

Condensed Interim Consolidated Financial Statements  
(Expressed in United States dollars)



**QUEEN'S ROAD CAPITAL INVESTMENT LTD.**

Three and six months ended February 28, 2025

(Unaudited)

# QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Condensed Interim Consolidated Statements of Financial Position  
(Expressed in United States dollars)

	Notes	February 28, 2025 (Unaudited)	August 31, 2024 (Audited)
<b>Assets</b>			
Current assets:			
Cash and cash equivalents		\$ 3,349,074	\$ 1,093,963
Prepays and deposits		200,200	126,154
Receivables	3	2,643,665	2,195,570
		6,192,939	3,415,687
Non-current assets:			
Investments	4	279,986,574	279,331,580
Right-of-use assets		561,296	108,875
		280,547,870	279,440,455
		<b>\$ 286,740,809</b>	<b>\$ 282,856,142</b>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Accounts payable and accrued liabilities	6	\$ 1,831,240	\$ 1,105,725
Borrowings	8	33,455,731	31,625,817
Lease liabilities		176,124	126,685
		35,463,095	32,858,227
Non-current liabilities:			
Long-term lease liabilities		387,995	-
		35,851,090	32,858,227
Shareholders' equity:			
Share capital		195,734,475	177,327,435
Reserves		18,536,131	19,651,119
Retained earnings		36,619,113	53,019,361
		250,889,719	249,997,915
		<b>\$ 286,740,809</b>	<b>\$ 282,856,142</b>

Subsequent events 16

See accompanying notes to these condensed interim consolidated financial statements.

Approved on behalf of the Board:

/s/ Warren Gilman Director /s/ Alex Granger Director

# QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Condensed Interim Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income  
(Expressed in United States dollars, except share numbers)

	Notes	Three months ended		Six months ended	
		February 28, 2025 (Unaudited)	February 29, 2024 (Unaudited)	February 28, 2025 (Unaudited)	February 29, 2024 (Unaudited)
Income from investments:					
Interest and other income	4	\$ 4,724,060	\$ 3,699,474	\$ 9,032,523	\$ 6,864,712
Establishment fee income	4	450,000	900,000	750,000	3,000,000
Realized gain from investments	4	544,031	743,641	1,697,052	9,511,277
Unrealized (loss) gain from investments	4	(74,020,114)	13,078,072	(17,957,463)	30,667,435
Total (loss) income from investments		(68,302,023)	18,421,187	(6,477,888)	50,043,424
Operating expenses:					
Business development and marketing		65,285	120,652	145,340	170,094
Depreciation		46,660	46,660	93,321	93,321
Foreign exchange loss		110,952	33,982	183,463	74,372
Management and director fees	7	496,425	694,917	992,800	936,417
Office and administration		90,103	83,813	164,624	145,562
Professional and regulatory fees		136,869	78,551	329,886	178,670
Total operating expenses		946,294	1,058,575	1,909,434	1,598,436
(Loss) Income before interest expense and income taxes		(69,248,317)	17,362,612	(8,387,322)	48,444,988
Interest expense	5	442,482	546,816	826,052	550,253
(Loss) Income before income taxes		(69,690,799)	16,815,796	(9,213,374)	47,894,735
Income taxes		3,606	-	5,060	-
Net (loss) income and comprehensive (loss) income		\$ (69,694,405)	\$ 16,815,796	\$ (9,218,434)	\$ 47,894,735
Net (loss) income per common share:					
Basic	10	(\$1.42)	\$0.37	(\$0.19)	\$1.06
Diluted	10	(\$1.42)	\$0.34	(\$0.19)	\$0.97
Weighted average number of common shares:					
Basic	10	49,036,888	45,656,064	48,327,325	45,379,493
Diluted	10	52,646,628	49,521,064	52,013,649	49,244,493

See accompanying notes to these condensed interim consolidated financial statements.

# QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
(Expressed in United States dollars, except share numbers)

For the six months ended February 28, 2025 and February 29, 2024  
(Unaudited)

	Notes	Issued number of shares <sup>(1)</sup>	Share capital	Treasury shares	Reserves	Retained earnings	Shareholders' equity
Balance, August 31, 2024		45,548,550	\$ 177,327,435	\$ -	\$ 19,651,119	\$ 53,019,361	\$ 249,997,915
Shares issued – private placement	9(a)	2,142,857	11,025,358	-	-	-	11,025,358
Shares issued – options exercised	9(a)	315,000	1,816,940	-	(1,114,988)	-	701,952
Shares issued - dividend reinvestment plan	9(a)	1,135,253	5,652,540	-	-	(5,652,540)	-
Shares rounded up on consolidation	9(a)	3	-	-	-	-	-
Shares repurchased	9(a)	-	-	(111,816)	-	-	(111,816)
Shares canceled	9(a)	(21,657)	(87,798)	111,816	-	(24,018)	-
Dividend - paid in cash	9(e)	-	-	-	-	(1,505,256)	(1,505,256)
Net loss		-	-	-	-	(9,218,434)	(9,218,434)
<b>Balance, February 28, 2025</b>		<b>49,120,006</b>	<b>\$ 195,734,475</b>	<b>\$ -</b>	<b>\$ 18,536,131</b>	<b>\$ 36,619,113</b>	<b>\$ 250,889,719</b>
Balance, August 31, 2023		45,035,651	\$ 174,778,615	\$ -	\$ 19,651,119	\$ 41,518,375	\$ 235,948,109
Shares issued - dividend reinvestment plan	9(a)	665,296	3,143,856	-	-	(3,143,856)	-
Shares repurchased	9(a)	-	-	(381,096)	-	-	(381,096)
Shares canceled	9(a)	(68,740)	(269,346)	381,096	-	(111,750)	-
Dividend - paid in cash	9(e)	-	-	-	-	(3,074,453)	(3,074,453)
Net income		-	-	-	-	47,894,735	47,894,735
<b>Balance, February 29, 2024</b>		<b>45,632,207</b>	<b>\$ 177,653,125</b>	<b>\$ -</b>	<b>\$ 19,651,119</b>	<b>\$ 83,083,051</b>	<b>\$ 280,387,295</b>

See accompanying notes to these condensed interim consolidated financial statements.

<sup>(1)</sup> The Company implemented a consolidation of its common shares in January 2025 and the number of common shares has been retrospectively adjusted. Refer to Note 1 for further information.

# QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Condensed Interim Consolidated Statements of Cash Flows  
(Expressed in United States dollars)

		Six months ended	
	Notes	February 28, 2025	February 29, 2024
		(Unaudited)	(Unaudited)
Cash flows provided by (used in):			
Operating activities:			
Net (loss) income		\$ (9,218,434)	\$ 47,894,735
Items not affecting cash:			
Interest income on convertible debentures	4(c)	(8,985,792)	(6,715,208)
Other income	4(c)	(46,731)	(149,504)
Establishment fee income	4(c)	(150,000)	(2,100,000)
Realized gain on investments	4	(1,697,052)	(9,511,277)
Unrealized loss (gain) on investments	4	17,957,463	(30,667,435)
Depreciation		93,321	93,321
Interest expense on borrowings and amortization of transaction costs	5	824,499	544,011
Interest expense on lease liabilities	5	1,553	6,242
Income tax expense		5,060	-
Unrealized foreign exchange loss		166,781	15,527
Interest received on convertible debentures	4(c)	6,161,241	4,439,232
Other interest and dividend income received	4(c)	38,902	149,504
Interest expense paid on borrowings	8	(845,697)	(95,899)
Interest expense paid on lease liabilities		(1,553)	(6,242)
Income taxes paid		-	(116,854)
		4,303,561	3,780,153
Changes in working capital items:			
Other receivables		-	505,865
Prepaid expenses and advances		(74,046)	(64,450)
Accounts payable and accrued liabilities		720,456	(413,700)
Cash flows provided by operating activities		4,949,971	3,807,868
Financing activities:			
Common shares issued – private placement	9(a)	11,025,358	-
Common shares issued – options	9(a)	701,952	-
Common shares repurchased	9(a)	(111,816)	(381,096)
Dividends paid	9(e)	(1,505,256)	(3,074,453)
Payment of lease liabilities		(111,043)	(103,334)
Borrowings drawn, net of transaction costs	8	26,855,000	22,174,836
Borrowings repaid	8	(25,003,888)	-
Cash flows provided by financing activities		11,850,307	18,615,953
Investing activities:			
Acquisition of investments	4	(25,000,000)	(100,000,000)
Proceeds from sale of equity and other investments	4	10,618,880	68,156,138
Cash flows used in investing activities		(14,381,120)	(31,843,862)
Increase (decrease) in the period		2,419,158	(9,420,041)
Cash, beginning of the period		1,093,963	14,745,031
Effect of currency translation on cash		(164,047)	(14,950)
Cash, end of the period		\$ 3,349,074	\$ 5,310,040

Supplemental disclosure with respect to cash flows

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See accompanying notes to these condensed interim consolidated financial statements.

# QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Three and six months ended February 28, 2025 and February 29, 2024

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## 1. Reporting entity and nature of operations:

Queen's Road Capital Investment Ltd. ("QRC" or the "Company") is a dividend paying, resource focused investment company, making investments in privately held and publicly traded resource companies. The Company acquires and holds securities for long-term capital appreciation, with a focus on convertible debt securities of issuers having resource projects in advanced development or production located in safe jurisdictions.

The Company was incorporated under the laws of the Province of British Columbia, Canada on January 25, 2011. On January 29, 2020, the Company redomiciled from British Columbia, Canada to the Cayman Islands. The Company's corporate office is located at Suite 2006, 2 Queen's Road Central, Hong Kong. The Company is listed on the Toronto Stock Exchange ("TSX") and the trades under the symbol "QRC".

On January 10, 2025, the Company's Board of Directors approved the consolidation of the Company's issued and outstanding common shares at a consolidation ratio of ten (10) pre-consolidation common shares for every post-consolidation common share (the "Share Consolidation"). Outstanding stock options were similarly adjusted by the Share Consolidation ratio. The Share Consolidation resulted in 490,401,845 pre-consolidated common shares on January 10, 2025 being consolidated into 49,040,187 post-consolidation common shares on January 15, 2025. The Share Consolidation was implemented with effect from January 15, 2025. In accordance with IFRS Accounting Standards, the change has been applied retrospectively and as a result disclosures of common shares, per common share data and data related to stock options in the accompanying condensed interim consolidated financial statements and related notes reflect this Share Consolidation for all periods presented unless otherwise specified.

## 2. Basis of presentation:

### (a) Statement of compliance:

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and using the accounting policies, determination of significant estimates and judgments, and corresponding accounting treatments consistent with the Company's Consolidated Financial Statements for the year ended August 31, 2024. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended August 31, 2024.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors of the Company on April 11, 2025.

# QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Three and six months ended February 28, 2025 and February 29, 2024

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## 2. Basis of presentation (continued):

### (b) Basis of presentation:

These condensed interim consolidated financial statements have been prepared on a historical cost convention, except for financial instruments carried at fair value through profit or loss ("FVTPL") and share-based compensation recognized at fair value at the measurement date. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

## 3. Receivables:

Receivables consist of the following:

	February 28, 2025	August 31, 2024
Interest receivable on convertible debentures	\$ 2,635,836	\$ 2,195,570
Other interest receivable	7,829	-
	<u>\$ 2,643,665</u>	<u>\$ 2,195,570</u>

# QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Three and six months ended February 28, 2025 and February 29, 2024

## 4. Investments:

The Company had the following investments in listed and unlisted entities stated at estimated fair value:

			February 28, 2025	August 31, 2024
Equity investments:				
NexGen Energy Ltd. <sup>(1)</sup>	(a)	\$	55,795,909	\$ 64,169,604
Other equity investments	(b)		33,445,520	27,437,295
			89,241,429	91,606,899
Convertible debentures:				
	(c)			
Challenger Gold Ltd.			11,359,308	10,515,199
Contango ORE, Inc.			11,961,396	17,221,601
Gold Royalty Corp.			28,213,535	28,183,548
IsoEnergy Ltd. <sup>(2)</sup>			10,990,114	24,726,353
Los Andes Copper Ltd.			10,627,788	11,094,037
Moxico Resources plc <sup>(3)</sup>			46,705,599	18,161,995
NexGen Energy Ltd. <sup>(1)</sup>			70,887,405	77,821,948
			190,745,145	187,724,681
			\$ 279,986,574	\$ 279,331,580

(1) On September 28, 2023, the Company converted the NexGen Energy Ltd. ("NexGen") debentures issued in 2020 into 8,663,461 common shares of NexGen at a conversion price of C\$2.34 per share. On September 22, 2023, the Company purchased \$70 million of new debentures issued by NexGen with a maturity date of September 22, 2028.

(2) On January 27, 2025, the Company converted \$3 million of the \$6 million the IsoEnergy Ltd. ("IsoEnergy") debentures issued in 2020 into 4,887,273 common shares of IsoEnergy at a conversion price of C\$0.88 per share.

(3) The Company purchased debentures issued by Moxico Resources plc("Moxico"): \$20 million on July 17, 2024; \$10 million on October 21, 2024; \$10 million on December 6, 2024; and \$5 million on February 18, 2025. These debentures all form part of the same debentures issued with a maturity date of July 17, 2029.

# QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Three and six months ended February 28, 2025 and February 29, 2024

## 4. Investments (continued):

The continuity of the Company's investments during the six months ended February 28, 2025, is as follows:

	August 31, 2024	Additions <sup>(1)</sup>	Net proceeds from disposition <sup>(2)</sup>	Realized gain (loss)	Unrealized loss	February 28, 2025
Equity investments	\$ 91,606,899	\$ 12,224,509	\$ (10,618,880)	\$ 2,404,555	\$ (6,375,654)	\$ 89,241,429
Convertible debentures	187,724,681	25,000,000	(9,690,224)	(707,503)	(11,581,809)	190,745,145
	\$ 279,331,580	\$ 37,224,509	\$ (20,309,104)	\$ 1,697,052	\$ (17,957,463)	\$ 279,986,574

<sup>(1)</sup> Additions of equity and other investments of \$12,224,509 comprise \$9,690,224 IsoEnergy common shares received on the conversion of \$3 million of the IsoEnergy 2020 debentures on January 27, 2025, \$2,384,285 investments received for the settlement of interest receivable and \$150,000 investments received for the settlement of establishment fees (note 13). Additions of convertible debentures of \$25,000,000 comprise Moxico debentures of \$10 million purchased on October 21, 2024; \$10 million on December 6, 2024; and \$5 million on February 18, 2025.

