and in such case, the Warrants will expire on the 30th business day after the date on which notice is given by the Company in accordance with its terms. The Warrants were subject to a four-month holding period which expired on September 18, 2021, in accordance with applicable securities legislation.

(d) Normal Course Issuer Bid

On September 20, 2021, the Company obtained an approval from the Exchange to undertake a Normal Course Issuer Bid to allow the Company to purchase up to 471,846 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 September 19, 2022.

During the year ended December 31, 2020, 76,000 Class A common shares were purchased for \$174 under the previously approved Normal Course Issuer Bid. In January 2021, these common shares were returned to treasury and cancelled.

(e) Stock options

There were no options outstanding as of September 30, 2021 and December 31, 2020. See information on the Company's Stock Option Plan in the most recent annual financial statements.

8. Earnings (loss) per share

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Income (loss) attributable to common shareholders	\$ 602	\$ (28)	\$ 6,500	\$ 58
Weighted average shares outstanding - basic	9,437	4,322	6,851	4,322
Weighted average shares outstanding - diluted	14,628	4,322	9,456	4,322
Earnings (loss) per share - basic	\$ 0.06	\$ (0.01)	\$ 0.95	\$ 0.01
Earnings (loss) per share - diluted	\$ 0.04	\$ (0.01)	\$ 0.69	\$ 0.01

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9. Management compensation and Related Party expenses

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Management fees	\$ 308	\$ 29	\$ 661	\$ 87
Salaries	50	-	50	-
Director fee & committee fees	2	11	73	32
Legal fees	6	-	60	-
Accounting and rent	-	10	-	35
	\$ 366	\$ 50	\$ 844	\$ 154

At September 30, 2021, management includes five directors and three members of the management executive team (December 31, 2020 - four directors and two members of the management executive team). For the nine months ended September 30, 2021, three 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 nine months ended September 30, 2021, legal fees paid to a related party were \$60 of which \$24 is included in share issue costs. For the three and nine months ended September 30, 2020, management fees were paid to a company controlled by the former CEO and accounting fees and rent were paid to a company controlled by a former director of the Company.

At September 30, 2021, \$5 payable to McMillan LLP and \$500 payable to the executive management team were included in due to related parties (at December 31, 2020 - \$13 payable to McMillan LLP, \$50 payable to the executive team and \$7 payable to a company controlled by a former director of the Company).

10. Comparative amounts

Certain comparative amounts for the prior period have been reclassified to conform to the current period presentation. Such reclassification has no effect on net income or shareholder's equity.



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, Chief Science Officer & Director of Life Science

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

Global Investment Advisory Committee (GIAC)¹
Honourable Stockwell Day – Canada
Gordon Flatt – Bermuda
Angelina Ho – Hong Kong
William Molson – USA / Canada
Lars Rodert – Sweden
Pablo Vizcaino – Argentina

¹ Countries of residency