<sup>(2)</sup> Net proceeds from disposition of equity and other investments of \$10,618,880 comprise proceeds from the sale of other equity investments. Net proceeds from disposition of convertible debentures of \$9,690,224 comprised the value of the common shares received on the conversion of \$3 million of the IsoEnergy 2020 debentures on January 27, 2025 (note 13).

The continuity of the Company's investments during the six months ended February 29, 2024, is as follows:

	August 31, 2023	Additions <sup>(1)</sup>	Net proceeds from disposition <sup>(2)</sup>	Realized gain	Unrealized gain	February 29, 2024
Equity and other investments	\$ 80,767,635	\$ 57,480,076	\$ (68,156,138)	\$ 1,153,890	\$ 11,843,650	\$ 83,089,113
Convertible debentures	139,831,617	100,000,000	(53,934,310)	8,357,387	18,823,785	213,078,479
	\$ 220,599,252	\$ 157,480,076	\$ (122,090,448)	\$ 9,511,277	\$ 30,667,435	\$ 296,167,592

<sup>(1)</sup> Additions of equity and other investments of \$57,480,076 comprise the NexGen common shares received on conversion of the NexGen 2020 debentures on September 28, 2023, \$53,934,310; investments received for the settlement of establishment fees \$2,100,000 and investments received for the settlement of interest receivable \$1,445,766 (note 13). Additions of convertible debentures \$100,000,000 comprise NexGen debentures of \$70 million purchased on September 23, 2023, and Gold Royalty debentures of \$30 million purchased on December 15, 2023.

<sup>(2)</sup> Net proceeds from disposition of equity and other investments of \$68,156,138 comprise \$45,240,000 from the sale of NexGen shares to WSHP (note 4(a)); \$14,806,000 from the redemption of Osisko Green Acquisition Ltd. Class A common shares; and proceeds from the sale of other equity investments. Net proceeds from disposition of convertible debentures of \$53,934,310 comprised the value of the common shares received on the conversion of the NexGen 2020 debentures on September 28, 2023 (note 13).

# QUEEN'S ROAD CAPITAL INVESTMENT LTD.

## Notes to Condensed Interim Consolidated Financial Statements

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Three and six months ended February 28, 2025 and February 29, 2024

### 4. Investments (continued):

The continuity of the Company's investments during the three months ended February 28, 2025, is as follows:

	November 30, 2024	Additions <sup>(1)</sup>	Net proceeds from disposition <sup>(2)</sup>	Realized gain (loss)	Unrealized loss	February 28, 2025
Equity investments	\$ 120,669,511	\$ 11,682,575	\$ (5,290,556)	\$ 1,251,534	\$ (39,071,635)	\$ 89,241,429
Convertible debentures	221,091,351	15,000,000	(9,690,224)	(707,503)	(34,948,479)	190,745,145
	\$ 341,760,862	\$ 26,682,575	\$ (14,980,780)	\$ 544,031	\$ (74,020,114)	\$ 279,986,574

<sup>(1)</sup>Additions of equity and other investments of \$11,682,575 comprise \$9,690,224 IsoEnergy common shares received on the conversion of \$3 million of the IsoEnergy 2020 debentures on January 27, 2025 (note 13), \$1,842,351 investments received for the settlement of interest receivable and \$150,000 investments received for the settlement of establishment fees. Additions of convertible debentures of \$15,000,000 comprise Moxico debentures of \$10 million purchased on \$10 million on December 6, 2024, and \$5 million on February 18, 2025.

<sup>(2)</sup> Net proceeds from the disposition of equity and other investments of \$5,290,556 comprise proceeds from the sale of other equity investments. Net proceeds from the disposition of convertible debentures of \$9,690,224 comprised the value of the common shares received on the conversion of \$3 million of the IsoEnergy 2020 debentures on January 27, 2025 (note 13).

The continuity of the Company's investments during the three months ended February 29, 2024, is as follows:

	November 30, 2023	Additions <sup>(1)</sup>	Net proceeds from disposition	Realized gain	Unrealized gain	February 29, 2024
Equity and other investments	\$ 78,433,374	\$ 1,053,311	\$ (2,567,074)	\$ 743,641	\$ 5,425,861	\$ 83,089,113
Convertible debentures	175,426,268	30,000,000	-	-	7,652,211	213,078,479
	\$ 253,859,642	\$ 31,053,311	\$ (2,567,074)	\$ 743,641	\$ 13,078,072	\$ 296,167,592

<sup>(1)</sup> Additions of equity and other investments of \$1,053,311 comprise investments received for the settlement of interest receivable.

<sup>(2)</sup> Net proceeds from disposition of equity and other investments of \$2,567,074 comprise proceeds from the sale of other equity investments.

# QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements  
(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Three and six months ended February 28, 2025 and February 29, 2024

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## 4. Investments (continued):

The realized gain from financial instruments at FVTPL represents the difference between the carrying amount of the financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and the consideration received on disposal.

The unrealized gain or loss represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

### (a) Investment in NexGen Energy Ltd. ("NexGen") common shares:

On May 27, 2020, the Company purchased 11,611,667 common shares of NexGen, a company related by way of two common directors, at \$1.29 per share for a purchase price of \$15,000,000. On September 22, 2023, the Company sold 8,700,000 common shares of NexGen to Washington H. Soul Pattinson and Company Ltd. ("WHSP") at \$5.20 for a cash consideration of \$45,240,000 and sold an additional 900,000 shares to other parties during the year ended August 31, 2024.

On September 28, 2023, the Company converted its existing \$15,000,000 convertible debenture issued by NexGen on May 27, 2020, (the "NexGen 2020 Debentures") into 8,663,461 common shares of NexGen, at a conversion share price of C\$2.34. The fair value of the conversion shares, based on the closing market price on the conversion date, was \$53,934,310.

The fair value of the NexGen 10,675,128 common shares held at February 28, 2025, is \$55,795,909 (August 31, 2024 - 10,675,128 NexGen common shares at fair value \$64,169,604). The fair value of each common share is estimated using the closing market price on the relevant date.

### (b) Other investments held for investment purposes:

The Company holds common shares in listed and unlisted entities. The shares are held as a result of (a) establishment fees settled in common shares related to convertible debenture investments; (b) interest income on convertible debenture investments settled in common shares; (c) common shares held from conversion of convertible debenture investments; and/or (d) purchases of common shares for investment purpose.

The estimated fair value of other equity investments at February 28, 2025, is \$33,445,520 (August 31, 2024 - \$27,437,295).

The fair value for shares traded on a stock market is estimated using the closing market price of the shares on the relevant date. The fair value for equity investments which are not traded on a stock market is estimated using the closing market price of an equivalent traded instrument with an appropriate discount applied to reflect the restrictions or different nature of the investment or other third-party evidence.

# QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Three and six months ended February 28, 2025 and February 29, 2024

## 4. Investments (continued):

(c) Investments in convertible debentures:

The Company holds unsecured convertible debentures issued by listed and unlisted entities. Details of investments in debentures held are in the table below, with further information in the footnotes:

Issuer	Principal <sup>(1)</sup> US\$	Issue date <sup>(2)</sup>	Maturity date	Annual coupon	Annual coupon settled by	Conversion price <sup>(3)</sup>	Redemption
Challenger Gold Ltd. ("Challenger") <sup>(4)</sup>	15,000,000	September 12, 2022	September 12, 2026	9.0%	Cash 7.0% Shares 2.0%	A\$0.25	(6)
Contango ORE, Inc. ("Contango") <sup>(4)</sup>	20,000,000	April 26, 2022	May 26, 2028 <sup>(7)</sup>	9.0% <sup>(7)</sup>	Cash 7.0% Shares 2.0%	\$30.50	(6)
Gold Royalty Corp. ("Gold Royalty") <sup>(4)</sup>	30,000,000	December 15, 2023	December 15, 2028	10.0%	Cash 7.0% Shares 3.0%	\$1.90 <sup>(8)</sup>	(8)
IsoEnergy Ltd. ("IsoEnergy") <sup>(4)</sup>	Various 3,000,000 to 4,000,000 <sup>(9)</sup>	Various (2020 to 2022)	Various (2025 to 2027)	8.5% <sup>(9)</sup> to 10%	Cash 6.0% <sup>(9)</sup> to 7.5% Shares 2.5% <sup>(9)</sup>	(9)	(6)
Los Andes Copper Ltd. ("Los Andes") <sup>(4)</sup>	Various 4,000,000 to 5,000,000	Various (2021 to 2022)	Various (2026 to 2027)	8.0%	Cash 5.0% <sup>(10)</sup> Shares 3.0% <sup>(10)</sup>	(10)	(6)
Moxico Resources plc ("Moxico") <sup>(5)</sup>	45,000,000	July 17, 2024 <sup>(11)</sup>	Jul 17, 2029	11.0%	Cash 7.5% <sup>(11)</sup> Shares 3.5% <sup>(11)</sup>	GBP0.90 <sup>(11)</sup>	(11)
NexGen Energy Ltd. ("NexGen") <sup>(4)</sup>	70,000,000	September 22, 2023	September 22, 2028	9.0%	Cash 6.0% Shares 3.0%	US\$6.76	(6)

# QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements  
(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Three and six months ended February 28, 2025 and February 29, 2024

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## 4 Investments (continued):

(c) Investments in convertible debentures (continued):

Notes:

- (1) The convertible debentures are unsecured and rank equally in right of payment with all present and future unsecured and unsubordinated indebtedness of the issuer.
- (2) The Company was paid an establishment fee equal to 3% of the principal amount of the convertible debentures on issue date, settled either in cash or common shares of the issuer.
- (3) The Company is entitled to convert, from time to time prior to the maturity date, some or all of the outstanding principal amount into common shares at the conversion price.
- (4) Listed entity.
- (5) Unlisted entity.
- (6) Issuers have certain redemption rights after the 3-anniversary of the issue date for a convertible debenture if the weighted average trading price of the relevant stock is above a pre-determined percentage of the conversion price, together with redemption rights on certain defined change of control events.
- (7) *Contango*: The maturity date was extended from April 26, 2026 to May 26, 2028 and the annual coupon increased from 8.0% to 9.0% on May 17, 2023.
- (8) *Gold Royalty*: The Company is entitled to convert, from time to time prior to the maturity date, some or all of the outstanding principal amount into common shares at the conversion price of \$1.90. The issuer can redeem the debenture between December 15, 2026 and December 29, 2026. If the issuer gives notice of redemption during this period, the Company can exercise its right to convert some or all of the outstanding principal at a conversion price of \$1.75 between December 15, 2026, to January 6, 2027. The issuer also has redemption rights on certain defined change of control events.
- (9) *IsoEnergy*: The annual coupon on the \$6,000,000 debentures issued in 2020 reduces from 8.5% to 7.5%, reducing the cash and common share interest from 6.0% and 2.5% to 5.0% and 2.5%, respectively, on filing of an economically positive preliminary assessment compliant with the requirements of National Instrument 43-101 of the Canadian Securities Commission. This filing has not been made as at February 28, 2025 or August 31, 2024.

Conversion prices ranged from C\$0.88 to C\$4.33. On March 20, 2025 the conversion prices were adjusted to range from C\$3.52 to C\$17.32 to reflect a four to one share consolidation completed by IsoEnergy.

# QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Three and six months ended February 28, 2025 and February 29, 2024

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## 4. Investments (continued):

(c) Investments in convertible debentures (continued):

### Notes (continued):

On January 27, 2025, the Company converted \$3,000,000 of the \$6,000,000 debentures issued in 2020 into 4,887,273 common shares of IsoEnergy, at a conversion share price of C\$0.88. The fair value of the conversion shares, based on the closing market price on the conversion date, was \$9,690,224.

(10) *Los Andes*: Interest can be settled by between 5% to 8% per annum in cash and between 0% and 3% per annum in shares at the election of the issuer. Conversion prices range from C\$10.82 to C\$19.67.

(11) *Moxico*: The Company purchased \$20 million debentures on July 17, 2024, \$10 million debentures on October 21, 2024, \$10 million debentures on December 6, 2024, and \$5 million on February 18, 2025. These debentures all form part of the same debentures with a maturity date of July 17, 2029. Interest can be settled by between 7.5% to 11% per annum in cash and between 0% and 3.5% per annum in shares at the election of the issuer. The Company is entitled to convert, from time to time, prior to the maturity date, some or all of the outstanding principal amount into common shares at the conversion price of GBP0.90. The issuer can redeem the debenture between July 17, 2027, and July 31, 2027. If the issuer gives notice of redemption during this period, the Company can exercise its right to convert some or all of the outstanding principal at a conversion price of GBP0.83 between July 17, 2027, to July 31, 2027. The issuer also has redemption rights on certain defined change of control events.

During the six months ended February 28, 2025, the Company received establishment fees of \$750,000 on convertible debentures of \$25 million issued by Moxico, \$600,000 settled in cash and \$150,000 settled in common shares of Moxico. During the six months February 29, 2024, the Company received establishment fees of \$2,100,000 on convertible debentures of \$70 million issued by NexGen, settled in common shares and \$900,000 on convertible debentures of \$30 million issued by Gold Royalty, settled in cash.

The estimated fair value of convertible debentures at February 28, 2025, is \$190,745,145 (August 31, 2024 - \$187,724,681). The fair value for convertible debentures is estimated pursuant to IFRS 13, *Fair Value Measurement*, using valuation models based on a system of two coupled Black-Scholes Option Pricing equations and partial differential equations that are solved simultaneously using finite-difference methods.

# QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements

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Three and six months ended February 28, 2025 and February 29, 2024

## 4. Investments (continued):

(c) Investments in convertible debentures (continued):

The assumptions and inputs below were used in the models for debentures held by the Company:

February 28, 2025	Challenger	Contango	Gold Royalty	IsoEnergy <sup>(4)</sup>	Los Andes <sup>(4)</sup>	Moxico	NexGen
Expected life (years)	1.5	3.2	3.8	0.5 to 2.8	1.3 to 2.5	4.4	3.6
Market price volatility <sup>(1)</sup>	67%	58%	59%	63% to 67%	45% to 52%	59%	58%
Modeled price volatility <sup>(2)</sup>	58%	41%	36%	56% to 62%	34% to 48%	36%	39%
Risk-free interest rate	3.8%	4.0%	4.0%	2.6% to 2.7%	2.6% to 2.7%	4.1%	4.0%
Coupon interest rate	9.0%	9.0%	10.0%	8.5% to 10.0%	8.0%	11.0%	9.0%
Expected dividend yield	-%	-%	-%	-%	-%	-%	-%
Credit spread	29%	30%	21%	18% to 27%	29%	23%	18%
Underlying share price of the investee <sup>(3)</sup>	A\$0.055	\$9.36	\$1.36	C\$2.25	C\$6.80	GBP0.70	\$5.29
Conversion price	A\$0.25	\$30.50	\$1.90	C\$0.88 to C\$4.33	C\$10.82 to C\$19.67	GBP0.90	\$6.76
Exchange rate (C\$ - \$)	-	-	-	0.6915	0.6915	-	-
Exchange rate (A\$ - \$)	0.6209	-	-	-	-	-	-
Exchange rate (GBP - \$)	-	-	-	-	-	1.2577	-

<sup>(1)</sup> Market price volatility for listed issuers is derived from the volatility of the issuer's quoted share price, and for unlisted issuers is derived based on the volatility of quoted market prices for similar instruments.

<sup>(2)</sup> Modelled price volatility is derived from market price volatility by excluding days with no trading volume and incorporating a calibration adjustment used to equate the initial estimated fair value of the debenture to the purchase consideration.

<sup>(3)</sup> Underlying share price for listed issuers is based on the quoted market share price. Underlying share price for unlisted issuers is estimated using other third-party evidence and relevant valuation techniques.

<sup>(4)</sup> Several convertible debentures issued on various dates.

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Three and six months ended February 28, 2025 and February 29, 2024

## 4. Investments (continued):

### (c) Investments in convertible debentures (continued):

August 31, 2024	Challenger	Contango	Gold Royalty	IsoEnergy <sup>(4)</sup>	Los Andes <sup>(4)</sup>	Moxico	NexGen
Expected life (years)	2.0	3.7	4.3	1.0 to 3.3	1.8 to 3.0	4.9	4.1
Market price volatility <sup>(1)</sup>	69%	66%	60%	67% to 81%	40% to 43%	60%	61%
Modeled price volatility <sup>(2)</sup>	57%	45%	35%	60% to 65%	32% to 38%	34%	38%
Risk-free interest rate	3.9%	3.8%	3.8%	3.2% to 3.6%	3.3% to 3.5%	3.8%	3.8%
Coupon interest rate	9.0%	9.0%	10.0%	8.5% to 10.0%	8.0%	11.0%	9.0%
Expected dividend yield	-%	-%	-%	-%	-%	-%	-%
Credit spread	29%	30%	21%	18% to 27%	29%	23%	18%
Underlying share price of the investee <sup>(3)</sup>	A\$0.05	\$21.52	\$1.31	C\$3.05	C\$9.49	GBP0.60	\$6.03
Conversion price	A\$0.25	\$30.50	\$1.90	C\$0.88 to C\$4.33	C\$10.82 to C\$19.67	GBP0.90	\$6.76
Exchange rate (C\$ - \$)	-	-	-	0.7412	0.7412	-	-
Exchange rate (A\$ - \$)	0.6765	-	-	-	-	-	-
Exchange rate (GBP - \$)	-	-	-	-	-	1.3127	-

<sup>(1)</sup> Market price volatility for listed issuers is derived from the volatility of the issuer's quoted share price, and for unlisted issuers is derived based on the volatility of quoted market prices for similar instruments.

<sup>(2)</sup> Modelled price volatility is derived from market price volatility by excluding days with no trading volume and incorporating a calibration adjustment used to equate the initial estimated fair value of the debenture to the purchase consideration.

<sup>(3)</sup> Underlying share price for listed issuers is based on the quoted market share price. Underlying share price for unlisted issuers is estimated using other third-party evidence and relevant valuation techniques.

<sup>(4)</sup> Several convertible debentures issued on various dates.

# QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements

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Three and six months ended February 28, 2025 and February 29, 2024

## 4. Investments (continued):

(c) Investments in convertible debentures (continued):

For the six months ended February 28, 2025, the Company has recorded interest income on convertible debentures of \$8,985,792 (February 29, 2024 - \$6,715,208). During the six months ended February 28, 2025, the Company received interest payments of \$8,545,526, of which \$6,161,241 was settled in cash and \$2,384,285 was settled in common shares (February 29, 2024 - received \$5,884,998 of which \$4,439,232 was in cash and \$1,445,766 in common shares).

For the six months ended February 28, 2025, the Company recorded interest income on cash balances of \$46,731 (February 29, 2024 - \$149,504) of which \$38,902 was received (February 29, 2024 - \$149,504).

## 5. Interest expense:

Interest expense consist of the following:

	Three months ended		Six months ended	
	February 28, 2025	February 29, 2024	February 28, 2025	February 29, 2024
Interest expense on borrowings (note 8)	\$ 442,034	\$ 544,011	\$ 824,499	\$ 544,011
Interest expense on lease liabilities	448	2,805	1,553	6,242
	<u>\$ 442,482</u>	<u>\$ 546,816</u>	<u>\$ 826,052</u>	<u>\$ 550,253</u>

## 6. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	February 28, 2025	August 31, 2024
Accounts payable	\$ 37,456	\$ 6,107
Accrued liabilities	42,711	189,806
Taxation liabilities	32,869	27,809
Due to related parties (note 7)	1,718,204	882,003
	<u>\$ 1,831,240</u>	<u>\$ 1,105,725</u>

# QUEEN'S ROAD CAPITAL INVESTMENT LTD.

Notes to Condensed Interim Consolidated Financial Statements  
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Three and six months ended February 28, 2025 and February 29, 2024

## 7. Related party transactions:

The following related party transactions were conducted in the normal course of business:

	Three months ended		Six months ended	
	February 28, 2025	February 29, 2024	February 28, 2025	February 29, 2024
Management fees	\$ 471,675	\$ 672,917	\$ 943,300	\$ 897,917
Directors' fees	24,750	22,000	49,500	38,500
	\$ 496,425	\$ 694,917	\$ 992,800	\$ 936,417

As of February 28, 2025, accounts payable and accrued liabilities include an amount of \$1,718,204 (August 31, 2024 - \$882,003) due to directors and officers of the Company, and/or companies controlled by these directors, relating to fees, expense reimbursement, and other payable amounts. These amounts are unsecured, non-interest bearing, and have no fixed repayment terms.

As of February 28, 2025, the Company holds equity investments and convertible debentures in Gold Royalty, Moxico, and NexGen, companies with a common director, and IsoEnergy, a company controlled by NexGen. The estimated fair value of equity investments and convertible debentures of these related companies, on February 28, 2025, is \$222,338,237 (August 31, 2024 - \$215,816,110). Establishment fee income for the six months ended February 28, 2025, is \$750,000 (February 29, 2024 - \$3,000,000), and interest income on convertible debentures is \$6,850,792 (February 29, 2024 - \$4,506,875 including Los Andes) from these related companies.

Corom Pty Ltd. ("Corom"), a company controlled by a relative of a director of the Company and a significant shareholder of the Company, purchased 553,022 common shares of the 2,142,857 common shares issued by the Company in a private placement on September 18, 2024 (note 9(a)).

A director of the Company purchased 485,714 common shares of the 2,142,857 common shares issued by the Company in a private placement on September 18, 2024 (note 9(a)) and became a significant shareholder.

A director of the Company exercised 300,000 options at C\$3.00 per share (note 9(c)). A director of the Company exercised 15,000 options at C\$5.50 per share (note 9(c)).

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## 8. Borrowings:

Borrowings comprise:

	February 28, 2025	August 31, 2024
Margin loan, secured	\$ 33,455,731	\$ 31,625,817

The movement in borrowings for the six months ended February 28, 2025 and February 29, 2024 consist of the following:

	Six Months Ended	
	February 28, 2025	February 29, 2024
Balance, beginning of the period	\$ 31,625,817	\$ -
Margin loan drawdowns	26,855,000	-
Bank loan drawdowns	-	22,500,000
Bank loan transaction costs	-	(325,164)
Amortization of transaction costs	-	70,186
Interest expense	824,499	473,825
Margin loan repayments	(25,003,888)	-
Interest expense payments	(845,697)	(95,899)
Balance, end period	\$ 33,455,731	\$ 22,622,948

The margin loan has an annual interest rate calculated as a blended rate based on tiers with spreads from 0.5% to 1.5% over the benchmark rate of the US Fed Funds Effective Overnight Rate. The effective interest rate on February 28, 2025, was 5.1% (August 31, 2024 – 6.1%). Interest is accrued daily, and monthly interest is added to the loan account on the third business day of the following month.

The margin loan has no fixed repayment term. The loan is secured over the cash and securities held by the brokerage firm, with a value of \$88,975,439 on February 28, 2025 (August 31, 2024 - \$89,671,410). Margin requirements are calculated by the brokerage firm and advised daily. If the loan's value exceeds the maintenance margin requirement, a portion of the margin loan must be repaid, or additional collateral must be provided. The brokerage firm has the right to liquidate securities within the portfolio to bring the loan back into margin compliance. The loan complied with the margin requirements February 28, 2025, and August 31, 2024.

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Three and six months ended February 28, 2025 and February 29, 2024

## 8. Borrowings (continued):

The maximum bank loan amount was drawn down on December 13, 2023, and fully repaid by July 2, 2024. Transaction costs due to be expensed over the term of the loan under the effective interest rate method were fully expensed on repayment of the loan.

## 9. Share capital:

### (a) Common shares:

As of January 15, 2025 the Company completed a share consolidation of the Company's issued and outstanding shares (the "Share Consolidation") at a consolidation ratio of ten (10) pre-consolidation common shares for every one (1) post-consolidation common share. All disclosures of common shares, per common share data and data related to stock options reflect this Share Consolidation for all periods presented.

Authorized:

500,000,000 common shares with a par value of C\$0.01 each, amended from 5,000,000,000 common shares with a par value of C\$0.001 before the Share Consolidation

Issued and outstanding:

49,120,006 common shares at February 28, 2025 (August 31, 2024 – 45,548,550).

The continuity of the Company's issued, fully paid and outstanding common shares is as follows:

	Six Months Ended	
	February 28, 2025	February 29, 2024
Balance, beginning of period	45,548,550	45,035,651
Issued by private placement	2,142,857	-
Issued on exercise of share options	315,000	-
Issued in settlement of dividend	1,135,253	665,296
Issued on rounding up on share consolidation	3	-
Repurchased through NCIB and canceled	(21,657)	(68,740)
Balance, end of period	49,120,006	45,632,207

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Notes to Condensed Interim Consolidated Financial Statements

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Three and six months ended February 28, 2025 and February 29, 2024

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## 9. Share capital (continued):

### (a) Common shares (continued):

Share transactions during the six months ended February 28, 2025, were as follows:

- 2,142,857 common shares of the Company were issued on September 18, 2024 at C\$7.00 per share for gross proceeds of \$11,025,358 through a non-brokered private placement. The private placement included shares purchased by two related parties: Corom and a director of the Company (note 7). BBFIT Investments Pte Ltd., a significant shareholder of the Company, purchased 397,142 common shares of the 2,142,857 shares issued.
- 315,000 common shares of the Company were issued as fully paid shares from the exercise of share options:
  - 115,860 common shares issued on October 11, 2024 from the exercise of share options at C\$3.00 per share.
  - 15,000 common shares issued on October 23, 2024 from the exercise of share options at C\$5.50 per share.
  - 97,421 common shares issued on November 11, 2024 from the exercise of share options at C\$3.00 per share.
  - 86,719 common shares issued on January 31, 2025 from the exercise of share options at C\$3.00 per share.
- \$701,952 was received in cash, and \$1,114,988 was transferred from share-based reserves to share capital for the issue of the 315,000 common shares on the exercise of the share options.
- 1,135,253 shares of the Company were issued on November 14, 2024, as fully paid shares for the settlement of dividends of C\$0.21 per share, based on a share price of C\$7.00. \$5,652,540 was transferred from retained earnings to share capital.
- 21,657 shares of the Company, repurchased through the Normal Course Issuer Bid ('NCIB') were canceled: 750 shares on November 4, 2024; 11,700 shares on November 14, 2024; 2,307 shares on November 29, 2024 and 6,900 shares on February 28, 2025.

The total cost of the shares canceled, including commission, was \$111,816 an average cost of C\$7.25 per share. \$87,798 representing the average issue price of the canceled shares, was transferred from the treasury share reserve to share capital. The remaining \$24,018 was transferred from the treasury share reserve to retained earnings.

- All shares repurchased under the NCIB were cancelled as at February 28, 2025 and no shares were held in treasury.

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Notes to Condensed Interim Consolidated Financial Statements

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Three and six months ended February 28, 2025 and February 29, 2024

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## 9. Share capital (continued):

### (a) Common shares (continued):

Share transactions during the six months ended February 29, 2024, were as follows:

- 665,296 shares of the Company were issued on November 16, 2023, as fully paid shares for the settlement of dividends of C\$0.19 per share, based on a share price of C\$6.50. \$3,143,856 was transferred from retained earnings to share capital.
- 68,740 shares of the Company, repurchased through the Normal Course Issuer Bid ("NCIB") were canceled: 17,850 shares on November 6, 2023; 23,381 shares on November 20, 2023 and 27,509 shares on February 29, 2024.

The total cost of the shares canceled, including commission, was \$381,096 an average cost of C\$7.54 per share. \$269,346 representing the average issue price of the canceled shares, was transferred from the treasury share reserve to share capital. The remaining \$111,750 was transferred from the treasury share reserve to retained earnings.

- All shares repurchased under the NCIB were cancelled as at February 29, 2024 and no shares were held in treasury.

### (b) Warrants:

There were no warrants outstanding at February 28, 2025 and August 31, 2024.

### (c) Stock options:

The Company's new incentive stock option plan ("2022 Option Plan") was approved by the shareholders of the Company at the Annual General Meeting on December 22, 2022, under which, it is authorized to grant options to executive officers, directors, employees, and consultants to acquire up to 10% of the outstanding issued common shares, subject to certain limitations in respect of the maximum number of common shares issuable to insiders. The 2022 Option Plan allows for the option price at the time each option is granted to be not less than the volume weighted average trading price of the common shares on the TSX for the 5-days immediately preceding the grant date. The 2022 Option Plan provides participants with a cashless exercise alternative. Options granted under the 2022 Option Plan will have a term not to exceed 5-years. Vesting is determined at the discretion of the Board of Directors and in accordance with the policies of the TSX.

Options granted under the Company's previous stock option plan ("Old Option Plan") will continue to be governed by the Old Option Plan.

The number of options outstanding at February 28, 2025, was 3,550,000 with a weighted average exercise price of C\$6.40 (August 31, 2024 – 3,865,000 with a weighted average exercise price of C\$6.13).

No stock options were issued during the six months ended February 28, 2025, nor in the year ended August 31, 2024.

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## 9. Share capital (continued):

### (c) Stock options (continued):

The continuity of the Company's stock options is as follows:

	Six Months Ended	
	February 28, 2025	February 29, 2024
Balance, beginning of period	3,865,000	3,865,000
Exercised	(315,000)	-
Balance, end of period	3,550,000	3,865,000

315,000 options of the Company were exercised during the six months ended February 28, 2025, as follows:

- 115,860 options at C\$3.00 per share were exercised by a director on October 10, 2024.
- 15,000 options at C\$5.50 per share were exercised by a consultant of the Company on October 23, 2024.
- 97,421 options at C\$3.00 per share were exercised by a director on November 11, 2024.
- 86,719 options at C\$3.00 per share were exercised by a director on January 31, 2025.

A summary of the Company's outstanding options at February 28, 2025, is as follows:

Exercise price C\$	Number of options		Expiry date
	outstanding	exercisable	
6.40	3,550,000	3,550,000	February 28, 2027
	3,550,000	3,550,000	

A summary of the Company's outstanding options at August 31, 2024, is as follows:

Exercise price C\$	Number of options		Expiry date
	outstanding	exercisable	
3.00	300,000	300,000	February 3, 2025
5.50	15,000	15,000	February 18, 2025
6.40	3,550,000	3,550,000	February 28, 2027
	3,865,000	3,865,000	

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## 9. Share capital (continued):

### (d) Normal Course Issuer Bid ("NCIB"):

The NCIB, a Company share repurchase program, was renewed for 12-months from November 22, 2024. Repurchases are conducted by a third-party broker. The current NCIB allows for the repurchase of up to 1,760,000 shares.

During the six months ended February 28, 2025, there were repurchases of 21,657 shares for cash of \$111,816 (February 29, 2024 - repurchases of 68,740 shares for cash of \$381,096).

### (e) Dividend:

On October 11, 2024, the Company declared a dividend of C\$0.21 per share to all shareholders of record on November 4, 2024. The dividend of \$7,157,795 was paid on November 14, 2024, with \$1,505,256 paid in cash and \$5,652,540 settled by the issue of 1,135,253 shares under the Company's Dividend Reinvestment Plan ("DRIP").

On October 11, 2023, the Company declared a dividend of C\$0.19 per share to all shareholders of record on November 6, 2023. The dividend of \$6,218,309 was paid on November 16, 2023, with \$3,074,453 paid in cash and \$3,143,856 settled by the issue of 665,296 shares under the Company's DRIP.

## 10. Basic and diluted net (loss) income per share:

The basic net (loss) income per share is calculated using the weighted average number of common issued shares less the weighted average number of shares repurchased and held in treasury to derive the weighted average number of issued and outstanding shares as follows:

	Three months ended		Six months ended	
	February 28, 2025	February 29, 2024	February 28, 2025	February 29, 2024
Weighted average number of issued shares	49,040,185	45,659,716	48,327,700	45,388,556
Weighted average number of shares issued and held in treasury	3,297	3,652	375	9,064
Weighted average number of issued and outstanding shares	49,036,888	45,656,064	48,327,325	45,379,493

Diluted net loss per share for the three and six months ended February 28, 2025, does not include the effects of stock options, as the effects would be anti-dilutive.

Diluted net income per share for the three and six months ended February 29, 2024, was calculated using the weighted average number of common shares issued and outstanding adjusted for the dilutive effect of 3,865,000 stock options.

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## 11. Financial instruments and risk management:

The Company provides disclosures 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 year and at the date of the Statement of Financial Position, and how the entity manages these risks.

The following table summarizes the carrying value of financial assets and liabilities of the Company as at February 28, 2025, and August 31, 2024:

	February 28, 2025	August 31, 2024
Estimated fair value through profit and loss:		
Investments	\$ 279,986,574	\$ 279,331,580
Amortized cost:		
Cash and cash equivalents	3,349,074	1,093,963
Receivables	2,643,665	2,195,570
Accounts payable and accrued liabilities	1,831,240	1,105,725
Borrowings	33,455,731	31,625,817
Lease liabilities	564,119	126,685

As at February 28, 2025, and August 31, 2024, financial instruments that are not measured at estimated fair value on the balance sheet are represented by cash, receivables, accounts payable and accrued liabilities, borrowings and lease liabilities. The fair value of these financial instruments approximates the carrying value due to their short-term nature and the fair values are estimated using Level 2 inputs.

Financial instruments that are recognized on the balance sheet at fair value can be classified in a hierarchy that is based on the relative reliability of the inputs used to estimate the fair value:

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

Level 3 financial instruments consist of convertible debentures issued by unlisted companies and common shares issued by unlisted companies. The Company uses other third-party evidence and relevant valuation techniques to estimate the share price and uses quoted market prices for similar instruments to derive volatility and credit spread to value these Level 3 investments.

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Three and six months ended February 28, 2025 and February 29, 2024

## 11. Financial instruments and risk management (continued):

The Company's financial assets measured at FVTPL are as follows:

<b>February 28, 2025</b>	Level 1	Level 2	Level 3
Investments at estimated fair value	\$ 88,683,481	\$ 144,039,546	\$ 47,263,547

<b>August 31, 2024</b>	Level 1	Level 2	Level 3
Investments at estimated fair value	\$ 91,606,899	\$ 169,562,686	\$ 18,161,995

There were asset transfers from Level 2 to Level 1 of \$9,690,224 due to the conversion of debentures into common shares in the six months ended February 28, 2025. There were asset transfers from Level 2 to Level 1 of \$73,247,330 due to the conversion of debentures into common shares during the year ended August 31, 2024.

The movement in Level 3 investments for the six months ended February 25, 2025, consist of the following:

	<u>Six months ended February 28, 2025</u>		
	Shares	Convertible debentures	Level 3 investments
Balance, beginning of period	\$ -	\$ 18,161,995	\$18,161,995
Additions	559,305	25,000,000	25,559,305
Unrealized (loss)/gain	(1,357)	3,543,604	3,542,247
Balance, end of period	\$ 557,948	\$ 46,705,599	\$47,263,547

The movement in Level 3 investments for year ended August 31, 2024 consist of the following:

	<u>Year ended August 31, 2024</u>		
	Shares	Convertible debentures	Level 3 investments
Balance, beginning of period	\$ -	\$ -	\$ -
Additions	-	20,000,000	20,000,000
Unrealized (loss)	-	(1,838,005)	(1,838,005)
Balance, end of period	\$ -	\$ 18,161,995	\$18,161,995

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## 11. Financial instruments and risk management (continued):

The total unrealized gain recognized in Condensed Interim Consolidated Statements of Loss and Comprehensive Loss for the six months ended February 28, 2025, in respect of Level 3 investments in convertible debentures and common shares was \$3,542,247 (February 29, 2024 - nil). The estimated fair value would increase (decrease) if the estimated share price was higher (lower); the estimated volatility was higher (lower), or the credit spread was lower (higher).

A one percentage point increase or decrease in the estimated share price, volatility, or credit spread would have the following impact on the estimated fair value at February 28, 2025:

	1% increase	1% decrease
Convertible debentures:		
Share price	\$ 263,579	\$(1,617,990)
Volatility	(128,946)	(73,782)
Credit spread	(101,503)	203,912
Common shares:		
Share Price	5,579	(5,579)

### *Financial risks:*

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Interest and foreign exchange risk; and
- Market price risk.

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## 11. Financial instruments and risk management (continued):

### (a) Credit risk:

Credit risk is the risk of potential loss the Company may incur if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and investments. The Company has limited exposure to credit risk associated with cash, as it only deposits its cash on demand with high-credit quality financial institutions. The Company's equity investments are settled and paid for upon delivery using an approved broker. The risk of default is considered minimal, as delivery of securities sold is made once the broker has received payment and payment on a purchase is received by the broker. The trade will fail if either party fails to meet its obligations. The Company's credit risk related to convertible debentures is associated with the risk that these third parties will not perform their underlying obligations. The Company mitigates its credit risk by only investing and providing loans where they have a detailed knowledge of the investee's operations and business strategy. The Company has convertible debentures invested in seven companies at February 28, 2025, consisting of 37% NexGen, 24% Moxico, 15% Gold Royalty, 6% Challenger, 6% Contango, 6% IsoEnergy, and 6% Los Andes (August 31, 2024 - 41% NexGen, 15% Gold Royalty, 13% IsoEnergy, 10% Moxico, 9% Contango, 6% Challenger and 6% Los Andes).

### (b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company has ensured, as far as reasonably possible, it will have sufficient working capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. Historically, the Company's primary source of financing has been the issuance of equity securities for cash, through private placements. The Company has also obtained liquidity through arranging secured bank and other margin loans.

The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity, bank or other financing. As of February 28, 2025, the Company had no significant contractual obligations other than those included in accounts payable, accrued liabilities, borrowings and lease liabilities, and the commitments disclosed in note 15.

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## 11. Financial instruments and risk management (continued):

### (c) Interest and foreign exchange risk:

The Company is subject to normal risks, including fluctuations in interest rates and foreign exchange rates. While the Company manages its operations to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

At February 28, 2025, the Company is exposed to limited interest rate risk as it earns relatively low interest on its cash balance due to modest interest rates on United States dollars, Canadian dollars ("C\$") and Australian dollars (A\$). The Company is exposed to interest rate risk on its borrowings arising from movements in United States Federal Funds Effective Overnight Rate.

The Company has assets and liabilities denominated in foreign currencies. The Company's exposure to exchange rate fluctuations arises mainly from foreign currency fluctuations against the United States dollar functional currency.

The Company is exposed to foreign currency risk due to fluctuations related to cash, prepayments and deposits, investments, and accounts payable and accrued liabilities and lease liabilities that are denominated in Canadian (C\$); Hong Kong ("HK\$"); Australian ("A\$") dollars; and British Pounds ("GBP").

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## 11. Financial instruments and risk management (continued):

### (c) Interest and foreign exchange risk (continued):

The United States dollar equivalent of assets (liabilities) denominated in the foreign currencies are as follows:

February 28, 2025	C\$	GBP	HK\$	A\$	Total
Cash	\$ 732,479	\$ -	\$ 20,905	\$ 1,209,468	\$ 1,962,852
Prepayments and deposits	1,037	-	61,701	-	62,738
Receivables	41	-	-	7,788	7,829
Investments	65,121,201	557,948	-	22,446,358	88,125,507
Accounts payable and accrued liabilities	(65,078)	(8,982)	(48,405)	-	(122,465)
Lease liabilities	-	-	(564,119)	-	(564,119)
Net assets (liabilities)	\$ 65,789,680	\$ 548,966	\$ (612,524)	\$ 23,663,614	\$ 89,472,342
August 31, 2024	C\$	GBP	HK\$	A\$	Total
Cash	\$ 285,377	\$ -	\$ 21,316	\$ 372	\$ 307,065
Prepayments and deposits	1,170	-	61,606	-	62,776
Receivables	-	-	-	-	-
Investments	67,317,245	-	-	22,464,902	89,782,147
Accounts payable and accrued liabilities	(153,320)	(7,890)	(43,585)	-	(204,795)
Lease liabilities	-	-	(126,685)	-	(126,685)
Net assets (liabilities)	\$ 67,450,472	\$ (7,890)	\$ (87,348)	\$ 22,465,274	\$ 89,820,508

Based on the above net exposure as at February 28, 2025, and assuming all other variables remain constant, a 2% depreciation or appreciation of the C\$, HK\$, A\$ and GBP against the United States dollar would result in an increase or decrease of approximately \$1.8 million (August 31, 2024 - \$1.8 million) in the Company's net (loss) income and comprehensive (loss) income.

### (d) Market price risk:

Market price risk is the risk that the estimated fair value of an investment measured at FVTPL will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk). The Company's investments at estimated fair value of public entities are subject to price risk. A 5% increase and a 5% decrease in the value of the individual equity market prices in public entities, or individual equity prices in listed and unlisted entities, which are used as equivalent equity instruments for the valuation of non-traded investments, would result in an increase of approximately \$9.5 million and a decrease of approximately \$10.0 million, respectively, in the value of investments and unrealized loss for the six months ended February 28, 2025 (increase of approximately \$10.5 million and decrease of approximately \$10.6 million, respectively, in the value of investments and unrealized gain for the year ended August 31, 2024).

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## 12. Capital management:

The Company considers the items in shareholders' equity as capital. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its future liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long-term.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's objectives when managing capital are:

- (a) to maintain the Company's ability to make new investments by allowing it to respond to economic changes and/or the marketplace;
- (b) to maintain growth of shareholders' equity; and
- (c) to continue taking a conservative approach towards financial leverage and management of financial risks.

The Company reviews its capital structure on an on-going basis and makes adjustments in light of changes in economic conditions and the risk characteristics of its underlying investments. The Company has adjusted or maintained its level of capital by raising additional capital through equity financings. The Company is not subject to externally imposed capital requirements.

## 13. Supplemental disclosure with respect to cash flows:

Significant non-cash transactions in the six months ended February 28, 2025, and February 29, 2024, were:

	Six Months Ended	
	February 28, 2025	February 29, 2024
Investments received for settlement of establishment fees (note 4)	\$ 150,000	\$ 2,100,000
Investments received for settlement of interest receivable (note 4)	2,384,285	1,445,766
Investments received on conversion of debentures (note 4)	9,690,224	53,934,310
Transfer from retained earnings to share capital for shares issued under the DRIP (note 9(e))	5,652,540	3,143,856
Transfer from retained earnings to share capital for shares Issued for options exercised (note 9(a))	1,114,988	-

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## 14. Segmented information:

An operating segment is defined as a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the Company's executive management, and for which discrete financial information is available. The Company has determined that it currently has one operating segment, being the selection, acquisition, and management of investments. The Company's corporate head office incurs nominal costs that are incidental to the activities of the Company and therefore does not meet the definition of an operating segment.

## 15. Commitments:

On July 17, 2024, the Company committed to purchasing \$50 million convertible debentures issued by Moxico. The Company purchased \$20 million convertible debentures on July 17, 2024; \$10 million on October 21; \$10 million on December 6, 2024; and \$5 million on February 18, 2025. The Company purchased the remaining \$5 million convertible debentures on April 1, 2025 (note 16).

## 16. Subsequent events:

A director of the Company exercised 800,000 options at C\$6.40 per share on March 3, 2025.

An officer of the Company exercised 21,600 options at C\$6.40 per share on March 3, 2025.

On April 1, 2025, the Company completed the purchase of \$5 million of convertible debentures issued by Moxico funded by an additional draw down on the margin loan (note 8). The convertible debentures have a maturity of July 17, 2029, carry an 11.0% coupon, 7.5% settled in cash, and up to 3.5% settled in shares and convertible into common shares of Moxico at a price of GBP0.90. An establishment fee of 3% of the principal amount was settled in shares.